

YANCEY COUNTY, NORTH CAROLINA

Financial Statements

For the Fiscal Year Ending June 30, 2021



YANCEY COUNTY, NORTH CAROLINA

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FINANCIAL SECTION

This section presents the basic financial statements and Required Supplementary Information (including Management's Discussion and Analysis), as well as the independent auditors' report. In addition, the financial section contains combining statements for non-major fund types, individual fund schedules and other supplemental information.



Independent Auditors' Report

Board of Commissioners
Yancey County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yancey 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yancey County, North Carolina, as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-11, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on page 53, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County's Contributions on pages 54-55, and the Other Post-employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios on page 56, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Yancey County, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, and other schedules 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 December 9, 2021, on our consideration of Yancey County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Accordingly, we express no opinion. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Yancey County's internal control over financial reporting and compliance.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
December 9, 2021

YANCEY COUNTY, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Yancey County (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Yancey 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

Government-wide level:

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources (net position) at the close of the fiscal year by \$11,742,579. Governmental activities accounted for \$4,659,974 and business-type activities accounted for \$7,082,605.
- The County's total net position increased by \$2,459,237. Governmental activities had an increase of \$2,329,103 due primarily to the increase in sales tax revenues and net payoff of debt service principal, and business-type activities accounted for an increase of \$103,134. The increase in business-type activities is the result of a transfer from the General Fund and grant funding.
- Capital assets of the County increased overall by \$972,338 after depreciation. This net increase was due to the purchase of several vehicles and improvements to several parks in the County.
- The County's total debt decreased by \$1,003,949. This increase is the net of new installment debt of \$305,000 related to equipment and vehicle acquisition and repayment of debt principal of \$1,308,949.

Fund level:

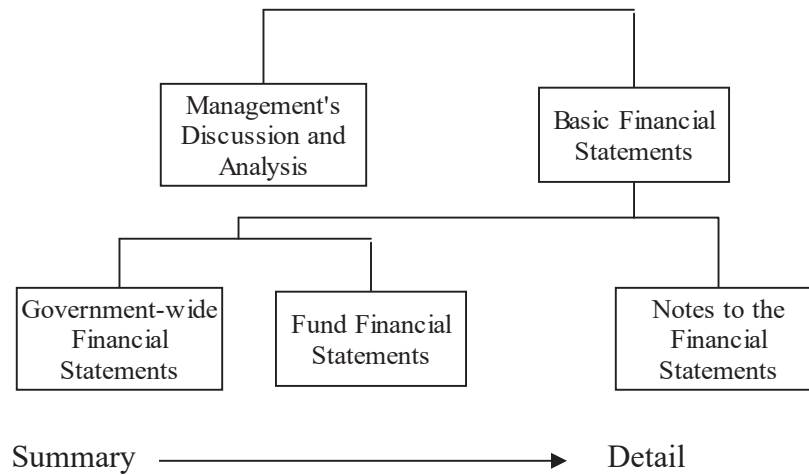
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$8,440,108, an increase of \$1,191,992. This increase is mainly due to the higher sales tax collections and less spending by all departments throughout the fiscal year.
- At the end of the current fiscal year, fund balance available for appropriation in the General Fund was \$5,188,901, or 19.75 percent of total General Fund expenditures (net of debt proceeds and transfers out) for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Yancey 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 Yancey 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 9) are Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is the required supplemental information, which contains information about the County's participation in pension plans and its retiree health insurance obligations. After the required supplemental information, supplemental information is provided to show details about the County's nonmajor governmental funds and internal service fund, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets, deferred outflows of resources, 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 two categories: 1) governmental activities; and 2) business-type activities. 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.

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. Yancey 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 Yancey County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

Proprietary Funds - Yancey 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. Yancey County uses an enterprise fund, as required by State statute, to account for the construction of the East Yancey Water and Sewer Project. This fund is the same as the 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 resources held in custodial funds for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. Yancey County has two 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.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Yancey County's progress in funding its obligation to provide pension benefits to its employees well as commitments to provide certain other post-employment benefits.

Government-Wide Financial Analysis

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 Yancey County exceeded its liabilities and deferred inflows of resources by \$11,742,579 as of June 30, 2021. The County's net position increased by \$2,459,237 for the fiscal year ended June 30, 2021. The largest portion of net position, \$20,464,899, reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. Yancey County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Yancey 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 Yancey County's net position of \$3,909,508 represents resources that are subject to external restrictions on how they may be used. This leaves a deficit of \$12,592,221 in unrestricted net position. This deficit is primarily due to installment obligations issued to construct Blue Ridge Elementary School. The County has incurred debt to build the school, but will not have a corresponding asset since the school ultimately will belong to the Yancey County Board of Education. The following is a summary of the government-wide Statements of Net Position:

Yancey County's Net Position
Figure 2

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 12,193,944	\$ 11,080	\$ 12,205,024	\$ 9,483,046	\$ 136,087	\$ 9,619,133
Capital assets	16,579,895	7,122,212	23,702,107	15,913,385	6,816,384	22,729,769
Total assets	<u>28,773,839</u>	<u>7,133,292</u>	<u>35,907,131</u>	<u>25,396,431</u>	<u>6,952,471</u>	<u>32,348,902</u>
Deferred outflows of resources	<u>3,004,187</u>	<u>-</u>	<u>3,004,187</u>	<u>1,560,113</u>	<u>-</u>	<u>1,560,113</u>
Liabilities:						
Long-term liabilities	23,041,745	-	23,041,745	21,908,999	-	21,908,999
Other liabilities	<u>3,157,803</u>	<u>50,687</u>	<u>3,208,490</u>	<u>1,673,309</u>	<u>-</u>	<u>1,673,309</u>
Total liabilities	<u>26,199,548</u>	<u>50,687</u>	<u>26,250,235</u>	<u>23,582,308</u>	<u>-</u>	<u>23,582,308</u>
Deferred inflows of resources	<u>918,504</u>	<u>-</u>	<u>918,504</u>	<u>1,043,365</u>	<u>-</u>	<u>1,043,365</u>
Net position:						
Net investment in capital assets	13,342,685	7,122,212	20,464,897	12,255,621	6,816,384	19,072,005
Restricted	3,939,985	-	3,939,985	2,280,174	-	2,280,174
Unrestricted (deficit)	<u>(12,622,696)</u>	<u>(39,607)</u>	<u>(12,662,303)</u>	<u>(12,204,924)</u>	<u>136,087</u>	<u>(12,068,837)</u>
Total net position	<u>\$ 4,659,974</u>	<u>\$ 7,082,605</u>	<u>\$ 11,742,579</u>	<u>\$ 2,330,871</u>	<u>\$ 6,952,471</u>	<u>\$ 9,283,342</u>

Overall, total net position increased \$2,459,237, due primarily to the increase in sales tax received and continued controlled spending policies in place. The following is a summary of the government-wide statement of activities:

Yancey County Changes in Net Position

Figure 3

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,713,625	\$ -	\$ 2,713,625	\$ 1,437,263	\$ -	\$ 1,437,263
Operating grants and contributions	5,306,282	-	5,306,282	4,268,307	-	4,268,307
Capital grants and contributions	579,904	74,098	654,002	518,755	-	518,755
General revenues:						
Property taxes	15,489,670	-	15,489,670	15,077,990	-	15,077,990
Other taxes	5,820,790	-	5,820,790	4,629,711	-	4,629,711
Other	253,215	6,036	259,251	191,601	-	191,601
Total revenues	<u>30,163,486</u>	<u>80,134</u>	<u>30,243,620</u>	<u>26,123,627</u>	<u>-</u>	<u>26,123,627</u>
Expenses:						
General government	3,911,342	-	3,911,342	3,452,401	-	3,452,401
Public safety	8,316,953	-	8,316,953	7,369,103	-	7,369,103
Environmental protection	2,061,922	-	2,061,922	2,159,291	-	2,159,291
Economic and physical development	1,584,611	-	1,584,611	671,356	-	671,356
Human services	6,405,169	-	6,405,169	6,149,115	-	6,149,115
Culture and recreation	918,504	-	918,504	840,535	-	840,535
Education	4,213,900	-	4,213,900	5,785,809	-	5,785,809
Interest expense	371,982	-	371,982	430,256	-	430,256
Total expenses	<u>27,784,383</u>	<u>-</u>	<u>27,784,383</u>	<u>26,857,866</u>	<u>-</u>	<u>26,857,866</u>
Change in net position before transfers and special items	2,379,103	80,134	2,459,237	(734,239)	-	(734,239)
Transfers	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>
Change in net position	2,329,103	130,134	2,459,237	(784,239)	50,000	(734,239)
Net position, July 1, as restated	<u>2,330,871</u>	<u>6,952,471</u>	<u>9,283,342</u>	<u>3,115,110</u>	<u>6,902,471</u>	<u>10,017,581</u>
Net position, June 30	<u>\$ 4,659,974</u>	<u>\$ 7,082,605</u>	<u>\$ 11,742,579</u>	<u>\$ 2,330,871</u>	<u>\$ 6,952,471</u>	<u>\$ 9,283,342</u>

Governmental Activities - Governmental activities increased the County's net position by \$2,459,237. This increase is primarily due to increased sales tax collections. The County also continued its effort to control expenses in FY21.

Business-type Activities - Net position increased by \$130,134. This increase was due to a transfer from the general fund and grant funding received.

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of Yancey County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Yancey County's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Yancey County. At the end of the current fiscal year, the General Fund had a fund balance of \$8,141,963 which is an increase of \$1,244,526 from the prior year. The increase is due primarily to an increase in sales tax collections of approximately \$800,000, as well as careful management of the departmental expenditures. In addition, the County had to appropriate fund balance of \$40,000 in the Revaluation Fund (a sub fund of the General Fund) to revalue county property values, the next revaluation will be effective January 1, 2024. The portion of fund balance that is available for appropriation at the end of the current year is \$4,814,609, an increase of \$374,292 from 2020.

General Fund Budgetary Highlights - During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$4,532,934, or 18 percent of the original budget. The increase in the final budgeted revenues is due to unanticipated grant revenues and higher than expected sales tax revenues.

Capital Asset and Debt Administration

Capital Assets - The County's investment in capital assets net of depreciation increased \$972,338 from 2020. This increase is primarily due an increase in capital assets of governmental activities \$666,510, which relates to asset acquisitions of approximately \$1,650,000, netted against depreciation expense of approximately \$970,000. Key asset additions include the improvements and construction at several parks as well as a number of vehicles.

Yancey County's Capital Assets
(Net of Depreciation)
Figure 4

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land and easements	\$ 2,966,239	\$ -	\$ 2,966,239	\$ 2,966,239	\$ -	\$ 2,966,239
Construction in progress	1,248,256	7,122,212	8,370,468	455,928	6,816,384	7,272,312
Buildings and improvements	10,486,964	-	10,486,964	10,373,993	-	10,373,993
Machinery and equipment	291,983	-	291,983	267,735	-	267,735
Vehicles and motorized equipment	1,546,764	-	1,546,764	1,743,203	-	1,743,203
Software	39,689	-	39,689	106,287	-	106,287
	<u>\$ 16,579,895</u>	<u>\$ 7,122,212</u>	<u>\$ 23,702,107</u>	<u>\$ 15,913,385</u>	<u>\$ 6,816,384</u>	<u>\$ 22,729,769</u>

Additional information regarding Yancey County's capital assets can be found in Note 2(A)(4) to the financial statements.

Long-Term Debt - As of June 30, 2021, Yancey County had total debt (excluding compensated absences, the net pension obligation, and other post-employment benefits) outstanding of \$13,096,046. The year-over-year decrease of \$1,003,949 is due to \$305,000 in installment obligations issued to purchase vehicles and equipment netted with loan repayments of approximately \$1,309,000.

Yancey County's Outstanding Debt
Figure 5

	Governmental Activities	
	2021	2020
Direct placement installment obligations	<u>\$ 13,096,046</u>	<u>\$ 14,099,995</u>
	<u>\$ 13,096,046</u>	<u>\$ 14,099,995</u>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The remaining legal debt margin for Yancey County is approximately \$177 million.

Additional information regarding Yancey County's long-term debt can be found in Note 2(B)(7) to the financial statements.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Property and sales tax are expected to account for the majority of the 2021-2022 budget. The 2021-2022 budget continued to set aside \$100,000 to contribute to the goal of rebuilding fund balance. All Yancey County employees received a 2% cost of living increase along with the second stage of the implementation of the new county employee pay plan based on the study performed by the MAPPS Group. There are several projects underway for the 2021-2022 fiscal year which include: the completion of the renovations to the Ray-Cort Park, the completion of the restoration of the berm at the Cane River Park with the help of FEMA and the North Carolina Emergency Management Department, and the continuation and projected completion of the East Yancey Water and Sewer Project. The planning and design stage have also begun on the Yancey Community Resource Center which will serve citizens on various different levels (Covid vaccine/testing site, food distribution center, local farmers market). We have also started the Cane River Watershed Restoration Project which was fully funded by the North Carolina Department of Agriculture.

Economic Factors

Economic conditions are still continuing to improve in Yancey County despite the onset of the COVID-19 pandemic in our area. Sales tax in Yancey County has increased due to the public buying locally and online. Yancey County's population has increased due to the influx of people moving into the area. This increase, however, has also increased the need for county services. The pandemic has taken a toll on several small businesses and restaurants in the area, and we have yet to see the long term effects as they try to recover and resume day to day operations in a very difficult time.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Yancey County, 110 Town Square, Room 11, Burnsville, NC 28714.

YANCEY COUNTY, NORTH CAROLINA

Statement of Net Position

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,689,039	\$ -	\$ 5,689,039
Restricted cash	2,814,838	-	2,814,838
Receivables, net	792,997	-	792,997
Due from other governments	2,879,610	16,020	2,895,630
Internal balances	4,940	(4,940)	-
Prepays	7,580	-	7,580
Capital assets:			
Land and construction in progress	4,214,495	7,122,212	11,336,707
Other capital assets, net of depreciation	12,365,400	-	12,365,400
Capital assets, net	16,579,895	7,122,212	23,702,107
Total assets	28,768,899	7,133,292	35,902,191
DEFERRED OUTFLOWS OF RESOURCES	3,004,187	-	3,004,187
LIABILITIES			
Accounts payable and accrued expenses	987,514	50,687	1,038,201
Accounts payable from restricted assets:			
Advances from grantors	1,920,820	-	1,920,820
Accrued interest payable	244,529	-	244,529
Long-term liabilities:			
Net pension liability - LGERS	3,167,127	-	3,167,127
Total pension liability - LEOSA	1,039,110	-	1,039,110
Total OPEB liability	4,309,652	-	4,309,652
Due within one year	1,621,765	-	1,621,765
Due in more than one year	12,904,091	-	12,904,091
Total liabilities	26,194,608	50,687	26,245,295
DEFERRED INFLOWS OF RESOURCES	918,504	-	918,504
NET POSITION			
Net investment in capital assets	13,342,685	7,122,212	20,464,897
Restricted for:			
Stabilization by State statute	3,551,142	-	3,551,142
Public safety	249,529	-	249,529
Health service	30,477	-	30,477
Register of deeds	108,837	-	108,837
Unrestricted (deficit)	(12,622,696)	(39,607)	(12,662,303)
Total net position	\$ 4,659,974	\$ 7,082,605	\$ 11,742,579

The accompanying notes are an integral part of these financial statements

YANCEY 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	Total Governmental Activities	Total Business-type Activities	Total
Governmental Activities:							
General government	\$ 3,911,342	\$ 560,952	\$ 22,844	\$ -	\$ (3,327,546)	\$ -	\$ (3,327,546)
Public safety	8,316,953	1,187,337	357,541	-	(6,772,075)	-	(6,772,075)
Environmental protection	2,061,922	416,945	216,250	-	(1,428,727)	-	(1,428,727)
Economic and physical development	1,584,611	97,949	-	-	(1,486,662)	-	(1,486,662)
Human services	6,405,169	-	4,407,447	-	(1,997,722)	-	(1,997,722)
Cultural and recreational	918,504	450,442	302,200	-	(165,862)	-	(165,862)
Education	4,213,900	-	-	579,904	(3,633,996)	-	(3,633,996)
Interest on long-term debt	371,982	-	-	-	(371,982)	-	(371,982)
Total governmental activities	<u>27,784,383</u>	<u>2,713,625</u>	<u>5,306,282</u>	<u>579,904</u>	<u>(19,184,572)</u>	<u>-</u>	<u>(19,184,572)</u>
Business-type activities:							
East Yancey Water and Sewer	-	-	-	74,098	-	74,098	74,098
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,098</u>	<u>-</u>	<u>74,098</u>	<u>74,098</u>
Total government-wide	<u>\$ 27,784,383</u>	<u>\$ 2,713,625</u>	<u>\$ 5,306,282</u>	<u>\$ 654,002</u>	<u>(19,184,572)</u>	<u>74,098</u>	<u>(19,110,474)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					15,489,670	-	15,489,670
Local option sales tax					5,181,969	-	5,181,969
Other taxes					638,821	-	638,821
Investment earnings, unrestricted					20,298	-	20,298
Gain on sale of fixed assets					17,268	-	17,268
Miscellaneous, unrestricted					215,649	6,036	221,685
Total general revenues excluding transfers					<u>21,563,675</u>	<u>6,036</u>	<u>21,569,711</u>
Transfers					<u>(50,000)</u>	<u>50,000</u>	<u>-</u>
Total general revenues and transfers					<u>21,513,675</u>	<u>56,036</u>	<u>21,569,711</u>
Changes in net position					<u>2,329,103</u>	<u>130,134</u>	<u>2,459,237</u>
Net position, beginning, as originally reported					2,307,868	6,952,471	9,260,339
Restatement (Note 9)					23,003	-	23,003
Net position, beginning, as restated					<u>2,330,871</u>	<u>6,952,471</u>	<u>9,283,342</u>
Net position, end of year					<u>\$ 4,659,974</u>	<u>\$ 7,082,605</u>	<u>\$ 11,742,579</u>

The accompanying notes are an integral part of these financial statements

YANCEY COUNTY, NORTH CAROLINA

Balance Sheet
Governmental Funds
 June 30, 2021

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 5,382,620	-	\$ 306,419	\$ 5,689,039
Restricted cash and investments	2,814,838	-	-	2,814,838
Receivables, net	692,652	-	26,345	718,997
Due from other governments	2,245,517	7,377	626,716	2,879,610
Due from other funds	470,342	-	-	470,342
Prepays	-	-	7,580	7,580
Total assets	<u>\$ 11,605,969</u>	<u>\$ 7,377</u>	<u>\$ 967,060</u>	<u>\$ 12,580,406</u>
Liabilities				
Accounts payable and accrued expenses	\$ 802,969	105,875	\$ 78,670	\$ 987,514
Accounts payable from restricted assets:				
Advances from grantors	1,920,820	-	-	1,920,820
Due to general fund	-	449,125	16,277	465,402
Total liabilities	<u>2,723,789</u>	<u>555,000</u>	<u>94,947</u>	<u>3,373,736</u>
Deferred inflows of resources	<u>740,217</u>	<u>-</u>	<u>26,345</u>	<u>766,562</u>
Fund balances				
Restricted:				
Stabilization by State statute	2,953,062	-	598,080	3,551,142
Public safety	32,318	-	217,211	249,529
Register of deeds	108,837	-	-	108,837
Health service	-	-	30,477	30,477
Unspent debt proceeds	305,000	-	-	305,000
Committed:				
Tax revaluation	200,000	-	-	200,000
Unassigned (deficit)	4,542,746	(547,623)	-	3,995,123
Total fund balances	<u>8,141,963</u>	<u>(547,623)</u>	<u>845,768</u>	<u>8,440,108</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,605,969</u>	<u>\$ 7,377</u>	<u>\$ 967,060</u>	<u>\$ 12,580,406</u>

The accompanying notes are an integral part of these financial statements

YANCEY COUNTY, NORTH CAROLINA

Balance Sheet
Governmental Funds
 June 30, 2021

Total fund balances for governmental funds	\$ 8,440,108
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	
Original cost and/or donated value	27,349,657
Less accumulated depreciation	(10,769,762)
Deferred outflows of resources are not available to satisfy current obligations in the fund statements; however, they are considered a consumption of net position that applies to a future period and are included in the statement of net position:	
Contributions to pension plans in the current fiscal year	815,445
Benefit payments for OPEB subsequent to year end	117,577
Pension-related deferrals	1,480,723
OPEB-related deferrals	590,442
Accrued interest receivable is not available to pay current-period expenditures and therefore not recognized as revenue in the fund statements.	74,000
Net pension liability - LGERS	(3,167,127)
Total pension liability - LEOSSA	(1,039,110)
Total OPEB liability	(4,309,652)
Deferred inflows of resources are not available to satisfy current obligations in the fund statements; however, they are considered economic resources and recognized as revenue in the government-wide statements.	
Pension deferrals	(81,179)
OPEB related deferrals	(552,558)
Ad valorem taxes (net)	481,795
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:	
Installment purchase contracts and capital lease obligations	(13,096,046)
Compensated absences	(640,752)
Landfill post-closure liability	(789,058)
Accrued interest payable	(244,529)
Net position of governmental activities	<u>\$ 4,659,974</u>

The accompanying notes are an integral part of these financial statements

YANCEY COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the year ended June 30, 2021

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Ad valorem taxes	\$ 14,254,384	\$ -	\$ 1,268,458	\$ 15,522,842
Local option sales taxes	5,181,969	-	-	5,181,969
Other taxes	544,443	-	-	544,443
Unrestricted intergovernmental	94,378	-	-	94,378
Restricted intergovernmental	4,471,487	302,200	1,112,500	5,886,187
Licenses and permits	413,135	-	-	413,135
Sales and services	2,300,489	-	-	2,300,489
Investment earnings	20,298	-	-	20,298
Miscellaneous	212,745	2,904	-	215,649
Total revenues	<u>27,493,328</u>	<u>305,104</u>	<u>2,380,958</u>	<u>30,179,390</u>
Expenditures				
Current:				
General government	3,799,195	-	-	3,799,195
Public safety	6,384,371	-	1,513,055	7,897,426
Environmental protection	2,095,305	-	-	2,095,305
Economic and physical development	1,571,266	-	-	1,571,266
Human services	5,832,934	-	284,328	6,117,262
Cultural and recreational	676,079	1,166,229	-	1,842,308
Intergovernmental:				
Education	4,171,461	-	42,439	4,213,900
Debt service:				
Principal	1,308,949	-	-	1,308,949
Interest and fees	420,876	-	-	420,876
Total expenditures	<u>26,260,436</u>	<u>1,166,229</u>	<u>1,839,822</u>	<u>29,266,487</u>
Revenues over (under) expenditures	<u>1,232,892</u>	<u>(861,125)</u>	<u>541,136</u>	<u>912,903</u>
Other Financing Sources (Uses)				
Installment obligations issued	305,000	-	-	305,000
Proceeds from the sale of assets	24,019	-	-	24,019
Transfers from (to) other funds	(317,385)	242,000	25,385	(50,000)
Total other financing sources (uses)	<u>11,634</u>	<u>242,000</u>	<u>25,385</u>	<u>279,019</u>
Net changes in fund balances	<u>1,244,526</u>	<u>(619,125)</u>	<u>566,521</u>	<u>1,191,922</u>
Fund balance, beginning, as originally reported	6,897,437	71,502	256,244	7,225,183
Restatement (Note 9)	-	-	23,003	23,003
Fund balance, beginning, as restated	<u>6,897,437</u>	<u>71,502</u>	<u>279,247</u>	<u>7,248,186</u>
Fund balance, end of year	<u>\$ 8,141,963</u>	<u>\$ (547,623)</u>	<u>\$ 845,768</u>	<u>\$ 8,440,108</u>

The accompanying notes are an integral part of these financial statements

YANCEY COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the year ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$ 1,191,922
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 as depreciation expense with any residual book value expensed if the asset is disposed:	
Capital outlay expenditures capitalized during the year;	1,644,174
Depreciation expense recorded during the current year; and	(970,913)
Net book value of capital assets disposed during the current year	(6,751)
The issuance of long-term debt provides current financial resources to governmental funds but is recorded as an increase to long-term debt in the Statement of Net Position	(305,000)
Principal payments on long-term debt are recorded as expenditures in the fund statements, but are recorded as a reduction of long-term debt in the Statement of Net Position	1,308,949
Contributions to pension plans in the current fiscal year are not included on the Statement of Activities	815,445
OPEB benefit payments and admin costs made in the current fiscal year are not included on the Statement of Activities	117,577
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)	48,894
Change in compensated absences	(159,075)
Change in landfill post-closure liability	57,631
Pension expense (LGRS)	(1,110,824)
Pension expense (LEOSSA)	(92,768)
OPEB plan expense	(176,986)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements:	
Net change in accrued interest receivable on property taxes; and	3,786
Net change in taxes receivable	<u>(36,958)</u>
Change in net position - governmental activities	<u>\$ 2,329,103</u>

The accompanying notes are an integral part of these financial statements

YANCEY COUNTY, NORTH CAROLINA

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

For the year ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues				
Ad valorem taxes	\$ 13,995,700	\$ 14,117,200	\$ 14,254,384	\$ 137,184
Local option sales taxes	4,265,701	5,010,765	5,181,969	171,204
Other taxes	250,930	434,430	544,443	110,013
Unrestricted intergovernmental	109,700	109,700	94,378	(15,322)
Restricted intergovernmental	3,634,812	6,859,886	4,471,487	(2,388,399)
Licenses and permits	292,610	392,610	413,135	20,525
Sales and services	2,545,003	2,656,799	2,300,489	(356,310)
Investment earnings	155,487	25,487	20,298	(5,189)
Miscellaneous	65,962	241,962	212,745	(29,217)
Total revenues	<u>25,315,905</u>	<u>29,848,839</u>	<u>27,493,328</u>	<u>(2,355,511)</u>
Expenditures				
Current:				
General government	3,325,478	5,969,231	3,799,195	2,170,036
Public safety	6,646,788	6,846,339	6,384,371	461,968
Environmental protection	1,933,977	2,148,477	2,095,305	53,172
Economic and physical development	555,723	1,540,046	1,571,266	(31,220)
Human services	6,545,051	6,878,478	5,832,934	1,045,544
Cultural and recreational	665,814	692,614	676,079	16,535
Intergovernmental:				
Education	4,084,938	4,171,463	4,171,461	2
Debt service:				
Principal retirement	1,249,913	1,308,950	1,308,949	1
Interest and other charges	97,838	420,885	420,876	9
Total expenditures	<u>25,105,520</u>	<u>29,976,483</u>	<u>26,260,436</u>	<u>3,716,047</u>
Revenues over expenditures	<u>210,385</u>	<u>(127,644)</u>	<u>1,232,892</u>	<u>1,360,536</u>
Other Financing Sources (Uses)				
Sale of capital assets	5,000	5,000	24,019	19,019
Transfers to other funds	(215,385)	(412,385)	(357,385)	55,000
Total other financing sources (uses)	<u>(210,385)</u>	<u>127,644</u>	<u>(28,366)</u>	<u>(156,010)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,204,526	<u>\$ 1,204,526</u>
Fund balance, beginning of year - General Fund			<u>6,737,437</u>	
Fund balance, end of year - General Fund			7,941,963	
A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Transfer from the general fund			40,000	
Fund balance, beginning of year - Revaluation Fund			<u>160,000</u>	
Fund balance, end of year - Combined General Fund			<u>\$ 8,141,963</u>	

The accompanying notes are an integral part of these financial statements

YANCEY COUNTY, NORTH CAROLINA

*Statement of Net Position**Proprietary Fund*

June 30, 2021

	East Yancey Water and Sewer Fund
Assets	
Current assets:	
Due from other governments	\$ 16,020
Total current assets	<u>16,020</u>
Non-current assets:	
Capital assets:	
Construction in progress	<u>7,122,212</u>
Total assets	<u>7,138,232</u>
Liabilities	
Current liabilities:	
Accounts payable	50,687
Due to general fund	<u>4,940</u>
Total current liabilities	<u>55,627</u>
Net Position	
Net investment in capital assets	7,122,212
Unrestricted	<u>(39,607)</u>
Total net position	<u>\$ 7,082,605</u>

The accompanying notes are an integral part of these financial statements

YANCEY COUNTY, NORTH CAROLINA

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
 For the year ended June 30, 2021

	East Yancey Water and Sewer Fund
Operating Revenues	
Charges for service	\$ -
Operating Expenses	
Operations	<u>-</u>
Income before transfers	<u>-</u>
Capital contributions	80,134
Transfers from other funds	<u>50,000</u>
Change in net position	130,134
Net position, beginning of year	<u>6,952,471</u>
Net position, end of year	<u><u>\$ 7,082,605</u></u>

The accompanying notes are an integral part of these financial statements

YANCEY COUNTY, NORTH CAROLINA

Statement of Cash Flows
Proprietary Fund
For the year ended June 30, 2021

	East Yancey Water and Sewer Fund
	<hr/>
Cash flows from capital and related financing activities:	
Cash received from capital grants	\$ 134,254
Transfers from other funds	50,000
Advance from general fund	4,940
Acquisition and construction of capital assets	<hr/> (255,140)
Net cash used by capital and related financing activities	<hr/> (65,946) <hr/>
Net decrease in cash and cash equivalents	(65,946)
Cash and cash equivalents:	
Beginning of year	<hr/> 65,946
End of year	<hr/> \$ - <hr/>

The accompanying notes are an integral part of these financial statements

YANCEY COUNTY, NORTH CAROLINA

Statement of Fiduciary Net Position

June 30, 2021

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ 31,370
Due from other governments	<u>6,090</u>
Total assets	<u>37,460</u>
Liabilities	
Due to the Town of Burnsville	<u>36,843</u>
	<u>36,843</u>
Net Position	
Restricted for	
Individuals and other governments	<u>617</u>
Total net position	<u><u>\$ 617</u></u>

The accompanying notes are an integral part of these financial statements

YANCEY COUNTY, NORTH CAROLINA

Statement of Changes in Fiduciary Net Position

June 30, 2021

	<u>Custodial Funds</u>
Additions	
Ad valorem taxes for other governments	\$ 75,623
Collections on behalf of inmates	<u>15,218</u>
Total additions	<u>90,841</u>
Deductions	
Tax distributions to other governments	75,623
Payments on behalf of inmates	<u>15,286</u>
Total deductions	<u>90,909</u>
Net increase (decrease) in fiduciary net position	<u>(68)</u>
Net position, beginning, as originally stated	-
Restatement (Note 9)	<u>685</u>
Net position, beginning, as restated	<u>685</u>
Net position, end of year	<u><u>\$ 617</u></u>

The accompanying notes are an integral part of these financial statements

YANCEY COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Yancey County (the “County”) 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 units, legally-separate entities for which the County is financially accountable. Included within the reporting entity are the following blended component units:

1. Yancey County Industrial Facility and Pollution Control Financing Authority (the “Authority”)

The Authority exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements.

2. East Yancey Water and Sewer District (the “District”)

The District was established by the Yancey County Board of Commissioners (the “Board”) for the purpose of constructing a sewer system in East Yancey County. The District’s governing board is the same as the County’s governing board. The Board adopts a budget to be used by the District and approves amendments to the approved budget. The District, which has a June 30 year-end, is reported as an enterprise fund of the County in accordance with G.S. 159-26(b)(4). It does not issue separate financial statements.

(B) Basis of Presentation – Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the County’s net position. 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.

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

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

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

The County reports the following major governmental funds:

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

Capital Project Fund. This fund accounts for various capital projects that were in process during the year ending June 30, 2021 such as improvements to Ray Cort Park and FEMA clean-up at Cane River Park.

The County reports the following major enterprise funds:

East Yancey Water and Sewer Fund. This fund accounts for the construction of a water and sewer system in East Yancey County, as well as the user fees and maintenance expenses associated with its operation when the system is completed and placed in service.

The County also reports the following fund types:

Special Revenue Funds. Special revenue funds are used to account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains four non-major special revenue funds: the Fire District Fund, the Emergency Telephone System Fund, the Grants Fund, and the Representative Payee Fund.

Capital Project Funds. Capital project funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds). The County maintains one non-major capital project fund, the Schools Capital Project Fund. This fund accounts for the construction of Blue Ridge Elementary School.

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 vehicle property taxes that are collected by the County for the Town of Burnsville but that are not revenues to the County, and the Inmate Commissary Fund, which holds cash collections for the benefit of inmates from their friends and families.

(C) Measurement Focus, Basis of Accounting

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources

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

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

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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 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 assets 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.

(D) Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Revaluation Fund, and all special revenue funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the East Yancey Water and Sewer Enterprise Capital Project Fund, the Capital Projects 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 department level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change department appropriations by more than \$10,000. 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 body must adopt an interim budget that covers that time until the annual ordinance can be adopted.

(E) Assets, Liabilities, and Fund Equity**(1) Deposits and Investments**

All deposits of the County are made in board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law (G.S. 159-30(c)) authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The 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 AAMf by Moody Investor Services. The Government Portfolio is reported at fair value.

(2) Cash and Cash Equivalents

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

(3) Restricted Assets

Money in the Revaluation Fund is classified as restricted assets because its use is restricted by North Carolina General Statute 153A-150. Unspent debt proceeds in the General Fund is classified as restricted assets because its use is restricted by revenue source. Sheriff and register of deeds money and advances from grantors in the general fund are classified as restricted assets because their use is completely restricted by external parties. Unexpended grant proceeds in the general fund are classified as restricted assets because their use is completely restricted to the purpose for which the grant was awarded.

(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 which 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 June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. The County follows a capitalization threshold of \$5,000 for all assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the County, excluding land and construction in progress, are depreciated on a straight-line basis over the following estimated useful lives:

	Years
Buildings	50
Other Improvements	10-25
Equipment and Vehicles	3-10
Computer Software	5

(7) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The County has three items that meet this criterion: pension and OPEB related deferrals, contributions made to the pension plan in the current fiscal year, benefit payments and administrative costs paid for retiree health benefits in the current fiscal year.

In addition to liabilities, the statement of net position and balance sheet can also report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet this criterion – prepaid taxes, ad valorem taxes receivable, solid waste fees receivable, various cash receipts not recognized as revenue until the earning process is complete, and pension and OPEB related deferrals.

(8) Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

(9) Compensated Absences

The vacation policies of the County provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. Compensated absences are liquidated in the General Fund and are accounted for on the first in, first out ("FIFO") basis, assuming that employees are taking leave time as it is earned.

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since none of the entities have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County.

(10) 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 represent 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.

(11) Fund Balances

In the governmental fund financial statements, fund balance is composed of four 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.

Restricted Fund Balance – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

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

Restricted for Register of Deeds – portion of fund balance that is restricted by revenue source to pay for computer and imaging technology in the Register of Deeds office.

Restricted for Health Service – portion of fund balance that can only be used to benefit beneficiaries under the Social Security's Representative Payee Program.

Restricted for Unspent Debt Proceeds – portion of fund balance that represents the unexpended portion of installment obligations issued during the fiscal year.

Committed Fund Balance – The classification includes amounts that can only be used for specific purposes imposed by majority vote by quorum of the County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

Committed for Tax Revaluation – portion of fund balance that can only be used for Tax Revaluation.

Unassigned Fund Balance – Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned for specific purposes or other funds.

The County does not have a formal revenue spending policy. However, it is the County's practice to use resources in the following hierarchy: Installment loan 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 County has also adopted a minimum fund balance policy for the General Fund, which instructs management to conduct the business of the County in such a manner that the fund balance available for appropriation is at least equal to 16 percent of the General Fund operating budget. Any portion of the fund balance in excess of 16 percent of the General Fund operating budget may be appropriated by the County Commissioners through an amendment to the subsequent year's budget ordinance.

(12) Defined Benefit Pension Plans

The County participates in a cost-sharing, multiple-employer, defined benefit pension plan that is administered by the State; the Local Governmental Employees' Retirement System (LGERS). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of LGERS and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. 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 plan. Investments are reported at fair value.

Note 2 – Stewardship, Compliance and Accountability

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, the expenditures made in several departments in the County's General Fund exceeded the authorized appropriations made by the governing board. The most significant over-expenditures were \$37,441 in the tourism department and \$19,401 in the sanitation department. These over-expenditures occurred because of expenditures related to higher than expected occupancy tax collections and recreation fees. Management and the Board will more closely review

the budget reports in future years to ensure sufficient budget remains to absorb any expenditures caused by unexpected revenue increases.

Deficit Fund Balance in the Capital Project Fund

At June 30, 2021, the Capital Project Fund had a deficit fund balance of \$547,623. Management expects this deficit to be resolved in the coming year via grant funding and transfers from the General Fund.

Note 3 – Detail Notes on All Funds

(A) Assets

(1) Deposits

All of the County's deposits are either insured or collateralized by using the pooling method, which is a collateral pool; all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by their agents in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization; and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method. The County does not have policies regarding custodial credit risk.

At June 30, 2021, the County's deposits had a carrying amount of \$1,514,230 and a bank balance of \$1,787,297. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the pooling method. The County also had petty cash on hand at June 30, 2021 of \$917.

(2) Investments

At June 30, 2021, the County's investments consisted of \$7,020,100 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAm by Standard and Poor's and AAAmf by Moody's Investor Service. The portfolio has no maturity value and is valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk. The County does not have a formal investment policy but as a matter of practice invests only in short term investment instruments.

Credit Risk. The County's investments in the NC Capital Management Trust's Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAAmf by Moody's Investor Service as of June 30, 2021. The County has no policy on credit risk. These amounts are included within cash on the statement of net position.

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

Concentration of Credit Risk. The County places no limit on the amount that may be invested in any one issuer. The County does not have a formal policy on concentration of credit risk.

Reconciliation of Cash and Cash Equivalents:

A reconciliation of cash and cash equivalents as shown in the government-wide statement of net position is as follows:

Reported value of deposits	\$ 1,514,230
Petty cash	917
Fair value of investments	<u>7,020,100</u>
	<u>\$ 8,535,247</u>
Statement of Net Position	
Cash and cash equivalents	\$ 5,689,039
Cash and cash equivalents, restricted	<u>2,814,838</u>
	8,503,877
Statement of Fiduciary Net Position	
Cash and cash equivalents, restricted	<u>31,370</u>
	<u>\$ 8,535,247</u>

(3) Receivables

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

	<u>Governmental Funds</u>		Accrual Adjustment	Governmental Activities	Business- Type Activities
	<u>General</u>	<u>Other</u>			
Receivables:					
Accounts	\$ 267,050	\$ -	\$ -	\$ 267,050	\$ -
Ad valorem taxes	550,602	45,345	-	595,947	-
Due from other governments	2,245,517	634,093	-	2,879,610	16,020
Interest on taxes	-	-	74,000	74,000	-
Less: allowance - ad valorem	<u>(125,000)</u>	<u>(19,000)</u>	<u>-</u>	<u>(144,000)</u>	<u>-</u>
Total receivables (net)	<u>\$ 2,938,169</u>	<u>\$ 660,438</u>	<u>\$ 74,000</u>	<u>\$ 3,672,607</u>	<u>\$ 16,020</u>

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

Governmental Activities

Local option sales tax	\$ 1,429,479
Sales tax refunds	79,859
DSS administrative reimbursements	120,124
Motor vehicle taxes	114,210
DOT reimbursement	579,904
Other	556,034
Total	<u>\$ 2,879,610</u>

Business-Type Activities

Grant reimbursements	<u>\$ 16,020</u>
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(4) Capital Assets

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,966,239	\$ -	\$ -	\$ 2,966,239
Construction in progress	<u>455,928</u>	<u>1,162,826</u>	<u>370,498</u>	<u>1,248,256</u>
Total capital assets not being depreciated	<u>3,422,167</u>	<u>1,162,826</u>	<u>370,498</u>	<u>4,214,495</u>
Capital assets being depreciated:				
Land improvements	1,227,229	499,917	-	1,727,146
Buildings and improvements	16,740,461	9,875	525,505	16,224,831
Equipment	1,315,183	127,152	133,674	1,308,661
Computer software	412,985	-	-	412,985
Vehicles and motor equipment	<u>3,530,727</u>	<u>214,902</u>	<u>284,089</u>	<u>3,461,540</u>
Total capital assets being depreciated	<u>23,226,585</u>	<u>851,846</u>	<u>943,268</u>	<u>23,135,163</u>
Less accumulated depreciation for:				
Land improvements	859,196	122,453	-	981,649
Buildings and improvements	6,734,501	274,368	525,505	6,483,364
Equipment	1,047,448	96,153	126,923	1,016,678
Computer software	306,698	66,598	-	373,296
Vehicles and motor equipment	<u>1,787,524</u>	<u>411,341</u>	<u>284,089</u>	<u>1,914,776</u>
Total accumulated depreciation	<u>10,735,367</u>	<u>970,913</u>	<u>936,517</u>	<u>10,769,763</u>
Capital assets being depreciated, net	<u>12,491,218</u>			<u>12,365,400</u>
Governmental activities capital assets, net	<u>\$ 15,913,385</u>			<u>\$ 16,579,895</u>

Depreciation was charged to expense as follows:

General government	\$ 83,542
Public safety	435,550
Environmental protection	16,672
Economic and physical development	8,823
Human services	210,912
Cultural and recreational	<u>215,414</u>
Total depreciation expenses	<u>\$ 970,913</u>

	Beginning Balance	Increase	Decrease	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 6,816,384	\$ 305,828	\$ -	\$ 7,122,212

(B) Liabilities**(1) Payables**

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

	Governmental Funds			Business-
	General	Other	Accrual Adjustment	Type Activities
Accounts payable	\$ 616,755	\$ 184,545	\$ -	\$ 801,300
Accrued wages	186,214	-	-	186,214
Accrued interest	-	-	244,529	244,529
Total accounts payable and accrued expenses	\$ 802,969	\$ 184,545	\$ 244,529	\$ 1,232,043

(2) Pension Plan ObligationsLocal 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 10.9% of compensation for law enforcement officers and 10.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$815,445 for the year ended June 30, 2021.

Refunds of Contributions. County employees that 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 \$3,167,127 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 the June 30, 2020 measurement date, the County's proportion was .08863%, which was an increase of .00258% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$1,110,824. 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	\$ 399,953	\$ -
Changes of assumptions	235,696	-
Net difference between projected and actual earnings on pension plan investments	445,688	-
Changes in proportion and difference between County contributions and proportionate share of contributions	49,757	3,133
County contributions subsequent to the measurement date	815,445	-
	<u>\$ 1,946,539</u>	<u>\$ 3,133</u>

\$815,445 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	\$ 318,630
2023	422,668
2024	254,763
2024	131,900
Thereafter	-
	<u>\$ 1,127,961</u>

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

The plan 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 for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation 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 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	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 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 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 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)	\$ 6,425,757	\$ 3,167,127	\$ 458,978

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

Law Enforcement Officers Special Separation Allowance

Plan Description: The 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 law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2019 (valuation date), the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	24
Total	<u>24</u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies:

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

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

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

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2020.

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.

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. There were no benefit payments made during 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 \$1,039,110. 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 \$92,768.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 97,420	\$ 61,443
Changes of assumptions	252,209	16,603
	<u>\$ 349,629</u>	<u>\$ 78,046</u>

Amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2022	\$ 37,419
2023	37,967
2024	44,067
2025	53,933
2026	55,713
Thereafter	42,484
	<u>\$ 271,583</u>

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 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 (.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	\$ 1,128,412	\$ 1,039,110	\$ 957,175

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

Beginning balance	\$ 605,877
Service Cost	35,597
Interest on the total pension liability	19,752
Changes in benefit terms	-
Differences between expected and actual experience	
in the measurement of the total pension liability	114,333
Change of assumption or other inputs	263,551
Benefit payments	-
Other changes	-
Net pension obligation, end of year	<u>\$ 1,039,110</u>

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.26 percent at December 31, 2019 (measurement date) to 1.93 percent at December 31, 2020 (measurement date).

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

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

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

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

The net pension liability for LGERS was measured as of June 30, 2020, and 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 for LEOSSA was measured as of December 31, 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	LEOSSA	Total
Proportionate Share of Net Pension Liability	\$ 3,167,127	\$ -	\$ 3,167,127
Proportion of the Net Pension Liability	0.08863%	N/A	N/A
Total Pension Liability	-	1,039,110	1,039,110
Pension Expense	1,110,824	92,768	1,203,592

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$ 399,953	\$ 97,420	\$ 497,373
Changes of assumptions	235,696	252,209	487,905
Net difference between projected and actual earnings on pension plan investments	445,688	-	445,688
Changes in proportion and differences between County contributions and proportionate share of contributions	49,757	-	49,757
County contributions (LGERS)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	815,445	-	815,445
	<u>\$ 1,946,539</u>	<u>\$349,629</u>	<u>\$ 2,296,168</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ -	\$ 61,443	\$ 61,443
Changes of assumptions	-	16,603	16,603
Changes in proportion and differences between County contributions and proportionate share of contributions	3,133	-	3,133
	<u>\$ 3,133</u>	<u>\$ 78,046</u>	<u>\$ 81,179</u>

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description: The County contributes to the Supplemental Retirement Income Plan (the Plan), a defined contribution pension plan administered by the Department of 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 CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy: Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan.

The County contributed \$58,544 for the year ended June 30, 2021. No amounts were forfeited.

(3) Other Postemployment Benefit*Plan Description*

Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the “HCB Plan”). This plan provides post-employment healthcare benefits (OPEB) to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (“System”) and have at least 10 years of creditable service with the County. Once the retiree becomes eligible for Medicare, then the County’s health insurance plan will pay claims secondary to Medicare. Also, the County’s retirees can purchase coverage for their dependents at the County’s group rates. Dependent coverage terminates upon the dependent attaining age 65. The County may amend the benefit provisions. A separate report was not issued for the plan. Retirees hired prior to July 1, 2007 receive the same benefits as active employees. The HCB Plan is available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. As of July 1, 2007, the plan has been closed to new entrants. The plan, which has a June 30, 2021 year end, does not issue a stand-alone report.

Plan membership

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

Retirees and dependents receiving benefits	20
Active plan members	<u>156</u>
Total	<u><u>176</u></u>

Total OPEB Liability

The County’s total OPEB liability of \$4,309,652 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50% to 7.75% percent
Discount rate	2.21 % percent
Healthcare cost trend rates	Pre-Medicare – 7.00% decreasing to 4.50% by 2026 Medicare – 5.00% decreasing to 4.50% by 2021

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 3,524,803
Changes for the year	
Service cost	91,028
Interest	124,902
Differences between expected and actual experience	(6,270)
Changes in assumptions or other inputs	670,390
Benefit payments	(95,201)
Net changes	784,849
Balance at June 30, 2021	<u>\$ 4,309,652</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

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	\$ 4,961,698	\$ 4,309,652	\$ 3,775,854

Sensitivity of the total OPEB liability to changes 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:

	Pre-Medicare 6.0% decreasing to 3.5% Medicare 4.0% decreasing to 3.5% (2.50%)	Pre-Medicare 7.0% decreasing to 4.5% Medicare 5.0% decreasing to 4.5% (3.50%)	Pre-Medicare 8.0% decreasing to 5.5% Medicare 6.0% decreasing to 5.5% (4.50%)
Total OPEB Liability	\$ 3,702,868	\$ 4,309,652	\$ 5,056,252

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$176,986. At June 30, 2021, 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	\$ 5,823	\$ 296,948
Changes of assumptions	584,619	255,610
Benefit payments made subsequent to the measurement date	117,577	-
	<u>\$ 708,019</u>	<u>\$ 552,558</u>

\$117,577 reported as deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total OPEB 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	\$ (27,783)
2023	(27,783)
2024	(27,783)
2025	(9,929)
2026	23,073
Thereafter	108,089
	<u>\$ 37,884</u>

(4) 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 will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

(5) Landfill Post-Closure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

The \$789,058 reported as landfill post-closure care liability at June 30, 2021, represents the projected actual post-closure care cost of the closed municipal solid waste landfill over the next 5 years and construction and demolition landfill over the next 18 years based on what it would cost to perform all post-closure care in 2021. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

(6) Long-term debt

The County's long-term debt as of June 30, 2021, consisted of the following:

Direct Placement Installment Purchases

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
\$2,200,000 direct placement installment purchase contract, annual principal payments of \$102,667 through September 2024, plus annual interest at 4.87 percent	\$ 513,332	\$ -	\$ 102,667	\$ 410,665
\$980,000 direct placement installment purchase contract, annual principal payments of \$65,333 through September 2024, plus interest at 7.59 percent	326,667	-	65,333	261,334
\$990,000 direct placement installment purchase contract, annual principal payments of \$66,000 through June 2025, including interest at 7.36 percent	330,000	-	66,000	264,000
\$520,000 direct placement installment purchase contract, annual principal payments of \$34,667 through 2030, including interest at 3.01 percent	346,665	-	34,667	311,998
\$1,574,000 direct placement installment purchase contract for school construction, annual payments of \$667,397 through September 2020, including interest at 2.89 percent	312,211	-	312,211	-

\$100,218 direct placement installment purchase contract for equipment, July 2018, annual payments of \$35,144 through July 2020, including interest at 5.25 percent	33,346	-	33,346	-
\$135,000 direct placement installment purchase contract for equipment, July 2018, annual payments of \$47,528 through July 2020, including interest at 5.25 percent	45,033	-	45,033	-
\$80,470 direct placement installment purchase contract, annual payments of \$18,270 through December 2023, including interest at 5.30 percent	64,305	-	14,849	49,456
\$1,350,000 direct placement installment purchase contract, annual payments of \$281,406 through July 2024, including interest at 1.87 percent	1,350,000	-	275,110	1,074,890
\$891,592 direct installment obligation assumed for the transfer of a senior center to the County, May 2019, annual payments of \$41,060 through February 2056, including interest at 3.125 percent.	878,436	-	13,569	864,867
\$305,000 direct placement installment purchase contract for equipment, June 2021, annual payments of \$64,551 through June 2026, including interest at 1.97 percent	-	305,000	-	305,000
\$9,900,000 direct placement installment purchase contract for school construction, annual payments of \$953,507 beginning in 2021 through 2032, including interest at 2.89 percent	<u>9,900,000</u>	<u>-</u>	<u>346,164</u>	<u>9,553,836</u>
Total governmental activities	<u>\$ 14,099,995</u>	<u>\$ 305,000</u>	<u>\$ 1,308,949</u>	<u>\$ 13,096,046</u>

Future minimum payments for installment purchases are as follows:

Year ending June 30,	Governmental Activities	
	Principal	Interest
2022	\$ 1,296,031	\$ 483,884
2023	1,322,443	358,111
2024	1,350,067	314,331
2025	1,360,160	273,088
2026	872,966	226,036
2027-2031	4,363,432	758,498
2032-2036	1,928,731	183,583
2037-2041	118,162	87,138
2042-2046	137,816	67,484
2047-2051	160,738	44,562
2052-2056	185,500	17,827
	<u>\$ 13,096,046</u>	<u>\$ 2,814,542</u>

The County's remaining legal debt margin as of June 30, 2021 was approximately \$177 million.

(7) 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 Balances	Increases	Decreases	Ending Balances	Current Portion
Governmental activities:					
Installment purchase	\$ 14,099,995	\$ 305,000	\$ 1,308,949	\$ 13,096,046	\$ 1,296,031
Capital leases	-	-	-	-	-
Compensated absences	481,677	427,178	268,103	640,752	268,103
Landfill post-closure liability	846,689	-	57,631	789,058	57,631
Net pension liability - LGERS	2,349,958	817,169	-	3,167,127	-
Total pension liability - LEOSA	605,877	433,233	-	1,039,110	-
Total OPEB liability	3,524,803	784,849	-	4,309,652	-
Total governmental activities	<u>\$ 21,908,999</u>	<u>\$ 2,767,429</u>	<u>\$ 1,634,683</u>	<u>\$ 23,041,745</u>	<u>\$ 1,621,765</u>

(C) Deferred Outflows and Inflows of Resources

Deferred inflows of resources at June 30, 2021, are as follows:

	Governmental Funds		Accrual	Governmental
	General	Other	Adjustment	Activities
Unavailable:				
Taxes receivable (net)	\$ 425,602	\$ 26,345	\$ (481,795)	\$ (29,848)
Unearned:				
Prepaid taxes	36,905	-	-	36,905
Solid waste deposits	29,847	-	-	29,847
Unspent grant proceeds	247,863	-	-	247,863
Pension deferrals (LEOSSA)	-	-	78,046	78,046
Pension deferrals (LGERS)	-	-	3,133	3,133
OPEB deferrals	-	-	552,558	552,558
Total deferred inflows	<u>\$ 740,217</u>	<u>\$ 26,345</u>	<u>\$ 151,942</u>	<u>\$ 918,504</u>

Deferred outflows of resources at June 30, 2021, are as follows:

	Governmental
	Activities
Pension - difference between expected and actual experience (LGERS)	\$ 399,953
OPEB - difference between expected and actual experience	5,823
Pension - difference between expected and actual experience (LEOSSA)	97,420
Pension - difference between projected and actual investment earnings (LGERS)	235,696
Pension - change in proportion and difference between employer contributions and proportionate share contributions (LGERS)	445,688
Pension - change in assumptions (LGERS)	49,757
OPEB - change in assumptions	584,619
Pension - change in assumptions (LEOSSA)	252,209
Contributions to the pension plan subsequent to the measurement date (LGERS)	815,445
Benefit payments paid subsequent to the measurement date (OPEB)	117,577
Total deferred outflows	<u>\$ 3,004,187</u>

(D) 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 a self-funded risk financing pool administered by the North Carolina Association of County Commissioners. Through this pool, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of approximately \$20.8 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$1 million per occurrence, flood coverage up to \$5 million per occurrence, and workers' compensation coverage up to the statutory limits. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request.

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.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance is bonded for \$100,000 and the tax collector is bonded for \$150,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

(E) Inter-fund Balances and Activity

The County uses a central depository for all of its funds. As a result of temporary timing differences in funds that cause the fund's cash balance in the central depository to go negative, \$449,125, \$11,334, \$4,940 and \$4,943 is due to the General Fund from the Capital Project Fund, Grants Fund, East Yancey Water and Sewer Fund, and School Capital Project Fund, respectively, at June 30, 2021.

Inter-fund transfers for the year ended June 30, 2021, consisted of the following:

Transfers to the Capital Project Fund from the	
General Fund for matching grants	\$ 242,000
Transfers to the Grant Fund from the	
General Fund for matching grants	25,385
Transfers to the Capital Projects Fund from	
the General Fund to fund projects	-
Transfer to the East Yancey Water and Sewer Fund	
from the General Fund to fund construction	50,000
	<u>\$ 317,385</u>

(F) Net Investment in Capital Assets

The net investment in capital assets at June 30, 2021, consists of the following:

	Governmental Activities	Business-Type Activities
Capital assets, net of depreciation	\$ 16,579,895	\$ 7,122,212
Less:		
Installment purchase contracts	(13,096,046)	-
Addback: unspent debt proceeds	305,000	
Addback: balance of school related debt	9,553,836	-
	<u>\$ 13,342,685</u>	<u>\$ 7,122,212</u>

(G) Fund Balance

Yancey County does not have a formal revenue spending policy. However, it is the County's practice to use resources in the following hierarchy: installment loan 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 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	\$ 8,141,963
Less:	
Restricted for stabilization by State statute	<u>(2,953,062)</u>
Fund balance available for appropriation	5,188,901
Working capital policy	<u>(4,796,237)</u>
Remaining fund balance	<u>\$ 392,664</u>

As noted earlier, the County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that the fund balance available for appropriation is at least equal to 16 percent of the General Fund operating budget.

Note 4 – Related Organization

The chairman of the County's governing board is responsible for appointing the members of the Board of the Yancey County Recreation Corporation, but the County's accountability for this organization does not extend beyond making these appointments. The Corporation is a non-profit organization that exists to develop and provide recreational activities for county residents. It is funded with private donations.

Note 5 – Joint Ventures

The County, in conjunction with the State of North Carolina, Mitchell County and Avery County, participates in a joint venture to operate Mayland Community College (the "College"). One member is appointed by the Boards of Education in each of the three counties; two members are appointed by the Boards of Commissioners in each of the three counties; and one member is appointed by the Governor of North Carolina from each of the three counties. The President of the Student Government Association of the College serves as an ex officio member of the Board of Trustees. The College is included as a component unit of the state. The County has the basic responsibility for providing annual appropriations for facilities. The County has an ongoing financial responsibility for the College because of the statutory responsibilities to provide funding for the College's facilities. The County contributed \$355,000 and \$20,000 to the college for operating and capital purposes, respectively, 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 College may be obtained from the Office of the Vice President for Administration Services, Mayland Community College, P.O. Box 547, Highway 19E, Spruce Pine, NC, 28777.

The County participates in a joint venture to operate the Avery Mitchell Yancey Regional Library (the "Library") with Avery County, Mitchell County, and the Town of Spruce Pine. Each participating County appoints four members to the Board of the Library. The County has an ongoing financial responsibility for the joint venture because of the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements. During the fiscal year ended June 30, 2021, the County contributed \$130,380 to the Library to supplement its activities. Complete financial statements for the Library may be obtained from the Library's offices at 113 Old Highway 19E, P.O. Drawer 310, Burnsville, NC, 28714.

The County participates in a joint venture to operate the Toe River Health District with two other local governments. Each participating government appoints one member to the fifteen member board of directors of the Health District. The County has an ongoing financial responsibility for the joint venture because the Health District's continued existence depends on the participating governments'

continued funding. None of the participating governments have any equity interest in the Health District, 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 contributed \$486,272 to the Health District to supplement its activities during the fiscal year. Complete financial statements can be obtained from the Toe River Health District's offices at 130 Forest Service Drive, Bakersville, North Carolina 28705.

The County participates in a joint venture to operate Yancey County Planning and Economic Development Commission (the "Commission") with the Town of Burnsville. Each participating government appoints one member to the governing body. The County has an ongoing financial responsibility for the joint venture because of the Commission's continued existence depends on the participating governments' continued funding. Neither of the participating governments have an equity interest in the Commission, so no equity interest has been reflected in the financial statements. During the fiscal year ended June 30, 2021, the county contributed \$113,899 to the Commission to supplement its activities. Complete financial statements for the commission may be obtained from the Commission's office at Yancey County Planning and Economic Development Commission, P.O. Box 246, Burnsville, NC, 28714

The County, in conjunction with 22 other county governments, participates in a joint venture to operate Vaya Health, a public managed care organization ("MCO") which provides mental health, development disability, and substance abuse services to residents of the 23 county area. Each participating government appoints members to the governing body. The County has an ongoing financial responsibility for the joint venture because the MCO's continued existence depends on participating governments' funding. None of the participating governments have an equity interest in the MCO, so no equity interest has been reflected in the financial statements. During the fiscal year ended June 30, 2021, the county contributed \$26,000 to the MCO to supplement its activities. Complete financial statements for the MCO may be obtained from the administrative offices at 200 Ridgefield Ct, Suite 206, Asheville, NC, 28806.

Note 6 – Jointly Governed Organizations

The High Country Council of Governments (the Council) is a voluntary association of seven county governments, including the County. The Council was created for the purpose of coordinating federal and state projects of a planning nature in the seen count area compromising Region D in northwestern North Carolina. General support of the Council is provided by the counties based upon their respective populations. Each county appoints one member to the Council's governing body and this governing body selects the management and determines the budget and financing requirement of the Council. The County paid membership fees of \$12,825 to the Council during fiscal year ended June 30, 2021.

Note 7 – Summary Disclosure of Significant Commitments and Contingencies

Contingencies

In the opinion of the County's management and the County's attorney, there were no pending or threatened litigation claims or assessments (excluding those that may as yet be unasserted) that could have a material adverse effect on the County's financial position as of and for the year end June 30, 2021.

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 monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Note 8 – Subsequent Event – FY22 State Revolving Fund Financing

In February 2021, the County was approved for a 20 year, zero interest loan from the NC Department of Environmental Quality State Revolving Fund. The total amount of funding approved was \$1,046,150 with anticipated principal forgiveness of \$282,918. This results in the County incurring a total debt obligation of \$763,232. Annual principal payments of \$31,162 are scheduled to begin in May 2022 with the final payment being due in May 2041.

Note 9 – Change in Accounting Principle

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, beginning fund balance and governmental net position were increased by \$23,003 as a result of the Representative Payee Fund now being reported as a special revenue fund. Also, beginning fund balance in the Inmate Commissary Fund, a custodial fund, was increased by \$685.



REQUIRED SUPPLEMENTAL FINANCIAL DATA

- Law Enforcement Officers' Special Separation Allowance – Schedule of Changes in the Total Pension Liability
 - Law Enforcement Officers' Special Separation Allowance – Schedule of Total Pension Liability as a Percentage of Covered Payroll
 - Local Government Employees' Retirement System – Schedule of County's Proportionate Share of Net Pension Liability (Asset)
 - Local Government Employees' Retirement System – Schedule of County's Contributions
 - Other Post-Employment Benefits – Schedule of Changes in the Total OPEB Liability and Related Ratios
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YANCEY COUNTY, NORTH CAROLINA

Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
 Last Five Fiscal Years*

Schedule of Change in Total Pension Liability

	2021	2020	2019	2018	2017
Beginning balance	\$ 605,877	\$ 566,936	\$ 583,774	\$ 573,254	\$ 542,060
Service cost	35,597	22,668	24,726	23,459	27,919
Interest on the total pension liability	19,752	20,636	18,447	22,128	19,352
Differences between expected and actual experience in the measurement of the total pension liability	114,333	(22,915)	(35,724)	(76,878)	-
Change of assumptions or other inputs	263,551	18,552	(24,287)	41,811	(16,077)
Benefit payments	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 1,039,110</u>	<u>\$ 605,877</u>	<u>\$ 566,936</u>	<u>\$ 583,774</u>	<u>\$ 573,254</u>

Schedule of Total Pension Liability as a Percentage of Covered Payroll

Total pension liability	\$ 1,039,110	\$ 605,877	\$ 566,936	\$ 583,774	\$ 573,254
Covered-employee payroll	1,215,369	813,050	884,858	906,486	915,617
Total pension liability as a percentage of covered- employee payroll	85.50%	74.52%	64.07%	64.40%	62.61%

Notes to the schedules:

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

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

YANCEY COUNTY, NORTH CAROLINA

County's Proportionate Share of the Net Pension Liability (Asset)
Required Supplementary Information
 Last Eight Fiscal Years*

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.08863%	0.08605%	0.08610%	0.08603%	0.08691%	0.08234%	0.08321%	0.08160%
County's proportion of the net pension liability (asset) (\$)	\$ 3,167,127	\$ 2,349,958	\$ 2,042,586	\$ 1,314,300	\$ 1,844,520	\$ 369,537	\$ (490,728)	\$ 983,593
County's covered payroll	6,270,626	5,956,530	5,575,724	5,274,979	5,111,004	4,659,511	4,598,501	4,421,926
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	50.51%	39.45%	36.63%	24.92%	36.09%	7.93%	(10.67%)	22.24%
Plan fiduciary net position as a percentage of the total pension liability (asset)	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.

YANCEY COUNTY, NORTH CAROLINA

*Schedule of the County's Contributions**Required Supplementary Information*

Last Eight Fiscal Years

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 815,445	\$ 572,843	\$ 472,521	\$ 428,267	\$ 393,559	\$ 349,281	\$ 336,574	\$ 320,054
Contributions in relation to the contractually required contribution	<u>815,445</u>	<u>572,843</u>	<u>472,521</u>	<u>428,267</u>	<u>393,559</u>	<u>349,281</u>	<u>336,574</u>	<u>320,054</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	7,907,083	6,270,626	5,956,530	5,575,724	5,274,979	5,111,004	4,659,511	4,598,501
Contributions as a percentage of covered payroll	10.31%	9.14%	7.93%	7.68%	7.46%	6.83%	7.22%	6.96%

YANCEY COUNTY, NORTH CAROLINA

Schedule of Changes in the Total OPEB Liability and Related Ratios
Required Supplementary Information
 Last Four Fiscal Years

Schedule of Changes in Total OPEB Liability

Total OPEB Liability	2021		2020		2019		2018
Service cost	\$ 91,028	\$	82,560	\$	85,472	\$	92,707
Interest on the total OPEB liability	124,902		145,330		134,812		119,771
Changes of benefit terms	-		-		-		-
Differences between expected and actual experience in the measurement of the total OPEB liability	(6,270)		(394,805)		(1,904)		12,363
Change of assumptions or other inputs	670,390		3,949		(174,619)		(319,141)
Benefit payments	(95,201)		(95,519)		(93,807)		(102,202)
Other changes	-		-		-		-
Net change in total OPEB liability	784,849		(258,485)		(50,046)		(196,502)
Total OPEB liability - beginning	3,524,803		3,783,288		3,833,334		4,029,836
Total OPEB liability - ending	\$ 4,309,652	\$	3,524,803	\$	3,783,288	\$	3,833,334
Covered-employee payroll	\$ 5,549,674	\$	5,549,674	\$	4,937,995	\$	4,937,995
Total OPEB liability as a percentage of covered- employee payroll	77.66%		63.51%		76.62%		77.63%

Notes to the schedule:

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

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



MAJOR FUNDS

Governmental Fund-Type:

- The General Fund is the main operating fund of the County. It accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.
 - Tax Revaluation Fund – This fund is established to set aside funding to finance the county-wide real property revaluation. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.
 - Capital Projects Fund – This fund is used to account for the acquisition or construction of major capital facilities of the County (other than those financed by proprietary funds).
-

YANCEY COUNTY, NORTH CAROLINA

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

For the year ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes:			
Current year	\$ 13,796,300	\$ 13,916,612	\$ 120,312
Prior years	215,900	238,461	22,561
Penalties and interest	105,000	99,311	(5,689)
Total	<u>14,117,200</u>	<u>14,254,384</u>	<u>137,184</u>
Local option sales taxes:			
Article 39 and 44	2,628,421	2,689,403	60,982
Article 40 one-half of one percent	1,338,068	1,420,448	82,380
Article 42 one-half of one percent	1,044,276	1,072,118	27,842
Total	<u>5,010,765</u>	<u>5,181,969</u>	<u>171,204</u>
Other taxes:			
Medicaid hold harmless	123,500	202,691	79,191
White goods disposal tax	40,930	34,311	(6,619)
Occupancy tax	270,000	307,441	37,441
Total	<u>434,430</u>	<u>544,443</u>	<u>110,013</u>
Unrestricted intergovernmental revenues	<u>109,700</u>	<u>94,378</u>	<u>(15,322)</u>
Restricted intergovernmental revenues:			
DSS federal and state grants	2,794,081	2,443,126	(350,955)
Other federal and state grants	3,900,460	1,819,087	(2,081,373)
Local grants	740	10,639	9,899
Other restricted	164,605	198,635	34,030
Total	<u>6,859,886</u>	<u>4,471,487</u>	<u>(2,388,399)</u>
Licenses and permits:			
Register of Deeds fees	301,410	315,186	13,776
Building, other permit, inspection fees	91,200	97,949	6,749
Total	<u>392,610</u>	<u>413,135</u>	<u>20,525</u>
Sales and services:			
Rents, concessions, and fees	238,310	245,765	7,455
Sherriff/jail fees	200,926	99,857	(101,069)
Sanitation fees	355,000	296,584	(58,416)
Landfill fees	127,919	120,361	(7,558)
EMS fees	1,300,000	1,087,480	(212,520)
Recreation fees	434,644	450,442	15,798
Total	<u>2,656,799</u>	<u>2,300,489</u>	<u>(356,310)</u>
Investment earnings	<u>25,487</u>	<u>20,298</u>	<u>(5,189)</u>
Miscellaneous	<u>241,962</u>	<u>212,745</u>	<u>(29,217)</u>
Total revenues	<u>29,848,839</u>	<u>27,493,328</u>	<u>(2,355,511)</u>

YANCEY COUNTY, NORTH CAROLINA

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

For the year ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
General government:			
Governing body	172,420	173,883	(1,463)
Administration	101,231	100,653	578
Mapping	161,452	143,900	17,552
Finance	146,199	146,392	(193)
Tax administration	503,110	423,803	79,307
Clerk of court	4,600	2,518	2,082
Board of elections	221,884	203,500	18,384
Legal	390,021	105,168	284,853
Register of Deeds	281,424	275,359	6,065
Maintenance	453,190	401,736	51,454
License Plate Agency	153,892	154,863	(971)
Information technology	123,241	122,532	709
Other general government	<u>3,256,567</u>	<u>1,544,888</u>	<u>1,711,679</u>
Total general government	<u>5,969,231</u>	<u>3,799,195</u>	<u>2,170,036</u>
Public safety:			
Sheriff's department	1,741,123	1,696,351	44,772
Sheriff's asset forfeiture	34,052	1,063	32,989
Sheriff's dispatch	327,823	320,321	7,502
Jail	1,182,764	1,137,750	45,014
Emergency management	154,596	109,232	45,364
Inspections	143,719	143,214	505
Ambulance services	77,258	75,564	1,694
Medical examiner	16,000	14,500	1,500
E-911	477,933	475,343	2,590
EMS	2,492,389	2,217,733	274,656
Other	<u>198,682</u>	<u>193,300</u>	<u>5,382</u>
Total public safety	<u>6,846,339</u>	<u>6,384,371</u>	<u>461,968</u>
Environmental protection:			
Sanitation	1,542,268	1,513,546	28,722
Soil conservation	92,828	92,828	-
Forestry	63,381	49,272	14,109
Landfill	252,838	242,127	10,711
Recycling	<u>197,162</u>	<u>197,532</u>	<u>(370)</u>
Total environmental protection	<u>2,148,477</u>	<u>2,095,305</u>	<u>53,172</u>
Economic and physical development:			
Agricultural extension	252,383	249,570	2,813
Economic development commission	965,061	961,852	3,209
Tourism	270,000	307,441	(37,441)
Planning	<u>52,602</u>	<u>52,403</u>	<u>199</u>
Total economic and physical development	<u>1,540,046</u>	<u>1,571,266</u>	<u>(31,220)</u>

YANCEY COUNTY, NORTH CAROLINA

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

For the year ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Human services:			
Social services income maintenance	1,562,455	1,491,885	70,570
Children and family services	2,472,001	1,973,918	498,083
Child support enforcement	80,157	73,803	6,354
Child day care	427,498	427,600	(102)
Social services administration	743,107	543,467	199,640
Transportation	627,811	404,831	222,980
Contribution to regional health	490,445	486,272	4,173
Senior center	455,835	416,071	39,764
Other	19,169	15,087	4,082
Total human services	<u>6,878,478</u>	<u>5,832,934</u>	<u>1,045,544</u>
Cultural and recreational:			
Library	130,420	130,380	40
Recreation	141,822	161,223	(19,401)
Campground	231,931	231,724	207
Other	188,441	152,752	35,689
Total cultural and recreational	<u>692,614</u>	<u>676,079</u>	<u>16,535</u>
Education:			
Public schools-current	3,338,872	3,338,872	-
Public schools-capital outlay	394,628	394,627	1
Public schools-local supplement	25,800	25,800	-
Public schools-timber receipts	44,380	44,379	1
Community colleges-current	367,783	367,783	-
Total education	<u>4,171,463</u>	<u>4,171,461</u>	<u>2</u>
Debt service:			
Principal retirement	1,308,950	1,308,949	1
Interest and fees	420,885	420,876	9
Total debt service	<u>1,729,835</u>	<u>1,729,825</u>	<u>10</u>
Total expenditures	<u>29,976,483</u>	<u>26,260,436</u>	<u>3,716,047</u>
Revenues over (under) expenditures	<u>(127,644)</u>	<u>1,232,892</u>	<u>1,360,536</u>
Other Financing Sources (Uses)			
Installment obligations issued	535,029	305,000	(230,029)
Sale of capital assets	5,000	24,019	19,019
Transfers to other funds	(412,385)	(357,385)	55,000
Total other financing sources (uses)	<u>127,644</u>	<u>(28,366)</u>	<u>(156,010)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>1,204,526</u>	<u>\$ 1,204,526</u>
Fund balance, beginning of year		<u>6,737,437</u>	
Fund balance, end of year		<u>\$ 7,941,963</u>	

YANCEY COUNTY, NORTH CAROLINA

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

For the year ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures			
General Government:			
Revaluation expenses	\$ 40,000	\$ -	\$ 40,000
 Other Financing Sources			
Transfers from other funds	40,000	40,000	-
 Net change in fund balance	<u>\$ -</u>	40,000	<u>\$ 40,000</u>
 Fund balance, beginning of year		<u>160,000</u>	
 Fund balance, end of year		<u>\$ 200,000</u>	

YANCEY COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects Fund

From inception and for the year ended June 30, 2021

	Project Authorization	Reported In Prior Years	Current Year	Total	Variance Positive (Negative)
Revenues					
Restricted intergovernmental	\$ 1,624,900	\$ 427,673	\$ 302,200	\$ 729,873	\$ (895,027)
Miscellaneous	-	-	2,904	2,904	2,904
Total revenues	<u>1,624,900</u>	<u>427,673</u>	<u>305,104</u>	<u>732,777</u>	<u>(892,123)</u>
Expenditures					
Cultural and recreational:					
Lighting Project	370,000	335,456	35,042	370,498	(498)
Ray Cort Park	570,000	120,471	448,288	568,759	1,241
WaterShed Restoration	-	-	3,343	3,343	(3,343)
FEMA Clean Up	926,900	15,244	679,556	694,800	232,100
Total expenses	<u>1,866,900</u>	<u>471,171</u>	<u>1,166,229</u>	<u>1,637,400</u>	<u>229,500</u>
Revenues over (under) expenditures	<u>(242,000)</u>	<u>(43,498)</u>	<u>(861,125)</u>	<u>(904,623)</u>	<u>(662,623)</u>
Other Financing Sources					
Transfers from other funds	242,000	115,000	242,000	357,000	115,000
Total other financing sources	<u>242,000</u>	<u>115,000</u>	<u>242,000</u>	<u>357,000</u>	<u>115,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 71,502</u>	(619,125)	<u>\$ (547,623)</u>	<u>\$ (547,623)</u>
Fund balance, beginning of year			<u>71,502</u>		
Fund balance (deficit), end of year			<u>\$ (547,623)</u>		



NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

- Fire District Fund – This fund is established to account for the ad valorem tax levies of the six fire districts in Yancey County.
- Emergency Telephone System Fund – This fund is established to account for the accumulation of funds used to operate the 911 Emergency Service operations.
- Grants Fund – This fund is established to account for the expenditure of various state and federal grants.
- Representative Payee Fund – This fund is establish to account for revenues and expenditures of amounts held for the benefit of beneficiaries under the Social Security Representative Payee Program.

Capital Projects Fund

- The School Capital Project Fund – This fund accounts for the financing and construction of Blue Ridge Elementary School.
-

YANCEY COUNTY, NORTH CAROLINA

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds				Capital Project Fund	Total Nonmajor Governmental Funds
	Fire District Fund	Emergency Telephone System Fund	Grants Fund	Representative Payee Fund	School Capital Projects Fund	
ASSETS						
Cash and cash equivalents	\$ 58,731	\$ 217,211	-	30,477	\$ -	\$ 306,419
Receivables, net	26,345	-	-	-	-	26,345
Due from other governments	10,980	12,739	23,093	-	579,904	626,716
Prepays	7,580	-	-	-	-	7,580
Total assets	<u>\$ 103,636</u>	<u>\$ 229,950</u>	<u>\$ 23,093</u>	<u>\$ 30,477</u>	<u>\$ 579,904</u>	<u>\$ 967,060</u>
LIABILITIES						
Accounts payable and other current liabilities	\$ 77,291	\$ -	\$ 1,379	\$ -	\$ -	\$ 78,670
Due to general fund	-	-	11,334	-	4,943	16,277
Total liabilities	<u>77,291</u>	<u>-</u>	<u>12,713</u>	<u>-</u>	<u>4,943</u>	<u>94,947</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes receivable	<u>26,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,345</u>
FUND BALANCES						
Restricted:						
Stabilization by State statute	-	12,739	10,380	-	574,961	598,080
Public safety	-	217,211	-	-	-	217,211
Health service	-	-	-	30,477	-	30,477
Total fund balances	<u>-</u>	<u>229,950</u>	<u>10,380</u>	<u>30,477</u>	<u>574,961</u>	<u>845,768</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 103,636</u>	<u>\$ 229,950</u>	<u>\$ 23,093</u>	<u>\$ 30,477</u>	<u>\$ 579,904</u>	<u>\$ 967,060</u>

YANCEY COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the year ended June 30, 2021

	Special Revenue Funds				Capital Project Fund	Total Nonmajor Governmental Funds
	Fire District Fund	Emergency Telephone System Fund	Grants Fund	Representative Payee Fund	School Capital Projects Fund	
Revenues						
Ad valorem taxes	\$ 1,268,458	\$ -	\$ -	\$ -	\$ -	\$ 1,268,458
Restricted intergovernmental	-	152,876	146,297	233,424	579,903	1,112,500
Total revenues	<u>1,268,458</u>	<u>152,876</u>	<u>146,297</u>	<u>233,424</u>	<u>579,903</u>	<u>2,380,958</u>
Expenditures						
Current:						
Public safety	1,268,458	150,793	93,804	-	-	1,513,055
Human services	-	-	58,378	225,950	-	284,328
Education	-	-	-	-	42,439	42,439
Total expenditures	<u>1,268,458</u>	<u>150,793</u>	<u>152,182</u>	<u>225,950</u>	<u>42,439</u>	<u>1,839,822</u>
Revenues over (under) expenditures	<u>-</u>	<u>2,083</u>	<u>(5,885)</u>	<u>7,474</u>	<u>537,464</u>	<u>541,136</u>
Other Financing Sources						
Transfers from other funds	-	-	25,385	-	-	25,385
Net change in fund balances	<u>-</u>	<u>2,083</u>	<u>19,500</u>	<u>7,474</u>	<u>537,464</u>	<u>566,521</u>
Fund balances (deficit), beginning, as originally reported	-	227,867	(9,120)	-	37,497	256,244
Prior period adjustment (Note 9)	-	-	-	23,003	-	23,003
Fund balances (deficit), beginning, as restated	<u>-</u>	<u>227,867</u>	<u>(9,120)</u>	<u>23,003</u>	<u>37,497</u>	<u>279,247</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 229,950</u>	<u>\$ 10,380</u>	<u>\$ 30,477</u>	<u>\$ 574,961</u>	<u>\$ 845,768</u>

YANCEY COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**Fire District Fund*

For the year ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes:	\$ 1,500,000	\$ 1,268,458	\$ (231,542)
Expenditures			
Public safety	<u>1,500,000</u>	<u>1,268,458</u>	<u>231,542</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

YANCEY COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Emergency Telephone System Fund
 For the year ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Restricted intergovernmental:			
E-911 surcharge	\$ 152,876	\$ 152,876	\$ -
Expenditures			
Public safety	<u>152,876</u>	<u>150,793</u>	<u>2,083</u>
Net change in fund balance	<u>\$ -</u>	2,083	<u>\$ 2,083</u>
Fund balance, beginning of year		<u>227,867</u>	
Fund balance, end of year		<u>\$ 229,950</u>	

YANCEY COUNTY, NORTH CAROLINA

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

For the year ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Restricted intergovernmental:			
State grants	\$ 146,798	\$ 146,297	\$ (501)
Expenditures			
Public safety	113,765	93,804	19,961
Human services	58,418	58,378	40
Total expenditures	<u>172,183</u>	<u>152,182</u>	<u>20,001</u>
Revenues under expenditures	(25,385)	(5,885)	19,500
Other Financing Sources			
Transfers from other funds	<u>25,385</u>	<u>25,385</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	19,500	<u>\$ 19,500</u>
Fund balance (deficit), beginning of year		<u>(9,120)</u>	
Fund balance, end of year		<u>\$ 10,380</u>	

YANCEY COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Representative Payee Fund
 For the year ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted intergovernmental	\$ 250,000	\$ 233,424	\$ (16,576)
Expenditures			
Human services			
Payments made for the benefit of beneficiaries	<u>250,000</u>	<u>225,950</u>	<u>24,050</u>
Total expenditures	<u>250,000</u>	<u>225,950</u>	<u>24,050</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>7,474</u>	 <u>\$ 7,474</u>
 Fund balance, beginning of year, as originally reported		-	
Prior period adjustment (Note 9)		<u>23,003</u>	
Fund balance, beginning of year, as restated		<u>23,003</u>	
 Fund balance, end of year		 <u>\$ 30,477</u>	

YANCEY COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
School Capital Projects Fund

From inception and for the year ended June 30, 2021

	Project Authorization	Reported In Prior Years	Current Year	Total	Variance Positive (Negative)
Revenues					
Restricted intergovernmental	\$ 2,098,926	\$ 1,416,268	\$ 579,903	\$ 1,996,171	\$ (102,755)
Investment earnings	-	847	-	847	847
Total revenues	<u>2,098,926</u>	<u>1,417,115</u>	<u>579,903</u>	<u>1,997,018</u>	<u>(101,908)</u>
Expenditures					
Education:					
Blue Ridge Elementary School	<u>14,573,226</u>	<u>13,853,618</u>	<u>42,439</u>	<u>13,896,057</u>	<u>677,169</u>
Revenues under expenditures	<u>(12,474,300)</u>	<u>(12,436,503)</u>	<u>537,464</u>	<u>(11,899,039)</u>	<u>575,261</u>
Other Financing Sources					
Transfer from other funds	1,000,000	1,000,000	-	1,000,000	-
Installment obligations issued	<u>11,474,300</u>	<u>11,474,000</u>	<u>-</u>	<u>11,474,000</u>	<u>(300)</u>
Total other financing sources	<u>12,474,300</u>	<u>12,474,000</u>	<u>-</u>	<u>12,474,000</u>	<u>(300)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 37,497</u>	<u>537,464</u>	<u>\$ 574,961</u>	<u>\$ 574,961</u>
Fund balance, beginning of year			<u>37,497</u>		
Fund balance, end of year			<u>\$ 574,961</u>		



ENTERPRISE FUND

Enterprise funds are used to account for revenues resulting primarily from charges for services provided to the general public and the related costs of such services. The County maintains the following major enterprise fund:

- East Yancey Water and Sewer Fund – This fund will be used to account for the operations and maintenance of the East Yancey Water and Sewer System when it is completed. The East Yancey Water and Sewer Capital Project Fund is a sub-fund within the enterprise fund used to account for the construction of the East Yancey Water and Sewer System. The operating fund had no activity during the fiscal year.
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YANCEY COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**East Yancey Water & Sewer Capital Project Fund*

From inception and for the year ended June 30, 2021

	Project Authorization	Reported In Prior Years	Current Year	Total	Variance Positive (Negative)
Revenues					
Capital grants - DENR	\$ 3,000,000	\$ 3,009,986	\$ -	\$ 3,009,986	\$ 9,986
Capital grants - Rural Center	3,000,000	3,004,732	-	3,004,732	4,732
State Revolving Fund Loan (UDSA)	1,046,150	-	-	-	(1,046,150)
Private grants - Golden Leaf	300,000	300,000	-	300,000	-
Capital grants - ARC	300,000	-	74,098	74,098	(225,902)
Miscellaneous	-	-	6,036	6,036	6,036
Local contributions - Town	170,050	170,000	-	170,000	(50)
Total revenues	<u>7,816,200</u>	<u>6,484,718</u>	<u>80,134</u>	<u>6,564,852</u>	<u>(1,251,348)</u>
Expenditures					
East Yancey Water and Sewer Project		6,816,384	305,828	7,122,212	
Bank service charges		6,205	-	6,205	
Total expenditures	<u>7,986,250</u>	<u>6,822,589</u>	<u>305,828</u>	<u>7,128,417</u>	<u>857,833</u>
Revenues under expenditures	<u>(170,050)</u>	<u>(337,871)</u>	<u>(225,694)</u>	<u>(563,565)</u>	<u>(393,515)</u>
Other Financing Sources					
Transfers from other funds	<u>170,050</u>	<u>473,958</u>	<u>50,000</u>	<u>523,958</u>	<u>353,908</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 136,087</u>	<u>(175,694)</u>	<u>\$ (39,607)</u>	<u>\$ (39,607)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:					
Capital outlay			<u>305,828</u>		
Change in net position			<u>\$ 130,134</u>		



CUSTODIAL FUNDS

Custodial Funds are used to account for the assets held by the County that are restricted for individuals, private organizations, and/or other governmental entities.

- The County maintains 2 custodial funds – the Municipal Tax Collection Fund and the Inmate Commissary Fund
-

YANCEY COUNTY, NORTH CAROLINA

Combining Statement of Fiduciary Net Position
Custodial Funds
 June 30, 2021

	Municipal Tax Collections Fund	Inmate Commissary Fund	Total Custodial Funds
Assets			
Cash and cash equivalents	\$ 30,753	\$ 617	\$ 31,370
Taxes receivable for other governments, net	<u>6,090</u>	<u>-</u>	<u>6,090</u>
Total assets	<u>36,843</u>	<u>617</u>	<u>37,460</u>
Liabilities			
Due to the Town of Burnsville	<u>36,843</u>	<u>-</u>	<u>36,843</u>
Total liabilities	<u>36,843</u>	<u>-</u>	<u>36,843</u>
Net Position			
Restricted for:			
Individuals and other governments	<u>-</u>	<u>617</u>	<u>617</u>
Total net position	<u>\$ -</u>	<u>\$ 617</u>	<u>\$ 617</u>

YANCEY COUNTY, NORTH CAROLINA

Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
June 30, 2021

	Municipal Tax Collections Fund	Inmate Commissary Fund	Total Custodial Funds
Additions			
Ad valorem taxes for other governments	\$ 75,623	\$ -	\$ 75,623
Collections on behalf of inmates	-	15,218	15,218
Total additions	<u>75,623</u>	<u>15,218</u>	<u>90,841</u>
Deductions			
Tax distributions to other governments	75,623	-	75,623
Payments on behalf of inmates	-	15,286	15,286
Total deductions	<u>75,623</u>	<u>15,286</u>	<u>90,909</u>
Net increase (decrease) in fiduciary net position	<u>-</u>	<u>(68)</u>	<u>(68)</u>
Net position, beginning, as originally stated	-	-	-
Restatement (Note 9)	-	685	685
Net position, beginning, as restated	<u>-</u>	<u>685</u>	<u>685</u>
Net position, end of year	<u>\$ -</u>	<u>\$ 617</u>	<u>\$ 617</u>



OTHER SUPPLEMENTARY INFORMATION

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

YANCEY COUNTY, NORTH CAROLINA

*Schedule of Ad Valorem Taxes Receivable**General Fund*

June 30, 2021

Fiscal Year	Uncollected Balance July 1, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 14,242,692	\$ 14,040,019	\$ 202,673
2019-2020	300,840	-	178,371	122,469
2018-2019	107,375	-	33,703	73,672
2017-2018	69,511	-	11,948	57,563
2016-2017	41,499	-	5,063	36,436
2015-2016	17,787	-	3,977	13,810
2014-2015	15,352	-	3,741	11,611
2013-2014	12,194	-	1,453	10,741
2012-2013	13,114	-	1,398	11,716
2011-2012	11,341	-	1,430	9,911
2010-2011	<u>6,877</u>	<u>-</u>	<u>6,877</u>	<u>-</u>
Total	<u>\$ 595,890</u>	<u>\$ 14,242,692</u>	<u>\$ 14,287,980</u>	550,602
Less allowance for uncollectible ad valorem taxes receivable				<u>(125,000)</u>
Ad valorem taxes receivable, net				<u>\$ 425,602</u>
Reconcilement with Revenues:				
Taxes - Ad valorem - General Fund				<u>\$ 14,254,384</u>
Reconciling items:				
Write-offs				6,877
Penalties and interest				(99,311)
Releases and discounts				<u>126,030</u>
Total reconciling items				<u>33,596</u>
Total collections and credits				<u>\$ 14,287,980</u>

YANCEY COUNTY, NORTH CAROLINA

Analysis of Current Year County-Wide Tax Levy
General Fund
 June 30, 2021

	County Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$2,300,676,667	0.6000	\$ 13,804,060	\$ 12,609,982	\$ 1,194,078
Penalties	-		2,283	2,283	-
Total	<u>2,300,676,667</u>		<u>13,806,343</u>	<u>12,612,265</u>	<u>1,194,078</u>
Discoveries:					
Current year taxes	75,566,833	0.6000	453,401	453,401	-
Abatements	<u>(2,842,000)</u>	0.6000	<u>(17,052)</u>	<u>(17,052)</u>	<u>-</u>
Total property valuation	<u>\$ 2,373,401,500</u>				
Net levy			14,242,692	13,048,614	1,194,078
Current Year's Taxes Uncollected at June 30, 2021			<u>202,673</u>	<u>202,673</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 14,040,019</u>	<u>\$ 12,845,941</u>	<u>\$ 1,194,078</u>
Current Levy Collection %			<u>98.58%</u>	<u>98.45%</u>	<u>100.00%</u>