

**CLEVELAND COUNTY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**

Prepared by: Finance Department  
Finance Director: Brian Epley



# CLEVELAND COUNTY, NORTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2014

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**CLEVELAND COUNTY**  
FINANCE DEPARTMENT

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

**Phone: 704-484-4811**

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December 5, 2014

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

The Comprehensive Annual Financial Report of Cleveland County, North Carolina, for fiscal year ended June 30, 2014 is hereby submitted. Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

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

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The goal of the independent audit was to provide reasonable assurance that the financial statements of Cleveland County for the fiscal year ended June 30, 2014 are free of material misstatements. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, there was a reasonable basis for rendering an unmodified opinion that Cleveland County's financial statements for the year ended June 30, 2014 are fairly presented in conformity with GAAP.

The County is required to undergo an annual single audit in conformity with the provisions of the Revised State Single Audit Implementation Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, and independent auditors' report is on internal control

and compliance with applicable laws and regulations are presented in the compliance section of this document.

## **DESCRIPTION OF THE COUNTY**

Cleveland County was established in 1841 and is located in the piedmont of North Carolina. It is one of 100 counties established in North Carolina under North Carolina General Statute 153A-10. Our County has land area of 469 square miles and a population of 99,128. There are fifteen municipalities within the County, the largest being the city of Shelby, which serves as the county seat. The County has a county-manager form of government. The five members of the Board of Commissioners are elected and serve staggered four-year terms. Commissioners hold policy-making and legislative authority. They are responsible for adopting the annual budget ordinance and appointing the county manager. The manager is responsible for implementing policies, managing daily operations, and appointing department heads.

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

## **ECONOMIC CONDITIONS AND OUTLOOK**

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

A balanced economic base of agriculture, tourism and manufacturing contributes to growth in the local economy. Cleveland County ranks 7<sup>th</sup> in the state in production of fruits and berries, 14<sup>th</sup> in head of cattle, 17<sup>th</sup> in number of broilers produced and 19<sup>th</sup> in tons of hay harvested over. Cleveland County has over 17,000 acres of cotton, corn, wheat, soybeans. Total land in farming is 116,651 acres.

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

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

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

<u>Fiscal Year</u>	<u># of Permits</u>	<u>Dollar Value</u>	<u>Unemployment Rates</u>
2014	275	\$ 29,224,669	6.80%
2013	250	\$ 26,118,583	10.49%
2012	259	\$ 23,177,337	10.94%
2011	293	\$ 80,781,879	12.07%
2010	288	\$ 43,143,025	13.19%

The number of permits issued for new residential and commercial construction was up from FY2012 and the total dollar value of those new permits increased by \$2.4 million. The local unemployment rate improved during the fiscal year as the economy continued to improve both locally and regionally.

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

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

**MAJOR INITIATIVES**

**FOR THE YEAR.** The Board of Commissioners adopted a balanced budget for the fiscal year with no change in the county-wide ad valorem property tax rate of 57 cents per \$100 dollars of valuation. Total General fund revenues increased by \$3.1 million over the previous fiscal year or 6.78 percent. Total General Fund expenditures increased by \$2.6 million or 2.79 percent over FY2013 primarily due to increased expenditures for education. Total General Fund Balance increased by \$1,790,127 to \$49,057,053 and the Unassigned Fund Balance amount was \$14,345,778. The net position of the County's only Enterprise Fund increased in FY2014 by \$1,364,144.

The Board of Commissioners had a number of capital project initiatives that were accomplished during FY2014.

The Board appropriated \$50,000 to establish funds for a new Farmers Market Pavilion in a joint project with the City of Shelby. Also collaborating with the City of Shelby, a 100,000 square-foot shell building was completed in 2011 the industrial park located in west Shelby. It sold creating 300 new jobs for our citizens. A second 100,000 square-foot building is currently under construction using the proceeds of the first building.

The Board has also assigned funds to complete the Renovations of the Historic Court Square and to maintaining the historical court square artifacts. The County also continues to assist with the continued renovations of Keeter Baseball Stadium and American Legion World Series. The Board of County Commissioners is heavily focused on Economic Development through many local Partnerships in an effort to be aggressive in the recruitment of new business as well as existing industry expansion. The Board also allocated budgeted monies for travel and tourism advancement.

The Board approved a 2% cost of living adjustment for all permanent full-time employees and a 2% increase in set hourly rates. Commissioners have increase employer retirement contributions to 7.07% an increase of 0.32% from 2013 and maintained the HSA contribution at \$750 for completing the biometric screening.

**FOR THE FUTURE.** For FY 2014-2015, the Board budgeted revenues conservatively without any tax increase. Expenditures for most County Departments, the community college and other outside agencies were budgeted conservatively as well. The local economy does show some signs of improvement; however the Board continues its prudent practice of conservative budgeting to allow continued current levels of service while hopefully avoiding another major cut in future fiscal year operating budgets.

### **FACTORS AFFECTING FINANCIAL CONDITION**

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

**FUND BALANCE.** Fund balance should always be measured based on the portion that is available for appropriation at the end of the fiscal year. The Board's Fund Balance Policy is to have at least 16 percent in General Fund Unassigned Fund Balance available for appropriation at fiscal year-end. Cleveland County had \$15.35 million in Unassigned General Fund Balance or 16.1 percent of total General Fund expenditures including transfers to other funds. The Local Government Commission of the North Carolina Department of State Treasurer recommends that local governments have at least 8 percent of General Fund Expenditures in Unassigned General Fund Balance available for appropriation (Available Fund Balance).

**OTHER POSTEMPLOYMENT BENEFITS.** Cleveland County maintains a retiree medical plan in which the County pays 100 percent of the employee-only coverage for retirees until age 65. See additional information about Cleveland County Retiree benefits in the notes to the financial statements.

### **OTHER INFORMATION**

**INDEPENDENT AUDIT.** State statutes require an annual audit by independent certified public accountants. The firm of Martin Starnes & Associates, CPAs, P.A. was selected by the government's management. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Revised State Single Audit Implementation Act of 1996 and the related U. S. Office of Management and Budget's Circular A-133. Auditing standards generally accepted in the United States of America and the standards set forth in Government Auditing Standards, issued by the Comptroller General of the United States, were used by the auditors in conducting the engagement. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in the compliance section of this report.

**AWARDS.** For the fiscal year ended June 30, 2014, Cleveland County is submitting its Comprehensive Annual Financial Report to the Governmental Finance Officers Association of the United States and Canada (GFOA) for the Certificate of Achievement for Excellence in Financial Reporting. This is the County's first submission to GFOA.

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

**ACKNOWLEDGMENTS.** A combined effort of Martin Starnes & Associates, CPAs, P.A., the Cleveland County Finance Department Staff, and all other County Departments made preparation of this comprehensive annual financial report possible. Each has my sincere appreciation for their contributions made towards the completion of this report. All County departments follow the direct leadership of the County Managers office and collaboratively strive to provide Cleveland County with a brighter future.

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



Brian Epley  
Finance Director

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# CLEVELAND COUNTY, NORTH CAROLINA

## List of Principal Officials

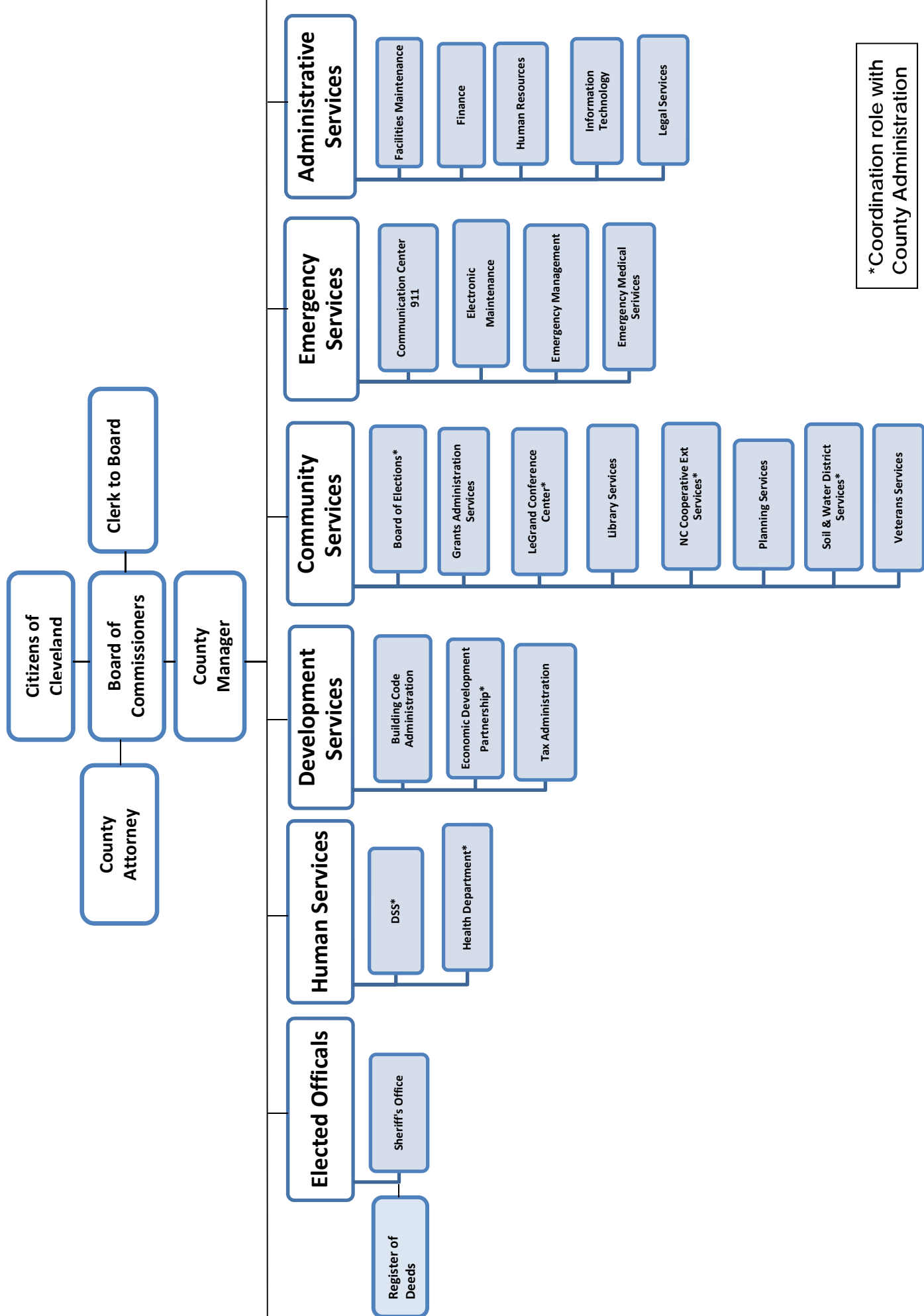
June 30, 2014

### Board of Commissioners

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

### County Officials

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



\*Coordination role with County Administration

## **FINANCIAL SECTION**

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

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

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Cleveland County  
Shelby, North Carolina

### Report On the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cleveland County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cleveland County, North Carolina, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014 on our consideration of Cleveland County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cleveland County's internal control over financial reporting and compliance.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 5, 2014

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**CLEVELAND COUNTY, NORTH CAROLINA**

## Management's Discussion and Analysis

June 30, 2014

As management of Cleveland County, we offer readers of Cleveland County's financial statements this narrative overview and analysis of the financial activities of Cleveland County for the fiscal year ended June 30, 2014. We encourage readers to read the information presented here, in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

**Financial Highlights**

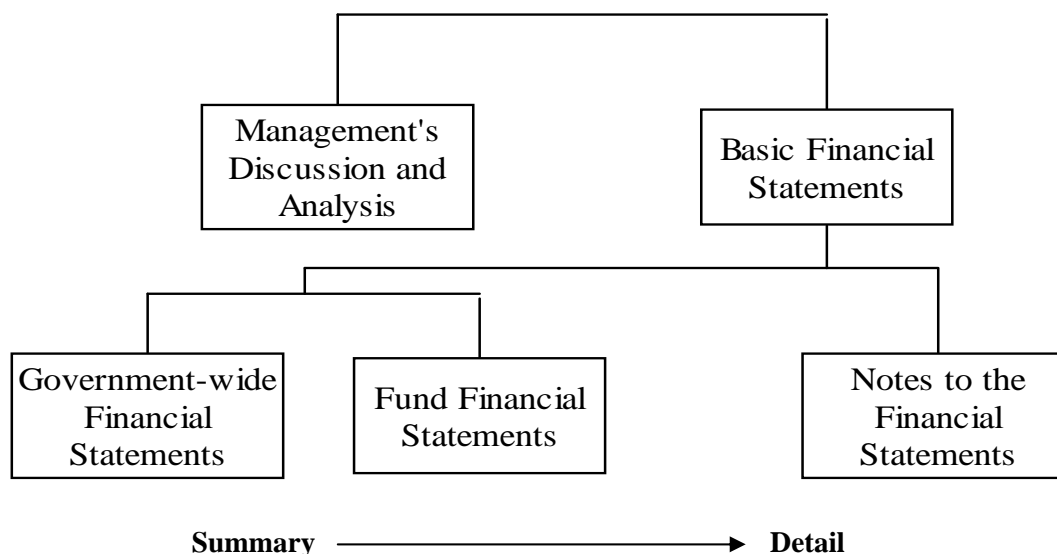
- The assets and deferred outflows of resources of Cleveland County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$109,019,174 (*net position*). In accordance with North Carolina law, liabilities of the County include approximately \$31,755,261 in long-term debt associated with assets belonging to the Cleveland County Board of Public Education and Cleveland County Community College, respectively. These assets are not reflected in the County's financial statements and the full amount of the long-term debt is reported.
- The County's total net position increased by \$6,679,087. Net position in the governmental activities increased by \$5,316,292 due primarily to management's focus on monitoring spending and maximizing revenue collection. Net position in the business-type activities increased by \$1,362,795.
- As of the close of the current fiscal year, Cleveland County's governmental funds reported combined ending fund balances of \$54,709,489, an increase of \$2,905,217, in comparison with the prior year. Approximately 27.6 percent of this total amount, or \$15,104,511, is non-spendable or restricted.
- At the end of the current fiscal year, available fund balance for the General Fund was \$41,199,975, or 43.2 percent, of total General Fund expenditures, not including transfers.
- Cleveland County's total general obligation, limited obligation and installment note debt decreased \$3,355,197 during the current fiscal year primarily from current year debt service payments.

**Overview of the Financial Statements**

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

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

### Government-Wide Financial Statements

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

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

*Fiduciary Funds.* Fiduciary funds are used to account for assets held on behalf of others. The County has eight major agency funds and several smaller agency funds.

*Notes to the Financial Statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements directly follow the basic financial statements of this report.

*Other Information.* In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Cleveland County's progress in funding its obligation to provide pension benefits to its law enforcement officers. Required supplementary information can be found directly following the notes of this report.

## Government-Wide Financial Analysis

### Cleveland County's Net Position

Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Assets:</b>						
Current and other assets	\$ 62,072,791	\$ 58,344,251	\$ 4,682,606	\$ 2,770,944	\$ 66,755,397	\$ 61,115,195
Capital assets	94,364,554	95,702,880	16,036,546	16,390,005	110,401,100	112,092,885
Total assets	<u>156,437,345</u>	<u>154,047,131</u>	<u>20,719,152</u>	<u>19,160,949</u>	<u>177,156,497</u>	<u>173,208,080</u>
<b>Liabilities:</b>						
Long-term liabilities	46,764,131	48,455,135	12,074,262	11,722,159	58,838,393	60,177,294
Other liabilities	8,919,269	10,301,027	232,977	389,672	9,152,246	10,690,699
Deferred inflows of resources	146,684	-	-	-	146,684	-
Total liabilities and deferred inflows	<u>55,830,084</u>	<u>58,756,162</u>	<u>12,307,239</u>	<u>12,111,831</u>	<u>68,137,323</u>	<u>70,867,993</u>
<b>Net Position:</b>						
Net investment in						
capital assets	85,821,431	53,300,808	16,036,546	16,390,005	101,857,977	69,690,813
Restricted	14,779,333	23,947,192	-	414	14,779,333	23,947,606
Unrestricted	6,497	18,042,969	(7,624,633)	(9,341,301)	(7,618,136)	8,701,668
Total net position	<u>\$ 100,607,261</u>	<u>\$ 95,290,969</u>	<u>\$ 8,411,913</u>	<u>\$ 7,049,118</u>	<u>\$ 109,019,174</u>	<u>\$ 102,340,087</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Cleveland County exceeded its liabilities and deferred inflows of resources by \$109,019,174 as of June 30, 2014. The County's net position increased by \$6,679,087 for the fiscal year ended June 30, 2014. Net position of the County are reported in three categories: net investment in capital assets of \$101,857,977; restricted net position of \$14,779,333; and unrestricted net position of (\$7,618,136).

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

Restricted net position consists of restrictions for stabilization for State statute, emergency 911 funds, other public safety protection costs, education, and other unspent restricted proceeds.

Under North Carolina law, the County is responsible for providing capital funding for the school system and the community college. The County has chosen to meet its legal obligation to provide the school system and the community college capital funding by using a mixture of County funds and the issuance of debt. These assets funded by the County are owned by the County and leased to the school system and the community college over the term of the debt, but are recorded as assets of the school system and the community college, which are the primary users of the assets. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets.

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

- Continued diligence in the collection of all revenue sources, both current and delinquent
- A strong property tax collection rate of 97.68 percent
- Other budgetary control efforts
- Management's proactive stance on monitoring budget compliance without slowing County growth and operations.

**Governmental Activities.** Governmental activities increased the County's net position by \$5,316,292.

**Business-Type Activities.** Business-type activities increased the County's net position by \$1,362,795.

## Financial Analysis of the County's Funds

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 9,272,464	\$ 25,435,087	\$ 5,998,475	\$ 5,058,476	\$ 15,270,939	\$ 30,493,563
Operating grants and contributions	22,921,247	23,358,036	54,445	393,444	22,975,692	23,751,480
Capital grants and contributions						
contributions	7,239,170	8,679,160	-	-	7,239,170	8,679,160
General revenues:						
Property taxes	60,502,800	42,960,964	-	-	60,502,800	42,960,964
Other taxes	12,625,638	8,666,367	559,346	-	13,184,984	8,666,367
Other	-	380,000	-	-	-	380,000
Investment income	110,873	89,033	328	1,251	111,201	90,284
Total revenues	112,672,192	109,568,647	6,612,594	5,453,171	119,284,786	115,021,818
<b>Expenses:</b>						
General government	11,018,055	9,399,654	-	-	11,018,055	9,399,654
Public safety	22,277,559	23,608,034	-	-	22,277,559	23,608,034
Human services	40,043,508	36,533,683			40,043,508	36,533,683
Education	26,785,459	26,506,854			26,785,459	26,506,854
Economic and physical development	3,825,982	6,394,017			3,825,982	6,394,017
Cultural and recreation	2,015,097	1,474,692			2,015,097	1,474,692
Interest on						
long-term debt	1,494,721	2,110,131	-	-	1,494,721	2,110,131
Solid waste disposal	-	-	5,145,318	10,243,838	5,145,318	10,243,838
Other	-	41,249,183	-	593,350	-	41,842,533
Total expenses	107,460,381	147,276,248	5,145,318	10,837,188	112,605,699	158,113,436
Increase (decrease)						
in net assets						
before transfers	5,211,811	(37,707,601)	1,467,276	(5,384,017)	6,679,087	(43,091,618)
Transfers	104,481	(565,944)	(104,481)	565,944	-	-
Increase (decrease) in net assets						
in net assets	5,316,292	(38,273,545)	1,362,795	(4,818,073)	6,679,087	(43,091,618)
<b>Net Position:</b>						
Beginning of year - July 1	95,290,969	133,564,514	7,049,118	11,867,191	102,340,087	145,431,705
End of year - June 30	\$ 100,607,261	\$ 95,290,969	\$ 8,411,913	\$ 7,049,118	\$ 109,019,174	\$ 102,340,087

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

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

The General Fund is the chief operating fund of Cleveland County. At the end of the current fiscal year, available fund balance of the General Fund was \$41,199,975, while total fund balance was \$49,057,053. As a measure of the General Fund's liquidity, it may be useful to compare available fund balance to total fund expenditures and transfers out. Available fund balance represents 43.2 percent of total General Fund expenditures and transfers out, while total fund balance represents 51.5 percent of that same amount.

The Governing Body of Cleveland County has determined that the County should maintain an unassigned fund balance of 16% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an unassigned fund balance percentage of 16.1 percent.

At June 30, 2014, the governmental funds of the County reported a combined fund balance of \$54,709,489, a 5.6 percent increase from last year.

**General Fund Budgetary Highlights.** The County's financial position increased slightly during FY2014 due to better than anticipated revenue collections in a majority of the major revenue categories coupled with actual General Fund expenditures coming in well under budget at fiscal year-end. County departments' diligence in monitoring their operational budgets resulted in total expenditures being \$11.5 million under budget at fiscal year-end. On the revenue side, the largest positive budget variances were in the ad valorem property tax, sales tax revenues, other taxes and licenses, and miscellaneous earnings categories, which combined to be \$3,706,275 over budget. Separately, a total of \$5.8 million in General Fund balance was originally appropriated to balance the FY2014 budget with an additional \$4.2 million appropriated during the fiscal year. The County did not have to utilize any of the appropriated amounts.

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

Total amendments to the General Fund increased revenues by \$6,536,372, or 6.9 percent, and expenditures by \$7,739,476, or 7.8 percent, of the original budget. The County continued to see lower than expected investment earnings, but had a positive variance in sales tax and permitting.

**Proprietary Funds.** The County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Total net position for the proprietary fund at the end of the fiscal year amounted to \$8,411,913. During the fiscal year 2014, proprietary fund net position increased \$1,362,795. The increase in total net position for the proprietary funds is primarily due to rate increases at the Landfill Fund.

## Capital Asset and Debt Administration

**Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of June 30, 2014 totals \$110,401,100 (net of accumulated depreciation). These assets include land, buildings, plant and distribution systems, equipment, automotive equipment, and construction in progress.

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land & CIP	\$ 16,640,288	\$ 28,391,232	\$ 13,470,906	\$ 13,470,906	\$ 30,111,194	\$ 41,862,138
Buildings	69,397,119	58,846,321	893,450	877,264	70,290,569	59,723,585
Vehicles and motor equipment	3,714,776	3,389,407	1,637,993	1,955,235	5,352,769	5,344,642
Leasehold improvements	192,703	206,875	7,486	8,037	200,189	214,912
Infrastructure	4,419,668	4,869,045	26,711	78,563	4,446,379	4,947,608
Total	<u>\$ 94,364,554</u>	<u>\$ 95,702,880</u>	<u>\$ 16,036,546</u>	<u>\$ 16,390,005</u>	<u>\$ 110,401,100</u>	<u>\$ 112,092,885</u>

Additional information on the County's capital assets can be found in the notes to the basic financial statements.

**Long-Term Debt.** As of June 30, 2014, Cleveland County had total bonded debt outstanding of \$18,275,000. General obligation debt was \$600,000, which is backed by the full faith credit and taxing power of the County. The County also has multiple installment notes outstanding, of which the majority is related to debt issued for the construction and renovation of school, County, and community college facilities. A summary of long-term debt is shown in Figure 5.

### Cleveland County's Outstanding Debt and Long-Term Liabilities

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Limited obligation bonds	\$ 17,675,000	\$ 18,760,000	\$ -	\$ -	\$ 17,675,000	\$ 18,760,000
General obligation bonds	600,000	850,000				
Installment notes payable	21,560,261	23,580,458				
Other long-term liabilities	<u>10,758,964</u>	<u>10,456,737</u>	<u>12,074,262</u>	<u>11,722,159</u>	<u>22,833,226</u>	<u>22,178,896</u>
Total	<u>\$ 50,594,225</u>	<u>\$ 53,647,195</u>	<u>\$12,074,262</u>	<u>\$11,722,159</u>	<u>\$ 40,508,226</u>	<u>\$ 40,938,896</u>



The bond ratings are a clear indication of the sound financial condition of the County, which helps to keep interest cost low on the County's outstanding debt. Cleveland County has maintained the following current bond ratings:

Standard & Poor's	A+
Moody's	Aa2

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Cleveland County is \$863,493,569.

Additional information regarding Cleveland County's long-term debt can be found in the notes to the basic financial statements.

### **Budget Highlights for the Fiscal Year Ending June 30, 2015**

The County of Cleveland has approved a balanced budget with a property tax rate of 57 cents per \$100 of property valuation. The projected tax base for fiscal year 2014-2015 is \$7,930,434,275, which would create a projected revenue increase of \$2,545,741 at a 57 cents tax rate and a 97% collection rate.

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

Community collaboration has been a priority resulting in numerous partnerships that prove to be a vital part of the organizational momentum entering the new fiscal year.

The following factors were considered when developing the FY2015 budget:

- Economic Development :
  - Funding for future economic incentive projects and job creation
  - Management of occupancy tax revenue aimed at growing travel/tourism throughout Cleveland County
- Fiscal Sustainability :
  - Maintaining an adequate unassigned fund balance in the General Fund and meeting Board Policy and Local Government Commission requirements
  - An increase in sales tax revenue projections of approximately 3.91%
- Public Safety :
  - Continued support for County volunteer fire departments and monitoring of service demands on the County's emergency service departments
  - Review current security standards in County buildings and apply best practices model.
- Community Education and Customer Service Outreach:
  - Construction of the new Cleveland County Health Department
  - A strong continued relationship with the Cleveland County YMCA to provide benefits to Cleveland County employees and residents in order to promote wellness throughout the Cleveland County Community

**Business-Type Activities.** The solid waste household fees and current tipping fees were budgeted without change for the 2015 budget year. Management has developed a 10-year rate schedule to offset rising operational and personnel costs.

### **Requests for Information**

This financial report is designed to provide an overview of Cleveland County's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Cleveland County Finance Director, 311 East Marion St. Shelby, North Carolina 28150..

## **BASIC FINANCIAL STATEMENTS – OVERVIEW**

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## CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2014

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 47,472,880	\$ 3,783,533	\$ 51,256,413
Taxes receivable, net	2,116,238	-	2,116,238
Receivables, net	8,730,878	697,617	9,428,495
Inventories	104,177	-	104,177
Prepaid items	224,425	-	224,425
Restricted cash	3,424,193	201,456	3,625,649
Total current assets	<u>62,072,791</u>	<u>4,682,606</u>	<u>66,755,397</u>
Capital assets:			
Land and construction in progress	16,640,288	13,470,906	30,111,194
Other capital assets, net of depreciation	77,724,266	2,565,640	80,289,906
Total capital assets	<u>94,364,554</u>	<u>16,036,546</u>	<u>110,401,100</u>
Total assets	<u>156,437,345</u>	<u>20,719,152</u>	<u>177,156,497</u>
<b>Liabilities, Deferred Inflows of Resources, and Net Position:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued expenses	5,089,175	31,521	5,120,696
Liabilities to be paid from restricted assets	-	201,456	201,456
Due within one year	3,830,094	10,609	3,840,703
Total current liabilities	<u>8,919,269</u>	<u>243,586</u>	<u>9,162,855</u>
Long-term liabilities:			
Due in more than one year	46,764,131	12,063,653	58,827,784
Total liabilities	<u>55,683,400</u>	<u>12,307,239</u>	<u>67,990,639</u>
<b>Deferred Inflows of Resources:</b>			
Prepaid taxes	146,684	-	146,684
Total deferred inflows of resources	<u>146,684</u>	<u>-</u>	<u>146,684</u>
<b>Net Position:</b>			
Net investment in capital assets	85,821,431	16,036,546	101,857,977
Restricted for:			
Stabilization for State statute	9,331,288	-	9,331,288
Public safety	1,837,208	-	1,837,208
Education	3,399,781	-	3,399,781
Economic and physical development	1,663	-	1,663
Human services	26,551	-	26,551
Cultural and recreation	182,842	-	182,842
Unrestricted	<u>6,497</u>	<u>(7,624,633)</u>	<u>(7,618,136)</u>
Total net position	<u>\$ 100,607,261</u>	<u>\$ 8,411,913</u>	<u>\$ 109,019,174</u>

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

**CLEVELAND COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 11,018,055	\$ 2,634,580	\$ 3,889,131	\$ 1,044,258
Public safety	22,277,559	2,625,778	305,039	59,411
Environmental protection	164,770	-	-	-
Economic and physical development	3,825,982	4,000,223	739,658	1,008,897
Human services	40,043,508	11,883	17,987,419	3,663,827
Cultural and recreational	1,850,327	-	-	-
Education	26,785,459	-	-	1,462,777
Interest on long-term debt	1,494,721	-	-	-
Total governmental activities	<u>107,460,381</u>	<u>9,272,464</u>	<u>22,921,247</u>	<u>7,239,170</u>
<b>Business-Type Activities:</b>				
Landfill	5,145,318	5,998,475	54,445	-
Total business-type activities	<u>5,145,318</u>	<u>5,998,475</u>	<u>54,445</u>	<u>-</u>
Total primary government	<u>\$ 112,605,699</u>	<u>\$ 15,270,939</u>	<u>\$ 22,975,692</u>	<u>\$ 7,239,170</u>

**General Revenues:**

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes and licenses

Investment earnings, unrestricted

Total general revenues

**Transfers**

Total general revenues and transfers

Change in net position

**Net Position:**

Beginning of year - July 1

End of year - June 30

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

**Exhibit B**

**Net (Expense) Revenue and Changes in Net Position**

**Primary Government**

<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
\$ (3,450,086)	\$ -	\$ (3,450,086)
(19,287,331)	-	(19,287,331)
(164,770)	-	(164,770)
1,922,796	-	1,922,796
(18,380,379)	-	(18,380,379)
(1,850,327)	-	(1,850,327)
(25,322,682)	-	(25,322,682)
(1,494,721)	-	(1,494,721)
<u>(68,027,500)</u>	<u>-</u>	<u>(68,027,500)</u>
-	907,602	907,602
-	907,602	907,602
<u>(68,027,500)</u>	<u>907,602</u>	<u>(67,119,898)</u>
60,502,800	-	60,502,800
12,625,638	-	12,625,638
-	559,346	559,346
110,873	328	111,201
<u>73,239,311</u>	<u>559,674</u>	<u>73,798,985</u>
104,481	(104,481)	-
<u>73,343,792</u>	<u>455,193</u>	<u>73,798,985</u>
5,316,292	1,362,795	6,679,087
<u>95,290,969</u>	<u>7,049,118</u>	<u>102,340,087</u>
<u>\$ 100,607,261</u>	<u>\$ 8,411,913</u>	<u>\$ 109,019,174</u>

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

**CLEVELAND COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014**

		<u>Nonmajor</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 45,545,720	\$ 1,927,160	\$ 47,472,880
Taxes receivable, net	2,073,307	42,931	2,116,238
Due from other governments	215,435	-	215,435
Other receivables, net	6,716,055	1,799,388	8,515,443
Due from other funds	889,385	-	889,385
Inventories	104,177	-	104,177
Prepaid items	221,001	3,424	224,425
Restricted assets:			
Cash and investments	15,426	3,408,767	3,424,193
Total assets	<u>\$ 55,780,506</u>	<u>\$ 7,181,670</u>	<u>\$ 62,962,176</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	4,170,462	\$ 594,924	\$ 4,765,386
Accrued payroll liabilities	46,019	-	46,019
Due to other funds	-	889,385	889,385
Total liabilities	<u>4,216,481</u>	<u>1,484,309</u>	<u>5,700,790</u>
<b>Deferred Inflows of Resources:</b>			
Property taxes receivable	2,073,307	42,931	2,116,238
Prepaid taxes	144,690	1,994	146,684
Other receivables	288,975	-	288,975
Total deferred inflows of resources	<u>2,506,972</u>	<u>44,925</u>	<u>2,551,897</u>
<b>Fund Balances:</b>			
Non-spendable:			
Inventory	104,177	-	104,177
Prepays	221,001	-	221,001
Restricted:			
Stabilization for State statute	7,531,900	1,799,388	9,331,288
Restricted, all other	705,424	4,742,621	5,448,045
Committed	19,015,426	22,597	19,038,023
Assigned for subsequent year's expenditures	5,633,347	-	5,633,347
Assigned, all other	500,000	-	500,000
Unassigned	15,345,778	(912,170)	14,433,608
Total fund balances	<u>49,057,053</u>	<u>5,652,436</u>	<u>54,709,489</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 55,780,506</u>	<u>\$ 7,181,670</u>	

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



**CLEVELAND COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<b>Total Governmental Funds</b>
Amounts reported in the governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	94,364,554
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.	2,405,213
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(50,594,225)
Some liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(277,770)</u>
Net position of governmental activities	<u>\$ 100,607,261</u>

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

## CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 58,528,986	\$ 1,669,005	\$ 60,197,991
Local option sales taxes	9,117,204	3,508,434	12,625,638
Restricted intergovernmental revenues	23,030,914	5,224,000	28,254,914
Permits and fees	4,662,137	-	4,662,137
Sales and services	5,450,492	-	5,450,492
Investment earnings	84,312	26,561	110,873
Miscellaneous	695,865	116,842	812,707
Total revenues	<u>101,569,910</u>	<u>10,544,842</u>	<u>112,114,752</u>
<b>Expenditures:</b>			
Current:			
General government	7,692,348	364,608	8,056,956
Public safety	18,613,313	2,013,598	20,626,911
Environmental protection	161,072	-	161,072
Economic and physical development	5,437,177	2,267,617	7,704,794
Human services	34,896,946	3,236,828	38,133,774
Cultural and recreational	1,121,106	600,000	1,721,106
Education	26,645,088	140,371	26,785,459
Insurance settlements	729,806	-	729,806
Debt service:			
Principal retirement	27,738	3,445,499	3,473,237
Interest and other charges	1,415	1,919,486	1,920,901
Total expenditures	<u>95,326,009</u>	<u>13,988,007</u>	<u>109,314,016</u>
Revenues over (under) expenditures	<u>6,243,901</u>	<u>(3,443,165)</u>	<u>2,800,736</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	12,876,923	-	12,876,923
From General Fund	-	4,045,269	4,045,269
From Capital Reserve Fund	-	5,891,614	5,891,614
From School Capital Reserve Fund	-	2,051,921	2,051,921
Transfers to other funds	(17,330,697)	(7,430,549)	(24,761,246)
Total other financing sources (uses)	<u>(4,453,774)</u>	<u>4,558,255</u>	<u>104,481</u>
Net change in fund balances	1,790,127	1,115,090	2,905,217
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>47,266,926</u>	<u>4,537,346</u>	<u>51,804,272</u>
End of year - June 30	<u>\$ 49,057,053</u>	<u>\$ 5,652,436</u>	<u>\$ 54,709,489</u>

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

## CLEVELAND COUNTY, NORTH CAROLINA

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

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

Total net change in fund balances - total governmental funds	\$ 2,905,217
Property tax revenues and other fees and services in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	226,804
Expenses related to compensated absences, Law Enforcement Officers' Separation Allowance and Other Post-Employment Benefits that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(420,269)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	2,477,416
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(3,777,610)
Gain/loss on the disposal of capital assets, not recognized on modified accrual basis.	5,315
Accrued interest that does not require current financial resources are not reported as expenditures in the governmental funds statement.	426,180
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>3,473,239</u>
Total change in net position of governmental activities	<u>\$ 5,316,292</u>

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

## CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund			Variance from Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 54,186,580	\$ 56,000,052	\$ 58,528,986	\$ 2,528,934
Local option sales taxes	8,670,000	8,670,000	9,117,204	447,204
Unrestricted intergovernmental revenues	11,000	11,000	-	(11,000)
Restricted intergovernmental revenues	22,246,017	26,162,204	23,030,914	(3,131,290)
Permits and fees	3,932,000	3,932,000	4,662,137	730,137
Sales and services	5,372,575	5,968,708	5,450,492	(518,216)
Investment earnings	260,000	260,000	84,312	(175,688)
Miscellaneous	436,745	647,325	695,865	48,540
Total revenues	<u>95,114,917</u>	<u>101,651,289</u>	<u>101,569,910</u>	<u>(81,379)</u>
<b>Expenditures:</b>				
Current:				
General government	8,042,933	8,479,159	7,692,348	786,811
Public safety	18,494,149	19,346,829	18,613,313	733,516
Environmental protection	162,181	173,780	161,072	12,708
Economic and physical development	5,990,140	9,913,988	5,437,177	4,476,811
Human services	38,801,057	40,296,375	34,896,946	5,399,429
Cultural and recreational	1,140,289	1,227,108	1,121,106	106,002
Intergovernmental:				
Education	25,539,318	26,854,290	26,645,088	209,202
Insurance settlement	1,042,227	741,471	729,806	11,665
Debt service:				
Principal retirement	52,054	43,637	27,738	15,899
Interest and other charges	7,101	7,101	1,415	5,686
Total expenditures	<u>99,271,449</u>	<u>107,083,738</u>	<u>95,326,009</u>	<u>11,757,729</u>
Revenues over (under) expenditures	<u>(4,156,532)</u>	<u>(5,432,449)</u>	<u>6,243,901</u>	<u>11,676,350</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	14,936,081	15,750,591	12,876,923	(2,873,668)
Transfers (to) other funds	(16,647,619)	(20,650,698)	(17,330,697)	3,320,001
Appropriated fund balance	5,868,070	10,332,556	-	(10,332,556)
Total other financing sources (uses)	<u>4,156,532</u>	<u>5,432,449</u>	<u>(4,453,774)</u>	<u>(9,886,223)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,790,127	<u>\$ 1,790,127</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>47,266,926</u>	
End of year - June 30			<u>\$ 49,057,053</u>	

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

## CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014

	<b>Enterprise Funds</b>		
	<b>Major</b>		
	<b>Landfill Fund</b>	<b>Conference Center Fund</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 3,783,533	\$ -	\$ 3,783,533
Accounts receivable, net	697,617	-	697,617
Restricted cash and cash equivalents	201,456	-	201,456
Total current assets	<u>4,682,606</u>	<u>-</u>	<u>4,682,606</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	13,470,906	-	13,470,906
Other capital assets, net of depreciation	2,565,640	-	2,565,640
Total non-current assets	<u>16,036,546</u>	<u>-</u>	<u>16,036,546</u>
Total assets	<u>20,719,152</u>	<u>-</u>	<u>20,719,152</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	30,179	-	30,179
Accrued payroll	1,342	-	1,342
Current portion of compensated absences	10,609	-	10,609
Total current liabilities	<u>42,130</u>	<u>-</u>	<u>42,130</u>
Non-current liabilities:			
Liabilities payable from restricted assets:			
Customer deposits	201,456	-	201,456
Other non-current liabilities:			
Accrued landfill closure and post-closure care costs	11,427,054	-	11,427,054
Compensated absences	95,600	-	95,600
Other post-employment benefits	540,999	-	540,999
Total non-current liabilities	<u>12,265,109</u>	<u>-</u>	<u>12,265,109</u>
Total liabilities	<u>12,307,239</u>	<u>-</u>	<u>12,307,239</u>
<b>Net Position:</b>			
Net investment in capital assets	16,036,546	-	16,036,546
Unrestricted	(7,624,633)	-	(7,624,633)
Total net position	<u>\$ 8,411,913</u>	<u>\$ -</u>	<u>\$ 8,411,913</u>

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

## CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Major</u>		
	<u>Landfill Fund</u>	<u>Conference Center Fund</u>	
<b>Operating Revenues:</b>			
Charges for services	\$ 5,998,475	\$ -	\$ 5,998,475
Unrestricted intergovernmental	559,346	-	559,346
Total operating revenues	<u>6,557,821</u>	<u>-</u>	<u>6,557,821</u>
<b>Operating Expenses:</b>			
Salaries and employee benefits	1,905,110	-	1,905,110
Other operating expenses	2,528,788	-	2,528,788
Landfill closure and post-closure care costs	202,051	-	202,051
Depreciation	509,369	-	509,369
Total operating expenses	<u>5,145,318</u>	<u>-</u>	<u>5,145,318</u>
Operating income (loss)	<u>1,412,503</u>	<u>-</u>	<u>1,412,503</u>
<b>Non-Operating Revenues (Expenses):</b>			
Capital contribution	54,445	-	54,445
Interest income	328	-	328
Total non-operating revenues (expenses)	<u>54,773</u>	<u>-</u>	<u>54,773</u>
Income (loss) before transfers	<u>1,467,276</u>	<u>-</u>	<u>1,467,276</u>
<b>Transfers:</b>			
Transfers in	250,000	-	250,000
Transfers (out)	(353,132)	(1,349)	(354,481)
Net transfers	<u>(103,132)</u>	<u>(1,349)</u>	<u>(104,481)</u>
Change in net position	1,364,144	(1,349)	1,362,795
<b>Net Position:</b>			
Beginning of year - July 1	<u>7,047,769</u>	<u>1,349</u>	<u>7,049,118</u>
End of year - June 30	<u>\$ 8,411,913</u>	<u>\$ -</u>	<u>\$ 8,411,913</u>

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

## CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	<b>Enterprise Funds</b>		
	<b>Major</b>		
	<b>Landfill Fund</b>	<b>Conference Center Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 6,636,316	\$ 1,349	\$ 6,637,665
Cash paid for goods and services	(2,622,686)	-	(2,622,686)
Cash paid to employees for services	(1,757,988)	-	(1,757,988)
Net cash provided (used) by operating activities	<u>2,255,642</u>	<u>1,349</u>	<u>2,256,991</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Transfers in	250,000	-	250,000
Transfers (out)	(353,132)	(1,349)	(354,481)
Net cash provided (used) by non-capital financing activities	<u>(103,132)</u>	<u>(1,349)</u>	<u>(104,481)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	<u>(155,910)</u>	<u>-</u>	<u>(155,910)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	<u>328</u>	<u>-</u>	<u>328</u>
Net increase (decrease) in cash and cash equivalents	1,996,928	-	1,996,928
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>1,988,061</u>	<u>-</u>	<u>1,988,061</u>
End of year - June 30	<u>\$ 3,984,989</u>	<u>\$ -</u>	<u>\$ 3,984,989</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	<u>\$ 1,412,503</u>	<u>\$ -</u>	<u>\$ 1,412,503</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	509,369	-	509,369
Landfill closure and post-closure care costs	202,051	-	202,051
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	78,495	43,943	122,438
(Increase) decrease in prepaids	-	187,119	187,119
Increase (decrease) in accounts payable and accrued liabilities	(62,288)	(229,713)	(292,001)
Increase (decrease) in other post-employment benefits	138,568	-	138,568
Increase (decrease) in accrued vacation pay	(23,056)	-	(23,056)
Total adjustments	<u>843,139</u>	<u>1,349</u>	<u>844,488</u>
Net cash provided (used) by operating activities	<u>\$ 2,255,642</u>	<u>\$ 1,349</u>	<u>\$ 2,256,991</u>

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

**CLEVELAND COUNTY, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

**JUNE 30, 2014**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 335,402
Accounts receivable	<u>741,076</u>
Total assets	<u>\$ 1,076,478</u>
 <b>Liabilities:</b>	
Intergovernmental payable	<u>\$ 1,076,478</u>
Total liabilities and fund balances	<u>\$ 1,076,478</u>

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



# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

#### Cleveland County Industrial Facility and Pollution Control Financing Authority

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

#### B. Basis of Presentation - Basis of Accounting

##### Basis of Presentation, Measurement Focus – Basis of Accounting

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

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

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

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

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

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

**Conference Center Fund.** This fund accounts for the operation, maintenance, and continued development of the conference center facilities housed in the LeGrand Center on the campus of Cleveland Community College. This fund closed during the year ended June 30, 2014.

The County also reports the following fund types:

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

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

**Capital Project Funds.** The capital project funds account for financial resources to be used for the acquisition and construction for major capital facilities (other than those by proprietary funds, special assessments, or trust funds). The County has sixteen capital project funds within the governmental fund types: General Capital Project Fund, Public Shooting Range Fund, New Health Department Fund, LeGrand Center Early College Fund, Shelby Middle School Construction Fund, Renovations Central Services Fund, Foothills Commerce Center West

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Shelby Fund, Washburn Switch Road Industrial Park Fund, Kings Mountain Gateway Trails Fund, Renovation Grant American Legion World Series Fund, Cleveland County City and County Airport Renovations Fund, Project X-Cel Road Paving fund, Foothills Farmers Market Shade Pavilion Fund, Cleveland County Historic Courthouse Fund, School Capital Reserve Fund, and General Capital Reserve Fund.

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenues the portion of tap fees intended

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with the change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in the financial statements and are offset by deferred inflows of resources.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

### **C. Budgetary Data**

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

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

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

#### **Deposits and Investments**

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

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

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

#### **Cash and Cash Equivalents**

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

#### **Restricted Assets**

Money for Tax Revaluation is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Reserve Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. Unspent debt proceeds are restricted for the purpose of the initial debt issuance. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

<b>Governmental Activities</b>		
<b>Fund</b>	<b>Purpose</b>	<b>Amount</b>
General Fund	Tax Revaluation	\$ 15,426
Shelby Middle School Capital Project Fund	Unspent Debt Proceeds	8,986
School Capital Reserve Fund	Restricted for School Capital	3,399,781
Total		<u>\$ 3,424,193</u>

<b>Business-Type Activities</b>		
Solid Waste	Customer Deposits	<u>\$ 201,456</u>

### **Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013. As allowed by State law, the County has established a schedule of discounts that apply to such taxes that are paid prior to the due date. In the County's General Fund and County Fire Service Fund, ad valorem tax revenues are reported net of such discounts.

### **Allowances for Doubtful Accounts**

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

### **Inventories and Prepaid Items**

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### **Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows for the year ended June 30, 2014: infrastructure and building improvements, \$100,000; computer equipment, electronic items, firearms, furniture, vehicles and other equipment is 5,000. All land, land improvements, and new buildings are capitalized. 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.

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

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

### Long-Term Obligations

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

### Compensated Absences

The vacation policies of the County provide for the accumulation of up to thirty (30) days earned vacation leave, with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as leave when earned. Compensated absences typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

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

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County does not currently have items meeting this criterion. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only three items that meet the criterion for this category – property taxes receivable, prepaid taxes, and other receivables.

### **Estimates**

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

### **Net Position/Fund Balances**

#### **Net Position**

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

#### **Fund Balances**

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

The governmental fund types classify fund balances as follows:

#### **Non-Spendable Fund Balance**

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



# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

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

### **Restricted Fund Balance**

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

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

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

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

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

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

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

Restricted fund balance at June 30, 2014 is as follows:

<b><u>Purpose</u></b>	<b><u>General Fund</u></b>	<b><u>Other Governmental Funds</u></b>	<b><u>Total Restricted</u></b>
Restricted, all other:			
Public safety	\$ 496,031	\$ 1,341,177	\$ 1,837,208
Economic and physical development	-	1,663	1,663
Human Services	26,551	-	26,551
Cultural and Recreational	182,842	-	182,842
Education	-	3,399,781	3,399,781
Total	<u>\$ 705,424</u>	<u>\$ 4,742,621</u>	<u>\$ 5,448,045</u>

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Committed Fund Balance

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

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

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

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

Committed fund balance at June 30, 2014 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Committed:			
Tax Revaluation	\$ 15,426	\$ -	\$ 15,426
Human Services	19,000,000	-	19,000,000
Economic and physical development	-	<u>22,597</u>	<u>22,597</u>
Total	<u>\$ 19,015,426</u>	<u>\$ 22,597</u>	<u>\$ 19,038,023</u>

### Assigned Fund Balance

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

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

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

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Assigned fund balance at June 30, 2014 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Total</b>
Assigned:		
Subsequent year's expenditures	\$ 5,633,347	\$ 5,633,347
Economic and physical development	<u>500,000</u>	<u>500,000</u>
Total	<u>\$ 6,133,347</u>	<u>\$ 6,133,347</u>

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

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

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

Total fund balance - General Fund	\$ 49,057,053
Less:	
Inventories	(104,177)
Prepays	(221,001)
Stabilization by State statute	<u>(7,531,900)</u>
Total available fund balance	<u>\$ 41,199,975</u>

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Net Investment in Capital Assets:

Net investment in capital assets at June 30, 2014 are computed as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Capital Assets	\$ 94,364,554	\$ 16,036,546
Less: Long-term debt	(8,543,123)	-
	<u>\$ 85,821,431</u>	<u>\$ 16,036,546</u>

## 2. Detail Notes On All Funds

### A. Assets

#### Deposits

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

## CLEVELAND COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

At June 30, 2014, the County's deposits had a carrying amount of \$16,339,777 and a bank balance of \$16,478,717. Of the bank balance, \$692,021 was covered by federal depository insurance, and \$15,786,696 was covered by collateral held under the Pooling Method. At June 30, 2014, the County had \$11,415 cash on hand.

#### Investments

At June 30, 2014, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
U.S. government agencies	\$ 360,528	\$ -	\$ -	\$ 360,528
North Carolina Capital Management				
Trust - Cash Portfolio	10,505,744	-	-	-
Commercial paper	<u>28,000,000</u>	<u>22,000,000</u>	<u>6,000,000</u>	<u>-</u>
Total	<u>\$ 38,866,272</u>	<u>\$ 22,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ 360,528</u>

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

**Credit Risk.** State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2014, the County's investments in commercial paper were rated A-1 by Standard and Poor's and P-1 by Moody's Investment Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2014. The County's investment in U.S. government agencies (Federal Home Loan Mortgage Company) and (Federal National Mortgage Agency) were rated AAA by Standard & Poor's and Aaa by Moody's Investment Service as of June 30, 2014. To further hedge against credit risk, the County's policy on investments requires diversification among financial instruments and requires the investment officer to routinely monitor financial market conditions.

**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 possession of an outside party. The County has no policy on custodial credit risk.

**Concentration of Credit Risk.** Concentration risk is the risk when one of the issuers is 5% or greater of the total investment portfolio, excluding deposits. More than 5 percent of the County's investments are in U.S. Government Agencies. Investments in Federal Home Loan Mortgage Corporation are 37%, Federal National Mortgage Association are 36%, and Federal

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Home Loan Bank is 27%. County policy also limits the County's investments with certificates of deposit at Shelby Savings Bank at 33% of the total portfolio. At June 30, 2014 this amount was 25%.

### Property Tax – Use-Value Assessment on Certain Lands

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

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

<u>Tax Year Levied</u>	<u>Additional Tax</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,494,557	\$ 94,675	\$ 1,591,246
2013	1,491,482	85,630	1,579,125
2012	1,489,217	216,848	1,708,077
2011	1,470,155	348,389	1,820,555

### Receivables

Receivables at the government-wide level at June 30, 2014 were as follows:

	<u>Accounts</u>	<u>Taxes and Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 7,766,914	\$ 2,764,942	\$ 215,435	\$ 10,747,291
Other governmental	<u>1,799,388</u>	<u>42,931</u>	-	<u>1,842,319</u>
Total receivables	9,566,302	2,807,873	215,435	12,589,610
Allowance for doubtful accounts	<u>(1,050,859)</u>	<u>(691,635)</u>	-	<u>(1,742,494)</u>
Total governmental activities	<u>\$ 8,515,443</u>	<u>\$ 2,116,238</u>	<u>\$ 215,435</u>	<u>\$ 10,847,116</u>
<b>Business-Type Activities:</b>				
Landfill	\$ <u>754,446</u>	\$ -	\$ -	\$ 754,446
Total receivables	754,446	-	-	754,446
Allowance for doubtful accounts	<u>(56,829)</u>	-	-	<u>(56,829)</u>
Total business-type activities	<u>\$ 697,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 697,617</u>

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	<b>Balance</b>		<b>Increases</b>		<b>Decreases</b>		<b>Balance</b>
	<b>July 1, 2013</b>						<b>June 30, 2014</b>
<b>Governmental Activities:</b>							
<b>Non-Depreciable Capital Assets:</b>							
Land	\$ 15,907,105	\$	99,386	\$	(3,428,724)		\$ 12,577,767
Construction in progress	<u>12,484,127</u>		<u>4,005,686</u>		<u>(12,427,292)</u>		<u>4,062,521</u>
Total non-depreciable capital assets	<u>28,391,232</u>		<u>4,105,072</u>		<u>(15,856,016)</u>		<u>16,640,288</u>
<b>Depreciable Capital Assets:</b>							
Buildings	70,487,739		12,312,064		-		82,799,803
Vehicles and motor equipment	15,546,030		1,916,296		(837,778)		16,624,548
Leasehold improvements	425,178		-		-		425,178
Infrastructure	<u>6,740,713</u>		<u>-</u>		<u>-</u>		<u>6,740,713</u>
Total depreciable capital assets	<u>93,199,660</u>		<u>14,228,360</u>		<u>(837,778)</u>		<u>106,590,242</u>
<b>Less Accumulated Depreciation:</b>							
Buildings	11,641,418		1,761,266		-		13,402,684
Vehicles and motor equipment	12,156,623		1,552,795		(799,646)		12,909,772
Leasehold improvements	218,303		14,172		-		232,475
Infrastructure	<u>1,871,668</u>		<u>449,377</u>		<u>-</u>		<u>2,321,045</u>
Total accumulated depreciation	<u>25,888,012</u>		<u>3,777,610</u>		<u>(799,646)</u>		<u>28,865,976</u>
Total depreciable capital assets	<u>67,311,648</u>		<u>10,450,750</u>		<u>(38,132)</u>		<u>77,724,266</u>
Governmental activities capital assets, net	<u>\$95,702,880</u>	<u>\$</u>	<u>14,555,822</u>	<u>\$</u>	<u>(15,894,148)</u>		<u>\$ 94,364,554</u>

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

General government	\$ 242,727
Public safety	1,698,530
Economic and physical development	139,161
Human services	1,491,128
Cultural and recreational	106,064
Education	<u>100,000</u>
Total	<u>\$ 3,777,610</u>

**CLEVELAND COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**B. Liabilities**

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>Business-Type Activities:</b>				
<b>Landfill:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$13,470,906	\$ -	\$ -	\$ 13,470,906
Total non-depreciable capital assets	<u>13,470,906</u>	<u>-</u>	<u>-</u>	<u>13,470,906</u>
<b>Depreciable Capital Assets:</b>				
Buildings	1,115,337	45,135	-	1,160,472
Equipment and vehicles	5,752,223	110,775	-	5,862,998
Leasehold improvements	16,518	-	-	16,518
Infrastructure	4,130,636	-	-	4,130,636
Total depreciable capital assets	<u>11,014,714</u>	<u>155,910</u>	<u>-</u>	<u>11,170,624</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	238,073	28,949	-	267,022
Equipment and vehicles	3,796,988	428,017	-	4,225,005
Leasehold Improvements	8,481	551	-	9,032
Infrastructure	4,052,073	51,852	-	4,103,925
Total accumulated depreciation	<u>8,095,615</u>	<u>509,369</u>	<u>-</u>	<u>8,604,984</u>
Landfill capital assets, net	<u>\$16,390,005</u>	<u>\$ (353,459)</u>	<u>\$ -</u>	<u>\$ 16,036,546</u>

**Payables**

Payables at the government-wide level at June 30, 2014 were as follows:

	<u>Vendors</u>	<u>Salaries and</u> <u>Benefits</u>	<u>Accrued</u> <u>Interest</u>	<u>Insurance Claims</u> <u>Incurred But</u> <u>Not Reported</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$ 3,434,180	\$ 46,019	\$ 277,770	\$ 736,282	\$ 4,494,251
Other governmental	594,924	-	-	-	594,924
Total governmental activities	<u>\$ 4,029,104</u>	<u>\$ 46,019</u>	<u>\$ 277,770</u>	<u>\$ 736,282</u>	<u>\$ 5,089,175</u>
<b>Business-Type Activities:</b>					
Landfill	\$ 30,179	\$ 1,342	\$ -	\$ -	\$ 31,521
Total business-type activities	<u>\$ 30,179</u>	<u>\$ 1,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,521</u>



# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

**Plan Description.** The County contributes to the State-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$2,032,171, \$1,913,892 and \$1,931,831 respectively. The contributions made by the County equaled the required contributions for each year.

### **Law Enforcement Officers' Special Separation Allowance**

**Plan Description.** Cleveland County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .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. The plan does not issue a separate stand-alone financial report. Each local government makes benefit payments required under this plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2013, the Separation Allowance's membership consisted of 92 active plan members and 10 retired members receiving benefits.

### **Summary of Significant Accounting Policies**

*Basis of Accounting.* The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

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

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit, credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return, and (b) projected salary increases ranging from 4.25% to 7.85% per year. Item (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of position was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level of percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

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

Employer annual required contribution	\$	197,872
Interest on net pension obligation		23,829
Adjustment to annual required contribution		<u>(38,828)</u>
Annual pension cost		182,873
Employer contributions made		<u>157,196</u>
Increase (decrease) in net pension obligation		25,677
Net pension obligation:		
Beginning of year - July 1		<u>476,576</u>
End of year - June 30		<u><u>\$ 502,253</u></u>

### Three-Year Trend Information

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30	Cost (APC)	Contributed	Obligation
2012	\$ 158,558	84.27%	\$ 466,601
2013	157,115	93.65%	476,576
2014	182,873	85.96%	502,253

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

**Funded Status and Funding Progress.** As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,797,860, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,797,860.

The covered payroll (annual payroll of active employees covered by the plan) was \$3,597,388, and the ratio of the UAAL to the covered payroll was 49.98 percent.

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

### **Supplemental Retirement Income Plan for Law Enforcement Officers**

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

**Funding Policy.** Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2014 were \$149,727, which consisted of \$107,803 from the County and \$41,924 from the law enforcement officers.

### **Firefighters' and Rescue Squad Workers' Pension Fund**

**Plan Description.** The State of North Carolina contributes, on behalf of Cleveland County, the Firefighters' and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firefighters' and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and requires supplementary information for the Firefighters' and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

**Funding Policy.** Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The County does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

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

**Plan Description.** The County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county Register of Deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's position may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$5,719.

### **Post-Employment Benefits**

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

**Plan Description.** In addition to providing pension benefits, the County has elected to provide healthcare benefits to retirees of the County who have at least thirty (20) years of service with the County or are at least 50, but not Medicare eligible. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active County employees. Currently, 87 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2014, the County made payments for post-retirement health benefit premiums of \$678,521. The County is self-insured and contracts with a private carrier to administer the healthcare plan. A separate report was not issued for the plan. This is a single employer defined benefit plan.

**CLEVELAND COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	87	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	674	92
Total	761	92

**Funding Policy.** The County pays 100% of the cost of coverage for the healthcare benefits paid to qualified retirees with twenty (20) years of service to the County under a County resolution that can be amended by the Board of County Commissioners. Employees can purchase coverage for their dependents at the County’s group rates, retirees can only purchase coverage under C.O.B.R.A. guidelines for a specific number of months following retirement.

The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 4.17% of annual covered payroll. For the current year, the County contributed \$678,521, or 2.50% of annual covered payroll. The County obtains healthcare coverage through Blue Cross Blue Shield of North Carolina. The County’s required contributions for employees not engaged in law enforcement and for law enforcement officers represented 4.06% and 4.06% of covered payroll, respectively. The total employee contributions including dependent coverage were \$79,425. The County’s obligation to contribute to the plan is established and may be amended by the Board of County Commissioners.

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

**Annual OPEB Cost and Net Obligation.** The County’s annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

## CLEVELAND COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Annual required contribution	\$ 790,863	\$ 338,941	\$ 1,129,804
Interest on net OPEB obligation	166,160	71,212	237,372
Adjustments to annual required contribution	<u>(158,735)</u>	<u>(68,029)</u>	<u>(226,764)</u>
Annual OPEB cost (expense)	798,288	342,124	1,140,412
Contributions made	<u>(474,965)</u>	<u>(203,556)</u>	<u>(678,521)</u>
Increase (decrease) in net OPEB obligation	323,323	138,568	461,891
Net OPEB obligation:			
Beginning of year - July 1	<u>5,531,861</u>	<u>402,431</u>	<u>5,934,292</u>
End of year - June 30	<u>\$ 5,855,184</u>	<u>\$ 540,999</u>	<u>\$ 6,396,183</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

<b>Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2012	\$ 1,397,755	10.2%	\$ 4,921,081
2013	1,138,601	11.0%	5,934,292
2014	1,140,412	59.5%	6,396,183

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

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

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

As of June 30, 2014, management had not decided on the funding options for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year. Management will continue their efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the County Board of Commissioners.

### **Landfill Closure and Post-Closure Care Costs**

Federal and State laws and regulations require the County to place a final cover on its landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Current Federal and State regulations required all unlined landfills to stop accepting waste by January 1, 1998. Although certain closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period.

The \$11,427,054 reported as landfill post-closure care liability at June 30, 2014 represents the cumulative amount reported at that date for costs yet to be incurred. The County will recognize the remaining estimated cost of post-closure care as incurred. These amounts are based on what it would cost to perform all post-closure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Deferred Outflows and Inflows of Resources

The balance in deferred inflows of resources in the governmental fund statements at year-end is composed of the following elements:

	<u>Unavailable Revenues</u>	<u>Unearned Revenues</u>
Prepaid revenue not yet earned (General Fund)	\$ -	\$ 144,690
Taxes receivable, net (General Fund)	2,073,307	-
Taxes receivable, net (Special Revenue Fund)	42,931	-
Other receivable (General Fund)	288,975	-
Prepaid fire district tax, net (Special Revenue Fund)	-	1,994
Total	<u>\$ 2,405,213</u>	<u>\$ 146,684</u>

### Risk Management

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds that are performance bonded through a commercial surety bond. The Finance Director and the Tax Collector are bonded for \$200,000 and \$1,000,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

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

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

The County is self-funded for workers' compensation claims up to a maximum of \$600,000 per claim and purchases coverage up to statutory limits through Safety National Casualty Corporation. Cleveland County contacts with Guilford City/County Insurance Advisory Committee as an independent third party administrator for workers' compensation. The estimated liability for outstanding losses includes \$251,254 for incurred, but unpaid claims as of June 30, 2014.



# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Effective July 1, 2002, the County became self-insured for health insurance coverage on a cost-reimbursement basis. Under this program, the County is obligated for claims payments. As of July 1, 2007, employees have the option of choosing either a PPO plan or HSA plan. A stop/loss insurance contract executed with an insurance carrier covers claims in excess of \$750,000 per person. The estimated liability for outstanding losses includes \$485,028 for incurred, but unrecorded, claims as of June 30, 2014. The County has contracted with a private insurer (BCBS) to administer the payment of claims and the County reimburses the insurer each week.

The County also operates a dental plan on a cost reimbursement basis up to \$1,025 per person per year. The liability for outstanding claims at June 30, 2014 was \$13,219. Employees are reimbursed each month.

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

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

	<b>Year Ending</b>	
	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Health	\$ 485,058	\$ 500,000
Workers Compensation	251,254	100,000
Total	<u>\$736,312</u>	<u>\$600,000</u>

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

### **Claims and Judgments**

At June 30, 2014, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

### **Long-Term Obligations**

#### **Capital Leases**

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

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

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

At June 30, 2014, the present value of future minimum lease payments for equipment leased by the County was:

<b>Year Ending June 30</b>	<b>Principal</b>
2015	\$ 12,089
2016	12,008
2017	<u>11,071</u>
Total minimum lease payments	35,168
Less: amount representing interest	<u>1,295</u>
Present value of the minimum lease payments	<u><u>\$ 33,873</u></u>

### **Installment Financing Contracts**

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

### **Contractual Obligations**

\$12,255,000 - City of Shelby Enterprise System Revenue Bonds, Series 2004;  
due in annual installments ranging from \$315,000 to \$810,000 through May 1, 2029;  
County's portion of revenue bonds (\$634,599) per contract with City of Shelby are  
due in annual installments of \$16,312 to \$41,944 through May 1, 2029; interest is  
payable at 5% and are due to the City of Shelby \$ 463,123

## CLEVELAND COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

Year Ending June 30	Contractual Obligation	
	Principal	Interest
2015	\$ 22,355	\$ 10,522
2016	22,745	10,132
2017	23,311	9,566
2018	23,877	9,000
2019	24,443	8,434
2020-2024	130,705	33,680
2025-2029	144,855	19,530
2030-2034	70,832	4,362
	\$ 463,123	\$ 105,226

#### **Installment Purchases**

The County has entered into contracts to help finance the costs of implementing a Public Safety Communication System in 2007, the costs of expanding and renovating the Detention Center Annex Expansion in 2009, and the costs of constructing a multi-use facility at Cleveland Community College through direct loans from a financial institution in 2010. When due, principal and interest are appropriated in the County's Debt Service Fund. The face value of the outstanding loans is recorded in the government-wide Statement of Net Position, along with any accrued interest payable at year-end

#### **Installment Financing**

\$6,000,000 - Public Safety Communication Equipment, Series 2007;  
due in annual installments of \$400,000 through December 2022; interest payable  
BB&T at 3.93% from 2007-2010; 3.46% 2011-2013; 2.27% 2014-2022 \$ 3,600,000

\$6,720,000 - Detention Center Annex Expansion Project, Series 2009;  
due in semi annual installments of \$224,000 through April 2024.  
interest payable to BB&T at 3.57% through 2012; and 2.39% through 2024 4,480,000

\$17,528,950 - Community College Building Project, Series 2010 C & D; due in  
in semi-annual installments of \$586,098 through September 2025; interest payable  
at 4.91%; These are American Recovery Zone Bonds and interest payments are  
partially subsidized by the federal government; payments are due to BB&T. 13,480,261

Total Installment Financing Issued \$ 21,560,261

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

<b>Year Ending June 30</b>	<b>Installment Financing</b>	
	<b>Principal</b>	<b>Interest</b>
2015	\$ 2,020,197	\$ 844,300
2016	2,020,197	766,561
2017	2,020,197	688,645
2018	2,020,197	610,730
2019	2,020,197	532,815
2020-2024	9,700,983	1,495,347
2025-2029	1,758,294	105,933
	<u>\$ 21,560,261</u>	<u>\$ 5,044,330</u>

### General Obligation and Limited Obligation Indebtedness

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

All general obligation indebtedness that is serviced by the County are collateralized by the full faith credit and taxing power of the County. In 1998, the County issued general obligation bonds for capital expansion at Cleveland Community College. In 2010, the County sold limited obligation bonds to investors to finance the construction of a new middle school in the City of Shelby and such bonds are considered a variation of the installment purchase loan mentioned above. The debt is serviced out of the County's Debt Service Fund and the face amount of principals recorded in the government-wide Statement of Net Position.

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

**Governmental Activities:**

**General Obligation & Limited Obligation Bonds**

\$3,100,000 - Community College Bonds, Series 1998 General Obligation Bonds; due in annual installments ranging from \$100,000 to \$250,000 through June 1, 2017; Interest is payable semi-annually at rates ranging from 4.6% to 4.7% \$ 600,000

\$22,000,000 - Shelby Middle School, Series 2010 A & B Limited Obligation Bonds; due in semi-annual installments ranging from \$1,080,000 to \$1,140,000 through March 2030; Interest is payable semi-annually ranging from 4.49% to 6.07%; These are Build America Bonds and interest payments are partially subsidized by federal government; payments are due to Wells Fargo 17,675,000

Total General Obligation and Limited Obligation Bonds \$ 18,275,000

Annual debt service for the County's general and limited obligation bonds to maturity at June 30, 2014 are:

<b>Year Ending</b>	<b><u>General Obligation</u></b>	
<b>June 30</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2015	\$ 250,000	\$ 28,200
2016	250,000	16,450
2017	<u>100,000</u>	<u>4,700</u>
	<u>\$ 600,000</u>	<u>\$ 49,350</u>

<b>Year Ending</b>	<b><u>Limited Obligation</u></b>	
<b>June 30</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2015	\$ 1,085,000	\$ 902,783
2016	1,085,000	866,978
2017	1,085,000	827,159
2018	1,085,000	783,542
2019	1,085,000	736,670
2020-2024	5,575,000	2,897,123
2025-2029	5,590,000	1,323,541
2030-3034	<u>1,085,000</u>	<u>65,860</u>
	<u>\$ 17,675,000</u>	<u>\$ 8,403,654</u>

## CLEVELAND COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

A summary of changes in long-term debt follows:

#### Long-Term Obligation Activity

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 850,000	\$ -	\$ (250,000)	\$ 600,000	\$ 250,000
Limited obligation bonds	18,760,000	-	(1,085,000)	17,675,000	1,085,000
Installment contracts	23,580,458	-	(2,020,197)	21,560,261	2,020,197
Contractual obligations	486,758	-	(23,635)	463,123	22,355
Capital leases	61,613	-	(27,740)	33,873	12,089
Grant Payback	133,333	-	(66,667)	66,666	66,666
Compensated absences	3,766,596	4,125,369	(4,054,100)	3,837,865	373,787
Other post-employment benefits	5,531,861	798,288	(474,965)	5,855,184	-
Pension benefit obligations	476,576	182,873	(157,196)	502,253	-
Total governmental activities	<u>\$ 53,647,195</u>	<u>\$ 5,106,530</u>	<u>\$ (8,159,500)</u>	<u>\$ 50,594,225</u>	<u>\$ 3,830,094</u>
<b>Business-Type Activities:</b>					
Accrued landfill closure and post-closure care cost	\$ 11,225,003	\$ 202,051	\$ -	\$ 11,427,054	\$ -
Other post-employment benefits	402,431	342,124	(203,556)	540,999	-
Compensated absences	129,265	137,525	(160,581)	106,209	10,609
Total business-type activities	<u>\$ 11,756,699</u>	<u>\$ 681,700</u>	<u>\$ (364,137)</u>	<u>\$ 12,074,262</u>	<u>\$ 10,609</u>

At June 30, 2014, the County had no bonds authorized, but unissued, and a legal debt margin of \$863,493,569.

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

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### **Conduit Debt Obligations**

Cleveland County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. The bonds are secured by the properties financed, as well as letters of credit, and are payable solely from payments received from the private business owners involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. As of June 30, 2014, there were three series of industrial revenue bonds outstanding, with an aggregate principal payable of \$20,025,000. Neither the County, Authority, State, nor any political subdivision thereof is obligated in any manner for the repayment of these bonds. Accordingly, these bonds were not reported in the accompanying financial statements.

**Debt Related to Capital Activities.** Of the total Governmental Activities debt listed, only \$8,543,123 relates to assets the County holds title.

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Interfund Balances and Activity

Transfers to/from other funds at June 30, 2014 consist of the following:

	Transfers		Purpose
	From	To	
General Fund	\$ 2,142,672		
Health Department Capital Project Fund		\$ 2,142,672	Payment of expenses
General Fund	250,000		
Solid Waste		250,000	Payment of expenses
General Fund	20,425		
Emergency Telephone System Fund (E-911)		20,425	Payment of expenses
General Fund	66,667		
Hallelujah Acres		66,667	Payment and grant payback
General Fund	12,000		
Shell Building II		12,000	Payment for administrative costs
Emergency Telephone System Fund (E-911)	73,717		
General Fund		73,717	Payment for administrative costs
Shell Building I	394		
General Fund		394	Payment for administrative costs
Fire District Fund	300,000		
General Fund		300,000	Fund capital expansion
School Capital Reserve	2,042,935		
Debt Service Fund		2,042,935	School debt service
School Capital Reserve	5,344,556		
Renovations - Central Services Capital Project Fund		2,011,621	
Debt Service Fund		2,042,935	
General Fund		1,290,000	Payment of expenses
County capital reserve	1,291,929		
Early College (LeGrand)		3,490	Fund capital expansion
Shelby Middle School Capital Project Fund		8,986	Fund capital expansion
Foothills Commerce Capital Project Fund		285,004	Fund capital expansion
Washburn Switch Capital Project Fund		250,000	Fund capital expansion
Gateway Trails Capital Project Fund		11,741	Fund capital expansion
American Legion Capital Project Fund		490,733	Fund capital expansion
City-County Airport Capital Project Fund		78,938	Fund capital expansion
Road Paving Capital Project Fund		91,258	Fund capital expansion
Farmers Market Pavilion Capital Project Fund		50,000	Fund capital expansion
Historic Courthouse Capital Project Fund		21,779	Fund capital expansion
Solid Waste	183,840		
General Fund		183,840	Cover workers compensation claims
Solid Waste	169,292		
General Fund		155,196	Payment of expenses
Public Shooting Range Capital Project Fund		14,096	Payment of expenses
Total	<u>\$ 9,485,330</u>	<u>\$ 9,485,330</u>	



# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The following is a summary of interfund receivables and payables.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	County Road Paving Capital Project Fund	\$ 889,385	Temporary payment of cash overdrafts

### 3. Joint Ventures

The County, in conjunction with the State of North Carolina and Cleveland County Board of Education, participates in a joint venture to operate Cleveland Community College ("Community College"). Each of the three participants appoints four members of the 13-member Board of Trustees of the Community College. The President of the Community College's student government association serves as a non-voting, ex-officio member of the Board of Trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the Community College, because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$1,509,973 to the Community College for operational expenses and \$175,000 for capital expenditures during the fiscal year ended June 30, 2014. In addition, the County made debt service payments of \$1,172,197, including interest, during the year ended June 30, 2014, on general obligation bonds and certificates of participation (COPs) issued for the Community College facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2014. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at Blue Ridge Community College, Flat Rock, North Carolina.

### 4. Jointly Governed Organization

The County, in conjunction with three other counties and twenty municipalities, established the Isothermal Planning and Development Commission (IPDC). The participating governments established the commission to coordinate various funding received from Federal and State agencies. Each participating member appoints one member to IPDC's governing board. The County paid membership fees of \$17,681 during the fiscal year ended June 30, 2014. The County paid additional \$60,005 to IPDC to coordinate and administer the CDBG and related grant awards.

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 5. Summary Disclosure of Significant Commitments and Contingencies

#### Federal and State-Assisted Programs

The County has received proceeds from Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

### 6. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Temporary assistance to needy families	\$ 2,496,740	\$ 1,108
Medicaid	73,166,753	40,180,998
WIC	2,211,593	-
Adoption assistance	625,020	157,754
Low income energy assistance	774,286	-
State/County special assistance for adults	<u>-</u>	<u>1,001,891</u>
Total	<u>\$ 79,274,392</u>	<u>\$ 41,341,751</u>

### 7. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ended June 30, 2014. In accordance with GASB Statement 65 deferred costs from the refunding of debt, which were previously deferred and amortized, are presented as deferred outflows of resources.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Funding Progress for Other-Post Employment Benefits – Retiree Health Plan
- Notes to the Required Schedules for Other-Post Employment Benefits – Retiree Health Plan

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## CLEVELAND COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)		Funded Ratio (A/B)	Unfunded AAL (UAAL) (B-A)	Covered Payroll (C)	UAAL as a % of Covered Payroll (B-A)/C
		Projected Unit Credit (B)					
12/31/2013	\$ -	\$ 1,797,860		0.00%	\$ 1,797,860	\$ 3,597,388	49.98%
12/31/2012	-	1,866,906		0.00%	1,866,906	3,639,140	51.30%
12/31/2011	-	1,546,105		0.00%	1,546,105	3,526,273	43.85%
12/31/2010	-	1,546,105		0.00%	1,546,105	3,336,824	46.33%
12/31/2009	-	1,353,424		0.00%	1,353,424	3,417,424	39.60%
12/31/2008	-	1,058,407		0.00%	1,058,407	3,296,447	32.11%

## Schedule of Employer Contributions

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

## Notes to the Required Schedules:

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

Valuation date	December 31, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	17 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25% to 7.85%
Includes inflation at	3.00%
Cost of living adjustments	None

## CLEVELAND COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS - RETIREE HEALTH PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR YEAR ENDED JUNE 30, 2014**

**Schedule of Funding Progress**

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

**Schedule of Employer Contributions**

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

**Notes to the Required Schedules:**

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

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

\* Includes inflation at 3.00%

## **The General Fund**

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

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CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes - General Fund		\$ 45,782,369		\$ 42,678,188
Taxes - public schools		12,009,843		10,817,777
Penalties, interest, and advertising		736,774		711,156
Total	\$ 56,000,052	58,528,986	\$ 2,528,934	54,207,121
<b>Other Taxes:</b>				
Local option sales tax		8,680,340		8,211,061
Other taxes		436,864		455,479
Total	8,670,000	9,117,204	447,204	8,666,540
<b>Unrestricted Intergovernmental Revenues:</b>				
Payment in lieu of taxes	11,000	-	(11,000)	13,651
Total	11,000	-	(11,000)	13,651
<b>Restricted Intergovernmental Revenues:</b>				
Federal and State grants		2,010,959		2,589,998
DSS grants		13,995,056		14,941,122
Health department grants		7,024,899		2,036,768
Total	26,162,204	23,030,914	(3,131,290)	19,567,888
<b>Permits and Fees:</b>				
Register of Deeds		388,443		411,112
Carolina health care rent		3,764,157		1,485,304
Other permits and fees		509,537		557,642
Total	3,932,000	4,662,137	730,137	2,454,058
<b>Sales and Services:</b>				
Rents - LeGrand		519,477		-
EMS fees		1,533,713		1,136,944
Sherriff fees		265,050		224,430
Health department fees		662,387		510,738
Ambulance fees		1,020,948		855,927
Court facility fees		137,538		146,839
Insurance fees		612,097		451,594
Wellness center fees		120,478		105,764
Other County fees		578,804		427,796
Total	5,968,708	5,450,492	(518,216)	3,860,032

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Investment Earnings</b>	260,000	84,312	(175,688)	48,935
<b>Miscellaneous:</b>				
Sale of materials		81,139		38,752
Other		614,726		680,092
Total	647,325	695,865	48,540	718,844
Total revenues	101,651,289	101,569,910	(81,379)	89,537,069
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits		98,984		75,898
Operating expenditures		411,683		326,846
Capital outlay		26,847		-
Total	627,915	537,514	90,401	402,744
<b>Administration:</b>				
Salaries and employee benefits		335,259		347,707
Operating expenditures		53,015		19,917
Capital outlay		18,697		-
Total	408,544	406,971	1,573	367,624
<b>Elections:</b>				
Salaries and employee benefits		215,576		279,223
Operating expenditures		102,540		147,600
Capital outlay		12,365		-
Total	414,406	330,481	83,925	426,823
<b>Finance:</b>				
Salaries and employee benefits		532,989		539,601
Operating expenditures		84,373		63,646
Total	626,309	617,362	8,947	603,247

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
<b>Taxes:</b>				
Salaries and employee benefits		1,072,646		1,118,337
Operating expenditures		245,652		256,281
Total	1,441,377	1,318,298	123,079	1,374,618
<b>Legal:</b>				
Salaries and employee benefits		-		125,051
Contracted services		97,860		68,494
Capital outlay - foreclosure		30,865		40,122
Total	134,922	128,725	6,197	233,667
<b>Register of Deeds:</b>				
Salaries and employee benefits		330,924		328,076
Operating expenditures		57,447		46,915
Total	392,078	388,371	3,707	374,991
<b>Human Resources:</b>				
Salaries and employee benefits		350,692		309,772
Operating expenditures		18,802		18,154
Total	370,961	369,494	1,467	327,926
<b>Facilities Maintenance:</b>				
Salaries and employee benefits		329,920		356,787
Operating expenditures		1,148,612		1,081,853
Capital outlay		8,177		-
Total	1,539,442	1,486,709	52,733	1,438,640
<b>Court Facilities:</b>				
Salaries and employee benefits		94,768		101,249
Operating expenditures		234,684		224,450
Total	330,286	329,452	834	325,699
<b>Information Technology:</b>				
Salaries and employee benefits		481,638		352,468
Operating expenditures		112,793		52,617
Capital outlay		3,024		-
Total	598,777	597,455	1,322	405,085

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
<b>Municipal Elections:</b>				
Salaries and employee benefits		70,596		-
Operating expenditures		55,298		-
Total	167,419	125,894	41,525	-
<b>Pass-Thru Grants:</b>				
Operating expenditures	414,933	203,548	211,385	459,249
<b>Wellness Clinic:</b>				
Salaries and employee benefits		327,710		249,247
Operating expenditures		300,629		260,831
Total	787,493	628,339	159,154	510,078
<b>Communities in Schools:</b>				
Operating expenditures	146,654	146,654	-	43,875
<b>Historic Courthouse:</b>				
Operating expenditures	77,643	77,081	562	65,458
Total general government	8,479,159	7,692,348	786,811	7,359,724
<b>Public Safety:</b>				
<b>Sheriff and Communications:</b>				
Salaries and employee benefits		5,030,614		4,975,821
Operating expenditures		865,739		651,320
Capital outlay		367,991		301,454
Total	6,321,276	6,264,344	56,932	5,928,595
<b>School Resource Officers:</b>				
Salaries and employee benefits		340,374		232,364
Operating expenditures		21,603		12,139
Total	364,704	361,977	2,727	244,503
<b>Jail:</b>				
Salaries and employee benefits		2,944,785		2,748,797
Operating expenditures		1,200,592		1,152,218
Capital outlay		105,533		-
Total	4,279,430	4,250,910	28,520	3,901,015

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
<b>Emergency Management:</b>				
Salaries and employee benefits		217,010		211,352
Operating expenditures		78,435		110,405
Capital outlay		31,286		51,263
Total	348,515	326,731	21,784	373,020
<b>Emergency Communication:</b>				
Salaries and employee benefits		887,330		953,766
Operating expenditures		66,188		57,770
Capital outlay		20,443		-
Total	978,624	973,961	4,663	1,011,536
<b>Electronic Maintenance:</b>				
Salaries and employee benefits		247,544		253,825
Operating expenditures		88,884		114,594
Total	355,164	336,428	18,736	368,419
<b>Inspections:</b>				
Salaries and employee benefits		382,879		372,320
Operating expenditures		25,822		29,550
Capital outlay		33,454		-
Total	448,521	442,155	6,366	401,870
<b>Coroner:</b>				
Salaries and employee benefits		33,339		32,159
Operating expenditures		58,291		68,175
Total	89,520	91,630	(2,110)	100,334
<b>HAZ-MAT Control:</b>				
Operating expenditures		64,236		46,188
Total	91,435	64,236	27,199	46,188
<b>Public Shooting Range:</b>				
Salaries and employee benefits		46,686		-
Total	72,813	46,686	26,127	-

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
<b>Emergency Medical Services:</b>				
Salaries and employee benefits		4,354,742		4,360,057
Operating expenditures		889,736		859,588
Capital outlay		76,229		99,809
Total	5,828,186	5,320,707	507,479	5,319,454
<b>Rescue Squad:</b>				
Operating expenditures	68,480	45,314	23,166	107,736
<b>Federal/State Forfeited Property:</b>				
Operating expenditures		38,246		101,113
Capital outlay		49,988		110,032
Total	100,161	88,234	11,927	211,145
Total public safety	19,346,829	18,613,313	733,516	18,013,815
<b>Environmental Protection:</b>				
<b>Soil and Water Conservation:</b>				
Salaries and employee benefits		77,494		70,648
Operating expenditures		10,600		8,084
Total	88,208	88,094	114	78,732
<b>Forestry Service</b>				
Operating expenditures	85,572	72,978	12,594	50,256
Total environmental protection	173,780	161,072	12,708	128,988
<b>Economic and Physical Development:</b>				
<b>Planning:</b>				
Salaries and employee benefits		293,344		283,883
Operating expenditures		53,290		46,309
Total	358,400	346,634	11,766	330,192
<b>LeGrand Center:</b>				
Salaries and employee benefits		256,326		-
Operating expenditures		838,934		530,919
Capital outlay		48,233		-
Total	1,335,040	1,143,493	191,547	530,919

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
<b>Economic Development:</b>				
Salaries and employee benefits		174,979		158,003
Operating expenditures		3,275,282		2,403,389
Capital outlay		-		252,696
Total	7,684,441	3,450,261	4,234,180	2,814,088
<b>Cooperative Extension:</b>				
Salaries and employee benefits		214,148		232,323
Operating expenditures		40,975		49,530
Total	294,441	255,123	39,318	281,853
<b>Transportation Admin:</b>				
Operating expenditures		241,666		239,549
Total	241,666	241,666	-	239,549
Total economic and physical development	9,913,988	5,437,177	4,476,811	4,196,601
<b>Human Services:</b>				
<b>Health:</b>				
<b>General and Administration:</b>				
Salaries and employee benefits		865,065		1,000,962
Operating expenditures		716,044		715,963
Capital outlay		-		52,633
Total	1,734,047	1,581,109	152,938	1,769,558
<b>Public Health:</b>				
Salaries and employee benefits		520,328		360,205
Operating expenditures		272,711		198,232
Total	884,022	793,039	90,983	558,437
<b>AIDS Grant:</b>				
Salaries and employee benefits		47,793		41,114
Operating expenditures		408		500
Total	61,999	48,201	13,798	41,614

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
<b>Tuberculosis Clinic:</b>				
Salaries and employee benefits		147,457		109,235
Operating expenditures		26,382		19,765
Total	175,497	173,839	1,658	129,000
<b>School Health:</b>				
Salaries and employee benefits		1,143,935		789,681
Operating expenditures		59,811		51,768
Total	1,269,984	1,203,746	66,238	841,449
<b>Health Promotions:</b>				
Salaries and employee benefits		60,600		47,567
Operating expenditures		52,352		40,717
Total	116,741	112,952	3,789	88,284
<b>Maternal Health:</b>				
Salaries and employee benefits		1,301,537		1,084,941
Operating expenditures		70,092		51,057
Total	1,529,701	1,371,629	158,072	1,135,998
<b>Family Planning:</b>				
Salaries and employee benefits		825,406		439,348
Operating expenditures		129,810		217,476
Total	992,971	955,216	37,755	656,824
<b>Child Health:</b>				
Salaries and employee benefits		540,249		326,469
Operating expenditures		58,508		72,549
Total	649,103	598,757	50,346	399,018
<b>WIC:</b>				
Salaries and employee benefits		437,895		318,590
Operating expenditures		90,382		70,054
Total	572,268	528,277	43,991	388,644
<b>Animal/Rabies Control:</b>				
Salaries and employee benefits		475,576		327,251
Operating expenditures		202,796		147,035
Capital outlay		24,245		-
Total	734,966	702,617	32,349	474,286



CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Health Department Grants:</b>				
Salaries and employee benefits		82,351		68,440
Operating expenditures		80,388		90,258
Total	206,913	162,739	44,174	158,698
<b>Dental Clinic:</b>				
Salaries and employee benefits		242,865		80,105
Operating expenditures		57,163		128,818
Capital Outlay		18,516		-
Total	466,429	318,544	147,885	208,923
<b>Nurse Family Partnerships:</b>				
Salaries and employee benefits		342,412		234,123
Operating expenditures		50,511		50,791
Total	552,029	392,923	159,106	284,914
<b>Carolina Access II:</b>				
Salaries and employee benefits		1,504,026		1,241,064
Operating expenditures		569,775		572,491
Total	2,731,295	2,073,801	657,494	1,813,555
<b>CC4C PCM:</b>				
Salaries and employee benefits		360,727		-
Operating expenditures		26,133		-
Total	413,755	386,860	26,895	-
<b>CODAP:</b>				
Salaries and employee benefits		97,546		118,725
Operating expenditures		36,885		9,271
Total	203,915	134,431	69,484	127,996
Total public health	13,295,635	11,538,680	1,539,043	9,077,198
<b>Environmental Health:</b>				
Salaries and employee benefits		559,393		496,571
Operating expenditures		51,409		33,365
Total	716,234	610,802	105,432	529,936

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Veteran Services:</b>				
Salaries and employee benefits		90,335		68,115
Operating expenditures		6,138		2,267
Total	97,206	96,473	733	70,382
<b>Social Services:</b>				
<b>Mental Health:</b>				
Operating expenditures		525,021		565,500
Total	652,045	525,021	127,024	565,500
<b>Administration:</b>				
Salaries and employee benefits		1,007,571		758,782
Operating expenditures		826,623		424,622
Capital outlay		27,493		-
Total	2,147,581	1,861,687	285,894	1,183,404
<b>Smart Start:</b>				
Operating expenditures		4,825,093		4,462,764
Total	5,686,077	4,825,093	860,984	4,462,764
<b>TANF Program:</b>				
Salaries and benefits		4,323,538		4,220,685
County participation only		484,927		307,071
Total	5,219,142	4,808,465	410,677	4,527,756
<b>Income Maintenance Program:</b>				
Salaries and employee benefits		4,106,702		5,563,763
Operating expenditures		314,859		258,102
Total	4,689,995	4,421,561	268,434	5,821,865
<b>Special Assistance:</b>				
Special Assistance:	50,274	43,949	6,325	41,147
<b>Foster Care:</b>				
Salaries and employee benefits		1,035,885		810,174
Operating expenditures		5,193		3,830
Total	1,183,546	1,041,078	142,468	814,004

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
<b>Smart Start:</b>				
Salaries and employer benefits		86,013		66,637
Total	86,055	86,013	42	66,637
<b>Other Assistance:</b>				
Operating expenditures	5,235,342	4,424,134	811,208	7,975,654
Total social services	24,950,057	22,037,001	2,913,056	25,458,731
<b>Workers Compensation:</b>				
Operating expenditures		458,202		943,088
Total	725,000	458,202	266,798	943,088
<b>Council On Aging:</b>				
Operating expenditures	512,243	155,788	356,455	115,526
Total human services	40,296,375	34,896,946	5,181,517	36,194,861
<b>Cultural and Recreational:</b>				
<b>Library:</b>				
Salaries and employee benefits		716,006		522,945
Operating expenditures		325,803		224,402
Capital outlay		11,106		-
Total	1,143,499	1,052,915	90,584	747,347
<b>Parks and Recreation:</b>				
Operating expenditures		68,191		34,214
Total	83,609	68,191	15,418	34,214
Total cultural and recreational	1,227,108	1,121,106	106,002	781,561
<b>Intergovernmental:</b>				
Education:				
Public schools - current expense		22,227,573		21,719,353
Public schools - capital expense		2,840,000		2,840,000
Community colleges - capital expense		1,577,515		1,478,160
Total education	26,854,290	26,645,088	209,202	26,037,513

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Debt Service:</b>				
Capital lease principle	43,637	27,738	15,899	40,971
Capital lease interest	7,101	1,415	5,686	2,499
Total debt service	50,738	29,153	21,585	43,470
Insurance settlements	741,471	729,806	11,665	(87,589)
Total expenditures	107,083,738	95,326,009	11,757,729	92,668,944
Revenues over (under) expenditures	(5,432,449)	6,243,901	11,676,350	(3,131,875)
<b>Other Financing Sources (Uses):</b>				
Installment financing issued	-	-	-	52,633
Proceeds from sale of asset	-	-	-	23,000,000
Transfers in	15,750,591	12,876,923	(2,873,668)	7,921,769
Transfers (out)	(20,650,698)	(17,330,697)	3,320,001	(5,639,315)
Appropriated fund balance	10,332,556	-	(10,332,556)	-
Total other financing sources (uses)	5,432,449	(4,453,774)	(9,886,223)	25,335,087
Net changes in fund balance	\$ -	1,790,127	\$ 1,790,127	22,203,212
<b>Fund Balance:</b>				
Beginning of year - July 1		47,266,926		25,063,714
End of year - June 30		\$ 49,057,053		\$ 47,266,926

**SUPPLEMENTARY INFORMATION**

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

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## CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

	<u>Nonmajor Governmental Funds</u>		
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Totals</u>
<b>Assets:</b>			
Cash and investments	\$ 1,339,859	\$ 587,301	\$ 1,927,160
Accounts receivable, net	135,593	1,663,795	1,799,388
Taxes receivable, net	42,931	-	42,931
Prepaid assets	3,424	-	3,424
Restricted cash	-	3,408,767	3,408,767
Total assets	<u>\$ 1,521,807</u>	<u>\$ 5,659,863</u>	<u>\$ 7,181,670</u>
<b>Liabilities, Deferred Inflows Of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	112	594,812	594,924
Due to other funds	-	889,385	889,385
Total liabilities	<u>112</u>	<u>1,484,197</u>	<u>1,484,309</u>
<b>Deferred Inflows Of Resources:</b>			
Taxes receivable	42,931	-	42,931
Prepaid taxes	1,994	-	1,994
Total deferred inflows of resources	<u>44,925</u>	<u>-</u>	<u>44,925</u>
<b>Fund Balances:</b>			
Non-spendable			
Prepays	3,424	-	3,424
Restricted			
Stabilization for State statute	135,593	1,663,795	1,799,388
Restricted, all other	1,342,840	3,399,781	4,742,621
Committed	-	22,597	22,597
Unassigned	(5,087)	(910,507)	(915,594)
Total fund balances	<u>1,476,770</u>	<u>4,175,666</u>	<u>5,652,436</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,521,807</u>	<u>\$ 5,659,863</u>	<u>\$ 7,181,670</u>

## CLEVELAND COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Governmental Funds		
	Special Revenue Funds	Capital Projects Funds	Total
<b>Revenues:</b>			
Ad valorem taxes	\$ 1,669,005	\$ -	\$ 1,669,005
Other taxes and licenses	728,190	2,780,244	3,508,434
Restricted intergovernmental revenues	1,094,595	4,129,405	5,224,000
Investment earnings	8,177	18,384	26,561
Miscellaneous	-	116,842	116,842
Total revenues	<u>3,499,967</u>	<u>7,044,875</u>	<u>10,544,842</u>
<b>Expenditures:</b>			
Current:			
General government	-	364,608	364,608
Public safety	1,958,086	55,512	2,013,598
Human services	1,094,156	2,142,672	3,236,828
Economic and physical development	-	2,267,617	2,267,617
Cultural and recreation	-	600,000	600,000
Education	-	140,371	140,371
Debt service:			
Principal repayments	66,667	3,378,832	3,445,499
Interest	-	1,919,486	1,919,486
Total expenditures	<u>3,118,909</u>	<u>10,869,098</u>	<u>13,988,007</u>
Revenues over (under) expenditures	<u>381,058</u>	<u>(3,824,223)</u>	<u>(3,443,165)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from:			
General Fund	99,092	3,946,177	4,045,269
General Capital Reserve Fund	-	5,891,614	5,891,614
School Capital Reserve Fund	-	2,051,921	2,051,921
Transfers (to):			
General Fund (Schools)	-	(973,733)	(973,733)
General Capital Projects Fund	-	(1,820,544)	(1,820,544)
Debt Service Fund	-	(2,042,935)	(2,042,935)
School Capital Projects Fund	-	(2,219,226)	(2,219,226)
General Fund	(374,111)	-	(374,111)
Total other financing sources (uses)	<u>(275,019)</u>	<u>4,833,274</u>	<u>4,558,255</u>
Net change in fund balances	<u>106,039</u>	<u>1,009,051</u>	<u>1,115,090</u>
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>1,370,731</u>	<u>3,166,615</u>	<u>4,537,346</u>
End of year - June 30	<u>\$ 1,476,770</u>	<u>\$ 4,175,666</u>	<u>\$ 5,652,436</u>



## **Nonmajor Governmental Funds**

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

**Emergency Telephone Systems Fund** – accounts for the funds received for the operation of the County’s Emergency 911 Communications Center.

**County Fire Districts Fund** – accounts for the property tax revenue received and used to fund County fire operations.

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

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

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

**Community Development Block Grant – Shell Building 1** – accounts for a federal grant for the construction of a commercial building to market to local investors for economic development.

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

**CLEVELAND COUNTY, NORTH CAROLINA**

**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014**

	<u>Nonmajor Special Revenue Funds</u>		
	<u>Emergency Telephone System Fund (E-911)</u>	<u>Fire Districts Fund</u>	<u>Community Development Block Grant - Hallelujah Acres Project Fund</u>
<b>Assets:</b>			
Cash and investments	\$ 1,182,351	\$ 155,845	\$ -
Accounts receivable, net	-	124,817	-
Taxes receivable, net	-	42,931	-
Prepaid assets	3,424	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,185,775</u>	<u>\$ 323,593</u>	<u>\$ -</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 26	\$ 86	\$ -
Total liabilities	<hr/> 26	<hr/> 86	<hr/> -
<b>Deferred Inflows Of Resources:</b>			
Taxes receivable	-	42,931	-
Prepaid taxes	-	1,994	-
Total deferred inflows of resources	<hr/> -	<hr/> 44,925	<hr/> -
<b>Fund Balances:</b>			
Restricted:			
Stabilization for State statute	-	124,817	-
Restricted, all other	1,185,749	153,765	-
Total fund balances	<hr/> 1,185,749	<hr/> 278,582	<hr/> -
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,185,775</u>	<u>\$ 323,593</u>	<u>\$ -</u>

Schedule D-1

<b>Nonmajor Special Revenue Funds</b>				
<b>Community Development Block Grant - The MACO Project Fund</b>	<b>Community Development Block Grant - Seal Wire Project Fund</b>	<b>Community Development Block Grant - The Shell Buidlng 1 Fund</b>	<b>Community Development Block Grant - The Shell Building 2 Fund</b>	<b>Total</b>
\$ -	\$ 682	\$ -	\$ 981	\$ 1,339,859
-	10,776	-	-	135,593
-	-	-	-	42,931
-	-	-	-	3,424
<u>\$ -</u>	<u>\$ 11,458</u>	<u>\$ -</u>	<u>\$ 981</u>	<u>\$ 1,521,807</u>
\$ -	\$ -	\$ -	\$ -	\$ 112
-	-	-	-	112
-	-	-	-	42,931
-	-	-	-	1,994
-	-	-	-	44,925
-	10,776	-	-	135,593
-	682	-	981	1,341,177
-	11,458	-	981	1,476,770
<u>\$ -</u>	<u>\$ 11,458</u>	<u>\$ -</u>	<u>\$ 981</u>	<u>\$ 1,521,807</u>

**CLEVELAND COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Nonmajor Special Revenue Funds</b>		
	<b>Emergency Telephone System Fund (E-911)</b>	<b>Fire Districts Fund</b>	<b>Community Development Block Grant - Hallelujah Acres Project Fund</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ -	\$ 1,669,005	\$ -
Other taxes and licenses	428,307	299,883	-
Restricted intergovernmental revenues	-	-	-
Investment earnings	1,346	6,831	-
Total revenues	<u>429,653</u>	<u>1,975,719</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Public safety	442,184	1,515,902	-
Economic and physical development	-	-	-
Debt service:			
Principal repayments	-		66,667
Total expenditures	<u>442,184</u>	<u>1,515,902</u>	<u>66,667</u>
Revenues over (under) expenditures	<u>(12,531)</u>	<u>459,817</u>	<u>(66,667)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from:			
General Fund	20,425	-	66,667
Transfers (to):			
General Fund	<u>(73,717)</u>	<u>(300,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(53,292)</u>	<u>(300,000)</u>	<u>66,667</u>
Net change in fund balances	(65,823)	159,817	-
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>1,251,572</u>	<u>118,765</u>	<u>-</u>
End of year - June 30	<u>\$ 1,185,749</u>	<u>\$ 278,582</u>	<u>\$ -</u>

<b>Nonmajor Special Revenue Funds</b>				
<b>Community Development Block Grant - The MACO Project Fund</b>	<b>Community Development Block Grant - Seal Wire Project Fund</b>	<b>Community Development Block Grant - The Shell Building 1 Fund</b>	<b>Community Development Block Grant - The Shell Building 2 Fund</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ 1,669,005
-	-	-	-	728,190
1,157	93,438	-	1,000,000	1,094,595
-	-	-	-	8,177
<u>1,157</u>	<u>93,438</u>	<u>-</u>	<u>1,000,000</u>	<u>3,499,967</u>
-	-	-	-	1,958,086
1,157	81,980	-	1,011,019	1,094,156
-	-	-	-	66,667
<u>1,157</u>	<u>81,980</u>	<u>-</u>	<u>1,011,019</u>	<u>3,118,909</u>
-	11,458	-	(11,019)	381,058
-	-	-	12,000	99,092
-	-	(394)	-	(374,111)
-	-	(394)	12,000	(275,019)
-	11,458	(394)	981	106,039
-	-	394	-	1,370,731
<u>\$ -</u>	<u>\$ 11,458</u>	<u>\$ -</u>	<u>\$ 981</u>	<u>\$ 1,476,770</u>

## CLEVELAND COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND (E-911)**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
User fees	\$ 444,207	\$ 428,307	\$ (15,900)	\$ 327,313
Investment income	-	1,346	1,346	12,737
Total revenues	<u>444,207</u>	<u>429,653</u>	<u>(14,554)</u>	<u>340,050</u>
<b>Expenditures:</b>				
Public safety:				
Operations	322,146	159,850	162,296	223,677
Capital expenditures	<u>1,270,985</u>	<u>282,334</u>	<u>988,651</u>	<u>143,101</u>
Total expenditures	<u>1,593,131</u>	<u>442,184</u>	<u>1,150,947</u>	<u>366,778</u>
Revenues over (under) expenditures	<u>(1,148,924)</u>	<u>(12,531)</u>	<u>1,136,393</u>	<u>(26,728)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (out):				
To General Fund	(73,717)	(73,717)	-	(72,325)
Transfers in:				
From General Fund	884,336	20,425	(863,911)	-
Appropriated fund balance	<u>338,305</u>	<u>-</u>	<u>(338,305)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,148,924</u>	<u>(53,292)</u>	<u>(1,202,216)</u>	<u>(72,325)</u>
Net change in fund balance	<u>\$ -</u>	<u>(65,823)</u>	<u>\$ (65,823)</u>	<u>(99,053)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>1,251,572</u>		<u>1,350,625</u>
End of year - June 30		<u>\$ 1,185,749</u>		<u>\$ 1,251,572</u>

## CLEVELAND COUNTY, NORTH CAROLINA

## FIRE DISTRICTS FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2014

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes	\$ 1,584,900	\$ 1,669,005	\$ 84,105	\$ 971,625
Unrestricted intergovernmental	231,000	299,883	68,883	243,929
Investment income	-	6,831	6,831	4
Total revenues	<u>1,815,900</u>	<u>1,975,719</u>	<u>159,819</u>	<u>1,215,558</u>
<b>Expenditures:</b>				
Capital outlay:				
Public safety	<u>1,532,654</u>	<u>1,515,902</u>	<u>16,756</u>	<u>1,509,489</u>
Total expenditures	<u>1,532,654</u>	<u>1,515,902</u>	<u>16,756</u>	<u>1,509,489</u>
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund	-	-	-	300,000
Transfer to General Fund	(300,000)	(300,000)	-	-
Appropriated fund balance	<u>16,754</u>	<u>-</u>	<u>16,754</u>	<u>-</u>
Total other financing sources (uses)	<u>(283,246)</u>	<u>(300,000)</u>	<u>16,754</u>	<u>300,000</u>
Net change in fund balance	<u>\$ -</u>	<u>159,817</u>	<u>\$ 159,817</u>	<u>6,069</u>
<b>Fund Balance (Deficit):</b>				
Beginning of year, July 1		<u>118,765</u>		<u>112,696</u>
End of year, June 30		<u>\$ 278,582</u>		<u>\$ 118,765</u>

## CLEVELAND COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT - HALLELUJAH ACRES  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

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



## CLEVELAND COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT - MACO  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
<b>Revenues:</b>				
Restricted Intergovernmental	\$ 254,950	\$ 253,793	\$ 1,157	\$ 254,950
Total revenues	<u>254,950</u>	<u>253,793</u>	<u>1,157</u>	<u>254,950</u>
<b>Expenditures:</b>				
Administration	33,500	32,343	1,157	33,500
Equipment purchases	<u>221,450</u>	<u>221,450</u>	<u>-</u>	<u>221,450</u>
Total expenditures	<u>254,950</u>	<u>253,793</u>	<u>1,157</u>	<u>254,950</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</u>	

**CLEVELAND COUNTY, NORTH CAROLINA**

**COMMUNITY DEVELOPMENT BLOCK GRANT - SEAL WIRE  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

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

## CLEVELAND COUNTY, NORTH CAROLINA

**COMMUNITY DEVELOPMENT BLOCK GRANT - CLEARWATER PROJECT -  
SHELL BUILDING I - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 1,500,000	\$ 1,500,000	\$ -	\$ 1,500,000
Total revenues	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>
<b>Expenditures:</b>				
Administration	35,000	35,000	-	35,000
Roadway/railway expansion	<u>1,590,000</u>	<u>1,588,389</u>	<u>-</u>	<u>1,588,389</u>
Total expenditures	<u>1,625,000</u>	<u>1,623,389</u>	<u>-</u>	<u>1,623,389</u>
Revenues over (under) expenditures	<u>(125,000)</u>	<u>(123,389)</u>	<u>-</u>	<u>(123,389)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From General Fund	125,000	123,783	-	123,783
Transfers (out):				
(To) General Fund	<u>-</u>	<u>-</u>	<u>(394)</u>	<u>(394)</u>
Total other financing sources (uses)	<u>125,000</u>	<u>123,783</u>	<u>(394)</u>	<u>123,389</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 394</u>	<u>(394)</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>394</u>	
End of year - June 30			<u>\$ -</u>	

## CLEVELAND COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT - SHELL BUILDING 2  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

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

## **Nonmajor Governmental Funds**

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

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

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

**New Health Department Fund** - accounts for the progress and construction of new County Health Department.

**LeGrand Center Early College Program** – accounts for updates and capital expansion associated with renovations to the LeGrand Center and the areas used for early college development program.

**Shelby Middle School Construction Fund** – accounts for debt issuance and construction of Shelby Middle School.

**Renovation Central Services Fund** – accounts for construction costs associated with remodeling the former school administration building to be used for County service purposes.

**Washburn Switch Road Industrial Park** - accounts for costs associated with the designing and construction of the Washburn Switch Industrial Park.

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

**Renovation Grant American Legion World Series** - accounts for the costs associated with the design and renovations to the Shelby High School Baseball Complex.

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

**Historic Courthouse** - accounts for the costs associated with the design and renovations to the Cleveland County Courthouse.

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

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

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL CAPITAL PROJECT FUNDS  
 JUNE 30, 2014

	Nonmajor Capital Project Funds								
	General Capital Project Fund	Public Shooting Range Fund	New Health Department Fund	LeGrand Center Early College Program	Shelby Middle School Construction Fund	Renovations Central Services Fund	Foothills Commerce Center West Shelby Fund	Washburn Swifth Road Industrial Park Fund	Kings Mounatain Gateway Trails Capital Project Fund
<b>Assets:</b>									
Cash and investments	\$ 3,517	\$ 13,700	\$ 409,919	\$ -	\$ -	\$ 127,895	\$ -	\$ -	\$ 10,528
Accounts receivable, net	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	8,986	-	-	-	-
Total assets	<u>\$ 3,517</u>	<u>\$ 13,700</u>	<u>\$ 409,919</u>	<u>\$ -</u>	<u>\$ 8,986</u>	<u>\$ 127,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,528</u>
<b>Liabilities and Fund Balances:</b>									
<b>Liabilities:</b>									
Accounts payable and accrued liabilities	\$ 3,517	\$ -	\$ 409,919	\$ -	\$ 8,986	\$ 127,895	\$ -	\$ -	\$ 1,631
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	<u>3,517</u>	<u>-</u>	<u>409,919</u>	<u>-</u>	<u>8,986</u>	<u>127,895</u>	<u>-</u>	<u>-</u>	<u>1,631</u>
<b>Fund Balances:</b>									
Restricted:									
Stabilization for State statute	-	-	-	-	-	-	-	-	-
Restricted, all other	-	-	-	-	-	-	-	-	-
Committed	-	13,700	-	-	-	-	-	-	8,897
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>13,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,897</u>
Total liabilities and fund balances	<u>\$ 3,517</u>	<u>\$ 13,700</u>	<u>\$ 409,919</u>	<u>\$ -</u>	<u>\$ 8,986</u>	<u>\$ 127,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,528</u>

**Nonmajor Capital Project Funds**

Renovation Grant American Legion World Series Project	Cleveland County		Project X-Cel Road Paving Capital Project Fund	Foothills Farmers Market Shade Pavilion Fund	Historic Courthouse Capital Project Fund	General Capital Reserve Fund	School Capital Reserve Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds
	City and County	Airport Renovations Project								
\$ -	\$ 125	\$ -	\$ -	\$ -	\$ 21,617	\$ -	\$ 587,301	\$ -	\$ 587,301	
-	-	889,385	-	-	21,122	753,288	1,663,795	-	1,663,795	
-	-	-	-	-	-	3,399,781	3,408,767	-	3,408,767	
<u>\$ -</u>	<u>\$ 125</u>	<u>\$ 889,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,739</u>	<u>\$ 4,153,069</u>	<u>\$ 5,659,863</u>	<u>\$ -</u>	<u>\$ 5,659,863</u>	
\$ -	\$ 125	\$ -	\$ -	\$ -	\$ 42,739	\$ -	\$ 594,812	\$ -	\$ 594,812	
-	-	889,385	-	-	-	-	889,385	-	889,385	
-	125	889,385	-	-	42,739	-	1,484,197	-	1,484,197	
-	-	889,385	-	-	21,122	753,288	1,663,795	-	1,663,795	
-	-	-	-	-	-	3,399,781	3,399,781	-	3,399,781	
-	-	-	-	-	-	-	22,597	-	22,597	
-	-	(889,385)	-	-	(21,122)	-	(910,507)	-	(910,507)	
-	-	-	-	-	-	4,153,069	4,175,666	-	4,175,666	
<u>\$ -</u>	<u>\$ 125</u>	<u>\$ 889,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,739</u>	<u>\$ 4,153,069</u>	<u>\$ 5,659,863</u>	<u>\$ -</u>	<u>\$ 5,659,863</u>	

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Capital Project Funds								
	General Capital Project Fund	Public Shooting Range Fund	New Health Department Fund	LeGrand Center Early College Program	Shelby Middle School Construction Fund	Renovations Central Services Fund	Foothills Commerce Center West Shelby Fund	Washburn Swith Road Industrial Park Fund	Kings Mountain Gateway Trails Capital Project Fund
<b>Revenues:</b>									
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,897
Unrestricted intergovernmental revenues	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-	8,897
<b>Expenditures:</b>									
Current:									
General government	364,608	-	-	-	-	-	-	-	-
Public safety	55,512	-	-	-	-	-	-	-	-
Human services	-	-	2,142,672	-	-	-	-	-	-
Economic and physical development	-	20,558	-	-	-	-	285,004	250,000	11,741
Cultural and recreation	-	-	-	-	-	-	-	-	-
Education	-	-	-	3,490	8,986	127,895	-	-	-
Debt service:									
Principal repayments	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Total expenditures	420,120	20,558	2,142,672	3,490	8,986	127,895	285,004	250,000	11,741
<b>Revenues over (under) expenditures</b>	<b>(420,120)</b>	<b>(20,558)</b>	<b>(2,142,672)</b>	<b>(3,490)</b>	<b>(8,986)</b>	<b>(127,895)</b>	<b>(285,004)</b>	<b>(250,000)</b>	<b>(2,844)</b>
<b>Other Financing Sources (Uses):</b>									
Installment financing issued									
Transfers from:									
General Fund	-	-	-	-	-	-	-	-	-
General Capital Reserve	420,120	34,258	2,142,672	3,490	-	2,011,621	285,004	250,000	11,741
School Capital Reserve	-	-	-	-	8,986	-	-	-	-
Transfers to:									
General Fund (Schools)	-	-	-	-	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-
School Capital Projects Fund	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	420,120	34,258	2,142,672	3,490	8,986	2,011,621	285,004	250,000	11,741
Net change in fund balances	-	13,700	-	-	-	1,883,726	-	-	8,897
<b>Fund Balances:</b>									
Beginning of year - July 1	-	-	-	-	-	(1,883,726)	-	-	-
End of year - June 30	\$ -	\$ 13,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,897



Nonmajor Capital Project Funds

American Legion World Series Project	Cleveland County City and County Airport Renovations Project	Project X-Cel Road Paving Capital Project Fund	Foothills Farmers Market Shade Pavilion Fund	Historic Courthouse Capital Project Fund	General Capital Reserve Fund	School Capital Reserve Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 889,385	\$ -	\$ 528,221	\$ -	\$ 1,462,777	\$ 2,889,280	\$ 1,240,125	\$ 4,129,405
-	-	-	-	-	-	2,780,244	2,780,244	-	2,780,244
-	-	-	-	-	18,118	266	18,384	-	18,384
-	-	-	-	-	116,842	-	116,842	-	116,842
-	-	889,385	-	528,221	134,960	4,243,287	5,804,750	1,240,125	7,044,875
-	-	-	-	-	-	-	364,608	-	364,608
-	-	-	-	-	-	-	55,512	-	55,512
-	-	-	-	-	-	-	2,142,672	-	2,142,672
640,733	78,938	980,643	-	-	-	-	2,267,617	-	2,267,617
-	-	-	50,000	550,000	-	-	600,000	-	600,000
-	-	-	-	-	-	-	140,371	-	140,371
-	-	-	-	-	-	-	-	3,378,832	3,378,832
-	-	-	-	-	-	-	-	1,919,486	1,919,486
640,733	78,938	980,643	50,000	550,000	-	-	5,570,780	5,298,318	10,869,098
(640,733)	(78,938)	(91,258)	(50,000)	(21,779)	134,960	4,243,287	233,970	(4,058,193)	(3,824,223)
150,000	-	-	-	-	1,780,919	-	1,930,919	2,015,258	3,946,177
490,733	78,938	91,258	50,000	21,779	-	-	5,891,614	-	5,891,614
-	-	-	-	-	-	-	8,986	2,042,935	2,051,921
-	-	-	-	-	-	(973,733)	(973,733)	-	(973,733)
-	-	-	-	-	(1,820,544)	-	(1,820,544)	-	(1,820,544)
-	-	-	-	-	-	(2,042,935)	(2,042,935)	-	(2,042,935)
-	-	-	-	-	-	(2,219,226)	(2,219,226)	-	(2,219,226)
640,733	78,938	91,258	50,000	21,779	(39,625)	(5,235,894)	775,081	4,058,193	4,833,274
-	-	-	-	-	95,335	(992,607)	1,009,051	-	1,009,051
-	-	-	-	-	(95,335)	5,145,676	3,166,615	-	3,166,615
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,153,069	\$ 4,175,666	\$ -	\$ 4,175,666

## CLEVELAND COUNTY, NORTH CAROLINA

**CLEVELAND COUNTY GENERAL CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Expenditures:</b>				
Capital outlay:				
General government	\$ 452,721	\$ 364,608	\$ 88,113	\$ 734,376
Public safety	55,512	55,512	-	-
Total expenditures	508,233	420,120	88,113	734,376
Revenues over (under) expenditures	(508,233)	(420,120)	(88,113)	(734,376)
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From Capital Reserve Fund	508,233	420,120	88,113	734,376
Total other financing sources (uses)	508,233	420,120	88,113	734,376
Net change in fund balance	\$ -	-	\$ -	-
<b>Fund Balance:</b>				
Beginning of year - July 1		-		-
End of year - June 30		\$ -		\$ -

## CLEVELAND COUNTY, NORTH CAROLINA

**CLEVELAND COUNTY PUBLIC SHOOTING RANGE CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Project</b>	<b>Actual</b>		
	<b>Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Expenditures:</b>				
Capital outlay:				
Economic development	\$ 742,315	\$ -	\$ 20,558	\$ 20,558
Total expenditures	<u>742,315</u>	<u>-</u>	<u>20,558</u>	<u>20,558</u>
Revenues over (under) expenditures	<u>(742,315)</u>	<u>-</u>	<u>(20,558)</u>	<u>(20,558)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From Capital Reserve Fund	<u>742,315</u>	<u>-</u>	<u>34,258</u>	<u>34,258</u>
Total other financing sources (uses)	<u>742,315</u>	<u>-</u>	<u>34,258</u>	<u>34,258</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>13,700</u>	<u>\$ 13,700</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ 13,700</u>	

## CLEVELAND COUNTY, NORTH CAROLINA

**CLEVELAND COUNTY NEW HEALTH DEPARTMENT CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
<b>Expenditures:</b>				
Capital outlay:				
Human services	\$ 21,650,000	\$ -	\$ 2,142,672	\$ 2,142,672
Total expenditures	<u>21,650,000</u>	<u>-</u>	<u>2,142,672</u>	<u>2,142,672</u>
Revenues over (under) expenditures	<u>(21,650,000)</u>	<u>-</u>	<u>(2,142,672)</u>	<u>(2,142,672)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From General Fund	21,650,000	-	2,142,672	2,142,672
Total other financing sources (uses)	<u>21,650,000</u>	<u>-</u>	<u>2,142,672</u>	<u>2,142,672</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</u>	

## CLEVELAND COUNTY, NORTH CAROLINA

**CLEVELAND COUNTY LeGRAND CENTER EARLY COLLEGE PROGRAM  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
<b>Revenues:</b>				
Unrestricted Intergovernmental	\$ 1,000,000	\$ -	\$ -	\$ -
Total revenues	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Capital outlay:				
Education	22,460,484	20,401,289	3,490	20,404,779
Total expenditures	<u>22,460,484</u>	<u>20,401,289</u>	<u>3,490</u>	<u>20,404,779</u>
Revenues over (under) expenditures	<u>(21,460,484)</u>	<u>(20,401,289)</u>	<u>(3,490)</u>	<u>(20,404,779)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From Capital Reserve Fund	1,078,896	19,701	3,490	23,191
Installment financing issued	20,381,588	20,381,588	-	20,381,588
Total other financing sources (uses)	<u>21,460,484</u>	<u>20,401,289</u>	<u>3,490</u>	<u>20,404,779</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			-	
End of year - June 30			<u>\$ -</u>	

## CLEVELAND COUNTY, NORTH CAROLINA

**SHELBY MIDDLE SCHOOL CONSTRUCTION CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project	Actual		
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Expenditures:</b>				
Capital outlay:				
Education	\$ 25,027,727	\$ 23,923,232	\$ 8,986	\$ 23,932,218
Total expenditures	<u>25,027,727</u>	<u>23,923,232</u>	<u>8,986</u>	<u>23,932,218</u>
Revenues over (under) expenditures	<u>(25,027,727)</u>	<u>(23,923,232)</u>	<u>(8,986)</u>	<u>(23,932,218)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From School Capital Reserve Fund	2,621,280	1,516,785	8,986	1,525,771
Installment financing issued	<u>22,406,447</u>	<u>22,406,447</u>	<u>-</u>	<u>22,406,447</u>
Total other financing sources (uses)	<u>25,027,727</u>	<u>23,923,232</u>	<u>8,986</u>	<u>23,932,218</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</u>	

## CLEVELAND COUNTY, NORTH CAROLINA

CLEVELAND COUNTY RENOVATIONS CENTRAL SERVICES - TURNING POINT ACADEMY  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
<b>Expenditures:</b>				
Capital outlay:				
Education	\$ 10,979,040	\$ 8,643,698	\$ 127,895	\$ 8,771,593
Total expenditures	<u>10,979,040</u>	<u>8,643,698</u>	<u>127,895</u>	<u>8,771,593</u>
Revenues over (under) expenditures	<u>(10,979,040)</u>	<u>(8,643,698)</u>	<u>(127,895)</u>	<u>(8,771,593)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From Capital Reserve Fund	10,979,040	6,759,972	2,011,621	8,771,593
Total other financing sources (uses)	<u>10,979,040</u>	<u>6,759,972</u>	<u>2,011,621</u>	<u>8,771,593</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,883,726)</u>	1,883,726	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>(1,883,726)</u>	
End of year - June 30			<u>\$ -</u>	

## CLEVELAND COUNTY, NORTH CAROLINA

FOOTHILLS COMMERCE CENTER - WEST SHELBY CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
<b>Expenditures:</b>				
Capital outlay:				
Economic development	\$ 3,166,848	\$ 1,583,444	\$ 285,004	\$ 1,868,448
Total expenditures	<u>3,166,848</u>	<u>1,583,444</u>	<u>285,004</u>	<u>1,868,448</u>
Revenues over (under) expenditures	<u>(3,166,848)</u>	<u>(1,583,444)</u>	<u>(285,004)</u>	<u>(1,868,448)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From Capital Reserve Fund	3,166,848	1,583,444	285,004	1,868,448
Total other financing sources (uses)	<u>3,166,848</u>	<u>1,583,444</u>	<u>285,004</u>	<u>1,868,448</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			-	
End of year - June 30			<u>\$ -</u>	



**CLEVELAND COUNTY, NORTH CAROLINA**

**CLEVELAND COUNTY WASHBURN SWITCH ROAD INDUSTRIAL PARK  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project	Actual		
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Expenditures:</b>				
Capital outlay:				
Economic Development	\$ 1,468,863	\$ 1,215,660	\$ 250,000	\$ 1,465,660
Total expenditures	<u>1,468,863</u>	<u>1,215,660</u>	<u>250,000</u>	<u>1,465,660</u>
Revenues over (under) expenditures	<u>1,468,863</u>	<u>(1,215,660)</u>	<u>250,000</u>	<u>(1,465,660)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From Capital Reserve Fund	1,468,863	1,215,660	250,000	1,465,660
Total other financing sources (uses)	<u>1,468,863</u>	<u>1,215,660</u>	<u>250,000</u>	<u>1,465,660</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			-	
End of year - June 30			<u>\$ -</u>	

## CLEVELAND COUNTY, NORTH CAROLINA

**KINGS MOUNTAIN GATEWAY TRAIL CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project	Actual		
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 129,447	\$ 810,000	\$ 8,897	\$ 818,897
Total revenues	<u>129,447</u>	<u>810,000</u>	<u>8,897</u>	<u>818,897</u>
<b>Expenditures:</b>				
Capital outlay:				
Economic development	<u>1,166,550</u>	<u>1,018,318</u>	<u>11,741</u>	<u>1,030,059</u>
Total expenditures	<u>1,166,550</u>	<u>1,018,318</u>	<u>11,741</u>	<u>1,030,059</u>
Revenues over (under) expenditures	<u>(1,037,103)</u>	<u>(208,318)</u>	<u>(2,844)</u>	<u>(211,162)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From Capital Reserve Fund	<u>1,037,103</u>	<u>208,318</u>	<u>11,741</u>	<u>220,059</u>
Total other financing sources (uses)	<u>1,037,103</u>	<u>208,318</u>	<u>11,741</u>	<u>220,059</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>8,897</u>	<u>\$ 8,897</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ 8,897</u>	

## CLEVELAND COUNTY, NORTH CAROLINA

**RENOVATION / GRANT - AMERICAN LEGION WORLD SERIES PROJECT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
<b>Expenditures:</b>				
Capital outlay:				
Economic development	\$ 2,496,377	\$ 1,830,064	\$ 640,733	\$ 2,470,797
Total expenditures	<u>2,496,377</u>	<u>1,830,064</u>	<u>640,733</u>	<u>2,470,797</u>
Revenues over (under) expenditures	<u>2,496,377</u>	<u>(1,830,064)</u>	<u>640,733</u>	<u>(2,470,797)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From General Fund	1,000,000	1,830,064	150,000	1,980,064
From Capital Reserve Fund	<u>1,496,377</u>	<u>-</u>	<u>490,733</u>	<u>490,733</u>
Total other financing sources (uses)	<u>2,496,377</u>	<u>1,830,064</u>	<u>640,733</u>	<u>2,470,797</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</u>	

\* This project is a joint project with the County School Systems and the County will not retain ownership of asset title. Amounts expended by the County for this project are accounted for as operating expenditures and are not capitalized.

## CLEVELAND COUNTY, NORTH CAROLINA

CLEVELAND COUNTY - COUNTY AND CITY AIRPORT RENOVATIONS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project	Actual		
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Expenditures:</b>				
Capital outlay:				
Economic development	\$ 432,647	\$ 348,619	\$ 78,938	\$ 427,557
Total expenditures	<u>432,647</u>	<u>348,619</u>	<u>78,938</u>	<u>427,557</u>
Revenues over (under) expenditures	<u>(432,647)</u>	<u>(348,619)</u>	<u>(78,938)</u>	<u>(427,557)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From Capital Reserve Fund	432,647	348,619	78,938	427,557
Total other financing sources (uses)	<u>432,647</u>	<u>348,619</u>	<u>78,938</u>	<u>427,557</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</u>	

## CLEVELAND COUNTY, NORTH CAROLINA

**PROJECT X-CEL (ROAD PAVING) CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project	Actual		
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 1,078,475	\$ -	\$ 889,385	\$ 889,385
Total revenues	<u>1,078,475</u>	<u>-</u>	<u>889,385</u>	<u>889,385</u>
<b>Expenditures:</b>				
Capital outlay:				
Economic development	<u>1,236,000</u>	<u>78,475</u>	<u>980,643</u>	<u>1,059,118</u>
Total expenditures	<u>1,236,000</u>	<u>78,475</u>	<u>980,643</u>	<u>1,059,118</u>
Revenues over (under) expenditures	<u>(157,525)</u>	<u>(78,475)</u>	<u>(91,258)</u>	<u>(169,733)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Capital Reserve Fund	<u>157,525</u>	<u>78,475</u>	<u>91,258</u>	<u>169,733</u>
Total other financing sources (uses)	<u>157,525</u>	<u>78,475</u>	<u>91,258</u>	<u>169,733</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</u>	

\* This economic development project in which the County assumed all costs associated with road creation and will not retain ownership of asset. Amounts expended by the County for this project are accounted for as operating expenditures and are not capitalized.

## CLEVELAND COUNTY, NORTH CAROLINA

**CLEVELAND COUNTY FOOTHILLS FARMERS MARKET - SHADE PAVILION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Expenditures:</b>				
Capital outlay:				
Cultural and recreation	\$ 140,000	\$ 89,197	\$ 50,000	\$ 139,197
Total expenditures	<u>140,000</u>	<u>89,197</u>	<u>50,000</u>	<u>139,197</u>
Revenues over (under) expenditures	<u>(140,000)</u>	<u>(89,197)</u>	<u>(50,000)</u>	<u>(139,197)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From Capital Reserve Fund	140,000	89,197	50,000	139,197
Total other financing sources (uses)	<u>140,000</u>	<u>89,197</u>	<u>50,000</u>	<u>139,197</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</u>	

\* This project is a joint project with the City of Shelby and the County will not retain ownership of asset title. Amounts expended by the County for this project are accounted for as operating expenditures and are not capitalized.

## CLEVELAND COUNTY, NORTH CAROLINA

**CLEVELAND COUNTY HISTORIC COURTHOUSE CAPTIAL PROJECT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Project Authorization</b>	<b>Actual</b>		
		<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 578,219	\$ 1,214,779	\$ 528,221	\$ 1,743,000
Total revenues	<u>578,219</u>	<u>1,214,779</u>	<u>528,221</u>	<u>1,743,000</u>
<b>Expenditures:</b>				
Capital outlay:				
Cultural and recreation	<u>4,747,526</u>	<u>3,479,918</u>	<u>550,000</u>	<u>4,029,918</u>
Total expenditures	<u>4,747,526</u>	<u>3,479,918</u>	<u>550,000</u>	<u>4,029,918</u>
Revenues over (under) expenditures	<u>(4,169,307)</u>	<u>(2,265,139)</u>	<u>(21,779)</u>	<u>(2,286,918)</u>
<b>Other Financing Sources (Uses):</b>				
From Capital Reserve Fund	<u>4,169,307</u>	<u>2,265,139</u>	<u>21,779</u>	<u>2,286,918</u>
Total other financing sources (uses)	<u>4,169,307</u>	<u>2,265,139</u>	<u>21,779</u>	<u>2,286,918</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</u>	

## CLEVELAND COUNTY, NORTH CAROLINA

**GENERAL CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Local revenues	\$ 100,000	\$ 116,842	\$ 16,842	\$ 175,372
Investment income	-	18,118	18,118	24,349
Total revenues	<u>100,000</u>	<u>134,960</u>	<u>34,960</u>	<u>199,721</u>
Revenues over (under) expenditures	<u>100,000</u>	<u>134,960</u>	<u>34,960</u>	<u>199,721</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from:				
General Fund	8,814,416	1,780,919	(7,033,497)	-
Transfers to:				
Capital projects funds	<u>(8,914,416)</u>	<u>(1,820,544)</u>	<u>7,093,872</u>	<u>(6,114,072)</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(39,625)</u>	<u>60,375</u>	<u>(6,114,072)</u>
Net change in fund balance	<u>\$ -</u>	<u>95,335</u>	<u>\$ 95,335</u>	<u>(5,914,351)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>(95,335)</u>		<u>5,819,016</u>
End of year - June 30		<u>\$ -</u>		<u>\$ (95,335)</u>



## CLEVELAND COUNTY, NORTH CAROLINA

**SCHOOL CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ 1,462,777	\$ 1,462,777	\$ -	\$ 1,361,225
Unrestricted intergovernmental	1,762,821	2,780,244	1,017,423	1,305,328
Investment earnings	-	266	266	18,389
Total revenues	<u>3,225,598</u>	<u>4,243,287</u>	<u>1,017,689</u>	<u>2,684,942</u>
Revenues over (under) expenditures	<u>3,225,598</u>	<u>4,243,287</u>	<u>1,017,688</u>	<u>2,684,942</u>
Transfers to:				
General Fund (Schools)	(1,000,000)	(973,733)	26,267	-
Debt Service Fund	(2,500,000)	(2,042,935)	457,065	-
School capital project funds	(2,959,463)	(2,219,226)	740,237	(2,887,172)
Appropriated fund balance	<u>3,233,865</u>	<u>-</u>	<u>(3,233,865)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,225,598)</u>	<u>(5,235,894)</u>	<u>(2,010,296)</u>	<u>(2,887,172)</u>
Net change in fund balance	<u>\$ -</u>	<u>(992,607)</u>	<u>\$ (992,607)</u>	<u>(202,230)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>5,145,676</u>		<u>5,347,906</u>
End of year - June 30		<u>\$ 4,153,069</u>		<u>\$ 5,145,676</u>

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## **Debt Service Fund**

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

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## CLEVELAND COUNTY, NORTH CAROLINA

## DEBT SERVICE FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2014

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ 1,258,345	\$ 1,240,125	\$ (18,220)	\$ 1,522,162
Total revenues	<u>1,258,345</u>	<u>1,240,125</u>	<u>(18,220)</u>	<u>1,522,162</u>
<b>Expenditures:</b>				
Debt service:				
Principal repayments	3,378,832	3,378,832	-	3,371,169
Interest and fees	<u>1,939,922</u>	<u>1,919,486</u>	<u>20,436</u>	<u>2,155,725</u>
Total expenditures	<u>5,318,754</u>	<u>5,298,318</u>	<u>20,436</u>	<u>5,526,894</u>
Revenues over (under) expenditures	<u>(4,060,409)</u>	<u>(4,058,193)</u>	<u>2,216</u>	<u>(4,004,732)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From General Fund	2,124,811	2,015,258	(109,553)	2,074,310
From School Capital Reserve Fund	<u>1,935,598</u>	<u>2,042,935</u>	<u>107,337</u>	<u>1,930,422</u>
Total other financing sources (uses)	<u>4,060,409</u>	<u>4,058,193</u>	<u>(2,216)</u>	<u>4,004,732</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>-</u>		<u>-</u>
End of year - June 30		<u>\$ -</u>		<u>\$ -</u>

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## Enterprise Funds

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

### *Individual Fund Descriptions:*

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

**Conference Center Fund** - This fund accounts for the operation, maintenance, and continued development of the conference center facilities housed in the LeGrand Center on the campus of Cleveland Community College. This fund closed during the year ended June 30, 2014.

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## CLEVELAND COUNTY, NORTH CAROLINA

## SOLID WASTE FUND

## SCHEDULE OF REVENUES AND EXPENDITURES

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2014

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Fees for service	\$ 5,907,893	\$ 5,998,475	\$ 90,582	\$ 5,049,263
Non-operating revenues:				
Other taxes and fees	147,000	559,346	412,346	695,113
Interest income	-	328	328	1,251
Total revenues	<u>6,054,893</u>	<u>6,558,149</u>	<u>503,256</u>	<u>5,745,627</u>
<b>Expenditures:</b>				
Salaries and employee benefits	1,868,174	1,789,676	78,498	1,834,566
Other operating expenditures	4,082,931	2,528,710	1,554,221	2,524,658
Capital outlay	204,424	101,465	102,959	1,178,740
Total expenditures	<u>6,155,529</u>	<u>4,419,851</u>	<u>1,735,678</u>	<u>5,537,964</u>
Revenue over (under) expenditures	<u>(100,636)</u>	<u>2,138,298</u>	<u>(1,232,422)</u>	<u>207,663</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	250,000	250,000	-	250,000
Transfers (out)	(349,632)	(353,132)	(3,500)	(276,460)
Appropriated retained earnings	200,268	-	(200,268)	-
Total other financing sources (uses)	<u>100,636</u>	<u>(103,132)</u>	<u>(203,768)</u>	<u>(26,460)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>2,035,166</u>	<u>\$ 2,035,166</u>	<u>\$ 181,203</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis:</b>				
Reconciling items:				
Change in other post-employment benefits		(138,568)		
Capital outlay, capitalized		101,465		
Capital contribution		54,445		
Change in accrued vacation		23,056		
Post-closure care costs		(202,051)		
Depreciation		(509,369)		
Total reconciling items		<u>(671,022)</u>		
Change in net position		<u>\$ 1,364,144</u>		

## CLEVELAND COUNTY, NORTH CAROLINA

CONFERENCE CENTER FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2014  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Expenditures:</b>				
Other operating expenditures	\$ -	\$ -	\$ -	\$ 593,350
Total expenditures	-	-	-	593,350
Revenue over (under) expenditures	-	-	-	(593,350)
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,349	-	(1,349)	592,404
Transfers (out)	(1,349)	(1,349)	-	-
Total other financing sources (uses)	-	(1,349)	(1,349)	592,404
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (1,349)	\$ (1,349)	\$ (946)

## Agency Funds

Agency Funds are used to account for position held by the County as an agent for individuals, private organizations, other governments and/or other funds.

### *Individual Fund Descriptions:*

**School Fines and Forfeitures Fund** – accounts for fines and forfeitures collected by the court system and passed directly to the public school system as required by General Statute.

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

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

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

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

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## CLEVELAND COUNTY, NORTH CAROLINA

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN POSITION AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
<b>Fines and Forfeitures Fund</b>				
<b>Assets:</b>				
Intergovernmental receivable	\$ 3,219	\$ -	\$ (3,219)	\$ -
<b>Liabilities:</b>				
Intergovernmental payable	\$ 3,219	\$ -	\$ (3,219)	\$ -
<b>Inmate Fund</b>				
<b>Assets:</b>				
Cash	\$ 11,469	\$ 554,169	\$ (557,165)	\$ 8,473
<b>Liabilities:</b>				
Intergovernmental payable	\$ 11,469	\$ 554,169	\$ (557,165)	\$ 8,473
<b>Property Tax Fund</b>				
<b>Assets:</b>				
Cash	\$ 342,161	\$ 148,253	\$ (270,192)	\$ 220,222
Accounts receivable	597,930	725,441	(582,295)	741,076
Total assets	<u>\$ 940,091</u>	<u>\$ 873,694</u>	<u>\$ (852,487)</u>	<u>\$ 961,298</u>
<b>Liabilities:</b>				
Intergovernmental payable	<u>\$ 940,091</u>	<u>\$ 873,694</u>	<u>\$ (852,487)</u>	<u>\$ 961,298</u>
<b>Rescue Squand Fund</b>				
<b>Assets:</b>				
Cash	\$ 8,037	\$ 4,199	\$ (2,848)	\$ 9,388
<b>Liabilities:</b>				
Intergovernmental payable	\$ 8,037	\$ 4,199	\$ (2,848)	\$ 9,388
<b>Social Services Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 102,502	\$ 325,657	\$ (330,840)	\$ 97,319
<b>Liabilities:</b>				
Intergovernmental payable	\$ 102,502	\$ 325,657	\$ (330,840)	\$ 97,319
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash	\$ 464,169	\$ 1,032,278	\$ (1,161,045)	\$ 335,402
Account recievable	601,149	725,441	(585,514)	741,076
Totals - All Agency Funds:	<u>\$ 1,065,318</u>	<u>\$ 1,757,719</u>	<u>\$ (1,746,559)</u>	<u>\$ 1,076,478</u>
<b>Liabilities:</b>				
Intergovernmental payable	<u>\$ 1,065,318</u>	<u>\$ 1,757,719</u>	<u>\$ (1,746,559)</u>	<u>\$ 1,076,478</u>

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## **Additional Financial Data**

This section contains additional information on taxes receivable, the tax levy, and schedule of revenues and expenditures for Cleveland County as of June 30, 2014.

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## CLEVELAND COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND  
JUNE 30, 2014

Fiscal Year	Uncollected Balance July 1, 2013	Additions	Collections and Credits	Uncollected Balance June 30, 2014
2013-2014	\$ -	\$ 58,029,898	\$ 56,682,804	\$ 1,347,094
2012-2013	1,660,299	-	1,200,328	459,971
2011-2012	386,810	-	161,226	225,584
2010-2011	221,985	-	66,294	155,691
2009-2010	151,296	-	29,729	121,567
2008-2009	118,179	-	13,433	104,746
2007-2008	112,870	-	9,547	103,323
2006-2007	93,008	-	6,444	86,564
2005-2006	86,022	-	5,413	80,609
2004-2005	84,804	-	5,011	79,793
2003-2004	98,886	-	98,886	-
Total	<u>\$ 3,014,159</u>	<u>\$ 58,029,898</u>	<u>\$ 58,279,115</u>	2,764,942
Less: allowance for uncollectible accounts: General Fund				<u>(691,635)</u>
Ad valorem taxes receivable net: General Fund				<u>\$ 2,073,307</u>
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes - General Fund				\$ 58,528,986
Reconciling items:				
Interest				(736,774)
Adjustments and abatements				392,434
Other miscellaneous adjustments				(4,417)
Amounts written off per Statute of Limitations				<u>98,886</u>
Total collections and credits				<u>\$ 58,279,115</u>

## CLEVELAND COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
FOR THE YEAR ENDED JUNE 30, 2014

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 10,389,842,679	\$ 0.72	\$ 53,362,232	\$ 47,238,311	\$ 6,123,921
Total	<u>10,389,842,679</u>		<u>53,362,232</u>	<u>47,238,311</u>	<u>6,123,921</u>
<b>Discoveries:</b>					
Current year taxes	<u>985,221,963</u>	0.72	<u>5,060,100</u>	<u>5,041,924</u>	<u>18,176</u>
Total	<u>985,221,963</u>		<u>5,060,100</u>	<u>5,041,924</u>	<u>18,176</u>
<b>Abatements</b>					
	<u>(76,408,489)</u>	0.72	<u>(392,434)</u>	<u>(350,567)</u>	<u>(41,867)</u>
Total property valuation	<u>\$ 11,298,656,153</u>				
<b>Net Levy</b>			58,029,898	51,929,668	6,100,230
Uncollected taxes at June 30, 2014			<u>(1,347,094)</u>	<u>(1,115,330)</u>	<u>(231,764)</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 56,682,804</u>	<u>\$ 50,814,338</u>	<u>\$ 5,868,466</u>
<b>Current Levy Collection Percentage</b>			<u>97.68%</u>	<u>97.85%</u>	<u>96.20%</u>

## **Statistical Section**

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

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets	\$ 73,352,330	\$ 73,352,330	\$ 112,383,657	\$ 53,300,808	\$ 85,821,431
Restricted	13,033,908	13,033,908	20,948,015	23,947,192	14,779,333
Unrestricted	40,521,330	40,521,330	232,842	18,042,969	6,497
Total governmental activities	<u>\$ 126,907,568</u>	<u>\$ 126,907,568</u>	<u>\$ 133,564,514</u>	<u>\$ 95,290,969</u>	<u>\$ 100,607,261</u>
Business-type activities					
Net investment in capital assets	\$ 13,200,191	\$ 13,200,191	\$ 16,169,340	\$ 16,390,005	\$ 16,036,546
Unrestricted	1,130,529	1,130,529	(4,302,149)	(9,340,887)	(7,624,633)
Total business-type activities	<u>\$ 14,330,720</u>	<u>\$ 14,330,720</u>	<u>\$ 11,867,191</u>	<u>\$ 7,049,118</u>	<u>\$ 8,411,913</u>
Primary government					
Net investment in capital assets	\$ 86,552,521	\$ 86,552,521	\$ 128,552,997	\$ 69,690,813	\$ 101,857,977
Restricted	13,033,908	13,033,908	20,948,015	23,947,192	14,779,333
Unrestricted	41,651,859	41,651,859	(4,069,307)	8,702,082	(7,618,136)
Total primary government net position	<u>\$ 141,238,288</u>	<u>\$ 141,238,288</u>	<u>\$ 145,431,705</u>	<u>\$ 102,340,087</u>	<u>\$ 109,019,174</u>

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

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Expenses</b>					
Governmental activities:					
General government	\$ 9,027,646	\$ 6,758,722	\$ 8,691,798	\$ 9,360,189	\$ 10,940,284
Public safety	21,737,623	23,237,692	24,789,003	23,647,499	22,277,558
Human services	33,914,103	36,593,375	35,480,842	36,533,683	39,910,173
Education	25,446,822	26,348,019	26,031,948	26,506,854	26,785,459
Economic and physical development	2,348,461	3,882,363	2,780,339	6,394,017	3,825,642
Cultural and recreation	1,103,213	1,016,592	1,212,620	1,474,692	2,015,097
Interest on long term debt	643,989	2,283,810	2,209,258	2,110,131	1,494,721
Total governmental activities	<u>94,221,857</u>	<u>100,120,573</u>	<u>101,195,808</u>	<u>106,027,065</u>	<u>107,248,934</u>
Business-type activities:					
Landfill	3,613,920	8,640,661	5,789,166	10,243,838	5,145,318
Conference center	-	-	216,822	593,350	-
Total business-type activities	<u>3,613,920</u>	<u>8,640,661</u>	<u>6,005,988</u>	<u>10,837,188</u>	<u>5,145,318</u>
Total primary government expenses	<u>\$ 97,835,777</u>	<u>\$ 108,761,234</u>	<u>\$ 106,984,974</u>	<u>\$ 116,270,903</u>	<u>\$ 112,394,252</u>
<b>Program Revenues</b>					
Governmental activities					
Charges for services:					
General government	\$ 2,415,181	\$ 2,283,008	\$ 2,395,705	\$ 2,303,786	\$ 2,634,580
Public safety	5,134,699	5,486,734	5,899,901	5,355,364	2,625,778
Human services	5,175,178	5,470,082	7,050,168	6,441,109	11,883
Education	10,170,228	10,150,261	10,608,208	11,226,358	-
Economic and physical development	65,717	48,357	38,150	28,732	4,000,223
Cultural and recreation	43,813	57,589	98,075	79,739	-
Operating grants and contributions:					
General government	1,272,324	1,084,642	1,000,766	1,728,852	3,889,131
Public safety	1,076,840	682,837	2,216,861	1,484,910	305,039
Human services	18,147,393	18,590,542	18,363,979	16,980,332	17,987,419
Education	-	3,214,965	-	363,456	-
Economic and physical development	81,802	559,339	1,840,163	1,850,639	739,658
Cultural and recreation	263,787	799,086	1,120,349	1,313,303	-
Capital grants and contributions:					
General government	73,898	33,680	14,141	47,223	1,044,258
Public safety	601,747	26,271	67,461	252,730	59,411
Human services	15,191	5,020	-	3,492	3,663,827
Education	2,791,265	2,907,522	3,947,837	8,269,925	1,462,777
Economic and physical development	-	404,846	1,268,978	76,272	1,008,897
Cultural and recreation	450,000	-	1,146,979	29,518	-
Total governmental activities program revenues	<u>47,779,063</u>	<u>51,804,781</u>	<u>57,077,721</u>	<u>57,835,740</u>	<u>39,432,881</u>

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

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Business-type activities:</b>					
Charges for services	4,392,221	4,990,003	5,545,109	5,058,476	5,998,475
Operating grants and contributions	288,119	2,261,812	2,239,632	393,444	54,445
Capital grants and contributions	8,500	-	-	-	-
Total business-type activities program revenues	<u>4,688,840</u>	<u>7,251,815</u>	<u>7,784,741</u>	<u>5,451,920</u>	<u>6,052,920</u>
Total primary government program revenues	<u>\$ 52,467,903</u>	<u>\$ 59,056,596</u>	<u>\$ 64,862,462</u>	<u>\$ 63,287,660</u>	<u>\$ 45,485,801</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (46,442,794)	\$ (48,315,792)	\$ (44,118,087)	\$ (48,191,325)	\$ (67,816,053)
Business-type activities	<u>1,074,920</u>	<u>(1,388,846)</u>	<u>1,778,753</u>	<u>(5,385,268)</u>	<u>907,602</u>
Total primary government net (expense)/revenue	<u>\$ (45,367,874)</u>	<u>(49,704,638)</u>	<u>(42,339,334)</u>	<u>(53,576,593)</u>	<u>(66,908,451)</u>
<b>General Revenues and Other Changes in Net Position</b>					
<b>Governmental activities:</b>					
Property taxes	\$ 38,289,687	38,645,416	40,301,804	42,960,964	60,502,800
Local option sales tax	7,429,274	7,405,889	8,077,072	8,211,061	12,625,637
Other taxes and licenses	378,380	426,626	461,395	455,306	-
Grants and contributions not restricted	-	190,000	380,000	38,000	-
Investment earnings	546,517	202,215	100,740	89,033	110,873
Miscellaneous	-	-	-	-	-
<b>Special Item:</b>					
Gain/(Loss) on sale of capital asset				(41,270,640)	
Transfers	335,059	335,925	2,563,743	(565,944)	104,481
Total governmental activities:	<u>46,978,917</u>	<u>47,206,071</u>	<u>51,884,754</u>	<u>9,917,780</u>	<u>73,343,791</u>
<b>Business-type activities:</b>					
Investment earnings	14,553	44,053	2,179	1,251	328
Miscellaneous	-	-	-	-	-
Transfers	(335,059)	(335,925)	(2,563,743)	565,944	(104,481)
Total business-type activities	<u>(320,506)</u>	<u>(291,872)</u>	<u>(2,561,564)</u>	<u>567,195</u>	<u>(104,153)</u>
Total primary government	<u>\$ 46,658,411</u>	<u>\$ 46,914,199</u>	<u>\$ 49,323,190</u>	<u>\$ 10,484,975</u>	<u>\$ 73,239,638</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 536,123	\$ (1,109,721)	\$ 7,766,667	\$ (38,273,545)	\$ 5,527,738
Business-type activities	<u>754,414</u>	<u>(1,680,718)</u>	<u>(782,811)</u>	<u>(4,818,073)</u>	<u>803,449</u>
Total change in net position	<u>\$ 1,290,537</u>	<u>\$ (2,790,439)</u>	<u>\$ 6,983,856</u>	<u>\$ (43,091,618)</u>	<u>\$ 6,331,187</u>

**Note:** Only five fiscal years are being presented for this schedule.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund				
Non-spendable:				
Inventories	\$ 106,983	\$ 139,599	\$ 168,177	\$ 114,832
Prepaid items	109,436	70,023	196,714	98,152
Restricted:				
Stabilization for State statute	8,491,217	6,398,159	7,200,865	7,188,834
Restricted, all other	165,410	214,998	618,970	184,855
Committed:				
Construction	-	-	-	-
Assigned for subsequent year's expenditures	2,541,219	2,668,133	2,729,017	4,904,485
Assigned all other	2,293,808	1,711,492	1,244,589	1,591,412
Unassigned:	16,130,649	18,317,161	16,862,079	14,456,095
<b>Total General Fund</b>	<u>\$ 29,838,722</u>	<u>\$ 29,519,565</u>	<u>\$ 29,020,411</u>	<u>\$ 28,538,665</u>
All Other Governmental Funds				
Non-spendable:				
Prepaid items	\$ 843	\$ -	\$ 150	\$ -
Restricted:				
Stabilization for State statute	1,396,863	1,138,877	1,131,745	1,211,037
Restricted, all other	49	-	62,034	-
Committed:				
Special revenue and debt service funds	-	1,897,086	1,189,800	568,852
Capital project funds	-	-	-	-
Assigned all other:	1,375,583	-	-	-
Unassigned:	4,607,775	4,582,093	7,135,502	14,542,781
<b>Total all other governmental funds</b>	<u>7,381,113</u>	<u>7,618,056</u>	<u>9,519,231</u>	<u>16,322,670</u>
<b>Total Fund balances</b>	<u>\$ 37,219,835</u>	<u>\$ 37,137,621</u>	<u>\$ 38,539,642</u>	<u>\$ 44,861,335</u>

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



Fiscal Year		2009	2010	2011	2012	2013	2014				
\$	100,954	\$	86,552	\$	133,331	\$	91,497	\$	111,774	\$	104,177
	196,854		143,292		152,370		173,487		272,721		221,001
	7,439,069		7,527,242		8,412,576		11,388,787		10,491,699		7,531,900
	-		-		171,642		257,522		1,046,254		705,424
	-		-		-		-		22,000,000		19,015,426
	4,583,510		4,740,153		4,437,361		5,596,601		5,869,570		5,633,347
	1,150,866		807,155		2,650,117		2,270,530		1,533,164		1,500,000
	11,250,395		10,291,084		6,324,242		5,285,290		5,941,744		14,345,778
	<u>\$ 24,721,648</u>		<u>\$ 23,595,478</u>		<u>\$ 22,281,639</u>		<u>\$ 25,063,714</u>		<u>\$ 47,266,926</u>		<u>\$ 49,057,053</u>
\$	-	\$	4,016	\$	1,080	\$	1,207	\$	5,386	\$	-
	1,238,853		22,964,923		22,674,006		1,586,536		1,422,178		1,799,526
	-		-		2,327,415		5,077,319		5,088,843		4,763,417
	641,730		465,966		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	18,258,898		12,069,530		(643,370)		(66,517)		(1,979,061)		(910,507)
	<u>20,139,481</u>		<u>35,504,435</u>		<u>24,359,131</u>		<u>6,598,545</u>		<u>4,537,346</u>		<u>5,652,436</u>
	<u>\$ 44,861,129</u>		<u>\$ 59,099,913</u>		<u>\$ 46,640,770</u>		<u>\$ 31,662,259</u>		<u>\$ 51,804,272</u>		<u>\$ 54,709,489</u>

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

	2005	2006	2007	2008	2009
<b>Revenues</b>					
Taxes:					
Property	\$ 43,355,393	\$ 44,483,730	\$ 45,093,388	\$ 45,717,409	\$ 49,505,781
Sales	14,345,733	14,895,552	15,845,539	15,837,377	13,124,777
Other	1,063,837	1,227,608	1,250,797	917,099	970,576
Total taxes	<u>58,764,963</u>	<u>60,606,890</u>	<u>62,189,724</u>	<u>62,471,885</u>	<u>63,601,134</u>
Intergovernmental	16,770,486	20,712,669	22,815,367	23,281,317	22,867,190
Permits and Fees	1,154,658	1,174,717	1,139,917	1,086,477	906,097
Sales and Services	10,653,350	8,351,003	8,351,036	9,497,364	9,529,871
Investment Earnings	894,590	1,366,276	2,000,774	2,265,167	1,595,774
Miscellaneous	500,510	1,021,584	642,769	1,024,394	1,898,522
Total Revenues	<u>\$ 88,738,557</u>	<u>\$ 93,233,139</u>	<u>\$ 97,139,587</u>	<u>\$ 99,626,604</u>	<u>\$ 100,398,588</u>
<b>Expenditures</b>					
General Government	\$ 6,988,232	\$ 7,277,083	\$ 7,814,607	\$ 7,730,600	\$ 8,505,191
Public Safety	14,562,315	15,379,062	16,419,086	16,690,549	17,962,171
Human Services	32,565,757	34,866,255	36,472,481	37,307,822	36,165,026
Education	19,580,241	19,841,118	19,959,846	20,264,032	21,849,965
Economic and physical development	1,787,955	1,235,881	3,389,623	1,733,675	2,464,437
Culture and Recreation	577,489	1,051,486	968,115	1,085,151	1,097,770
Capital Outlay	6,138,468	8,171,166	5,383,723	9,773,640	15,914,825
Debt Service:					
Principal	4,923,684	4,945,263	4,954,194	4,876,307	2,888,981
Interest	819,310	690,823	551,238	409,221	499,364
Advanced payment to escrow agent	-	-	-	-	-
Total Expenditures	<u>\$ 87,943,451</u>	<u>\$ 93,458,137</u>	<u>\$ 95,912,913</u>	<u>\$ 99,870,997</u>	<u>\$ 107,347,730</u>
Excess of revenues over (under) expenditures	<u>\$ 795,106</u>	<u>\$ (224,998)</u>	<u>\$ 1,226,674</u>	<u>\$ (244,393)</u>	<u>\$ (6,949,142)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	\$ 148,660	\$ 142,784	\$ 175,347	\$ 241,245	\$ 228,936
Transfers out	-	-	-	-	-
Installment financing proceeds	797,368	-	-	6,324,841	6,720,000
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>946,028</u>	<u>142,784</u>	<u>175,347</u>	<u>6,566,086</u>	<u>6,948,936</u>
Net change in fund balances	<u>\$ 1,741,134</u>	<u>\$ (82,214)</u>	<u>\$ 1,402,021</u>	<u>\$ 6,321,693</u>	<u>\$ (206)</u>
Beginning fund balances	35,478,701	37,219,835	37,137,621	38,539,642	44,861,335
Ending fund balances	<u>\$ 37,219,835</u>	<u>\$ 37,137,621</u>	<u>\$ 38,539,642</u>	<u>\$ 44,861,335</u>	<u>\$ 44,861,129</u>

Fiscal Year				
2010	2011	2012	2013	2014
\$ 49,833,593	\$ 49,785,232	\$ 52,089,876	\$ 55,178,746	\$ 60,197,991
10,111,795	10,067,729	10,918,854	11,099,827	11,927,085
1,016,187	1,071,366	846,979	756,030	698,552
<u>60,961,575</u>	<u>60,924,327</u>	<u>63,855,709</u>	<u>67,034,603</u>	<u>72,823,628</u>
21,352,565	24,260,241	27,487,280	28,047,476	28,254,914
883,785	865,693	943,235	968,754	4,662,137
9,709,237	10,479,805	11,919,725	10,996,680	5,450,492
875,926	266,555	167,909	172,905	110,873
750,285	551,634	1,878,708	1,325,632	812,707
<u>\$ 94,533,373</u>	<u>\$ 97,348,255</u>	<u>\$ 106,252,566</u>	<u>\$ 108,546,050</u>	<u>\$ 112,114,751</u>
\$ 8,325,455	\$ 8,297,537	\$ 8,859,733	\$ 9,501,136	\$ 8,786,762
18,025,869	19,404,100	20,357,264	20,234,641	20,626,911
33,192,709	33,774,319	33,936,655	34,174,002	33,749,480
21,918,571	21,973,653	22,431,550	23,197,513	26,785,458
1,454,212	3,286,202	3,408,258	3,470,060	7,704,794
1,121,982	1,164,592	1,128,074	1,178,071	1,721,106
14,777,085	35,247,572	27,981,472	13,914,677	4,545,366
3,250,871	2,847,048	3,435,998	3,412,140	3,473,237
643,989	1,711,550	2,255,816	2,158,224	1,920,901
-	-	-	-	-
<u>\$ 102,710,743</u>	<u>\$ 127,706,573</u>	<u>\$ 123,794,820</u>	<u>\$ 111,240,464</u>	<u>\$ 109,314,015</u>
\$ (8,177,370)	\$ (30,358,318)	\$ (17,542,254)	\$ (2,694,414)	\$ 2,800,736
\$ 335,059	\$ 335,925	\$ 2,563,743	\$ -	\$ 24,865,333
-	-	-	(565,944)	(24,760,852)
22,081,095	17,563,250	-	52,633	-
-	-	-	23,349,738.00	-
<u>22,416,154</u>	<u>17,899,175</u>	<u>2,563,743</u>	<u>22,836,427</u>	<u>104,481</u>
<u>\$ 14,238,784</u>	<u>\$ (12,459,143)</u>	<u>\$ (14,978,511)</u>	<u>\$ 20,142,013</u>	<u>\$ 2,905,217</u>
44,861,129	59,099,913	46,640,770	31,662,259	51,804,272
<u>\$ 59,099,913</u>	<u>\$ 46,640,770</u>	<u>\$ 31,662,259</u>	<u>\$ 51,804,272</u>	<u>\$ 54,709,489</u>

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**Schedule 5  
Cleveland County  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Commercial Real Property</b>	<b>Real Personal Property</b>	<b>Industrial Property</b>	<b>Total Taxable Assessed Value</b>	<b>Estimated Actual Taxable Value (1)</b>	<b>Total Direct Tax Rate (2)</b>	<b>Taxable Assessed Value as a % of Estimated Actual</b>
2005	\$ 4,159,817,633	\$ 1,423,203,225	\$ 202,217,191	\$ 5,785,238,049	\$3,262,940,658	\$ 0.7800	56.40%
2006	4,235,213,856	1,442,246,979	229,147,077	5,906,607,912	3,194,325,798	0.7300	54.08%
2007	4,360,134,267	1,423,645,599	236,954,915	6,020,734,781	3,693,659,587	0.7300	61.35%
2008 (3)	4,439,802,142	1,435,203,908	236,754,791	6,111,760,841	2,706,261,750	0.7300	44.28%
2009	4,913,217,141	1,451,890,284	292,601,507	6,657,708,932	2,981,810,069	0.7300	44.79%
2010	4,983,714,807	1,334,442,491	326,924,856	6,645,082,154	2,940,662,629	0.7200	44.25%
2011	5,008,320,561	1,293,716,402	374,726,300	6,676,763,263	3,230,027,558	0.7200	48.38%
2012	5,035,338,075	1,348,627,630	604,756,377	6,988,722,082	3,876,548,797	0.7200	55.47%
2013	5,100,510,697	1,686,009,784	650,972,983	7,437,493,464	4,397,768,311	0.7200	59.13%
2014	8,868,357,058	1,725,042,756	705,256,339	11,298,656,153	7,352,908,648	0.7200	65.08%

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

Notes:

- (1) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the N.C. Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The ratio for the most recent year is not yet available.
- (2) Per \$100 of value.
- (3) Property in Cleveland County is typically reassessed every four years and never to exceed 8 years. The last reassessment was on January 1, 2008 and was the basis for FY2009 taxes.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Cleveland County	\$ 0.0078	\$ 0.0073	\$ 0.0073	\$ 0.0073	\$ 0.0073
<b>Municipality Rates:</b>					
Town of Grover	0.0029	0.0036	0.0036	0.0038	0.0038
City of Kings Mountain	0.0036	0.0036	0.0036	0.0040	0.0040
Town of Lattimore	0.0020	0.0018	0.0018	0.0018	0.0018
Town of Kingstown	0.0035	0.0035	0.0035	0.0035	0.0035
Town of Fallston	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Earl	0.0018	0.0018	0.0017	0.0017	0.0017
Town of Polkville	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Lawndale	0.0023	0.0023	0.0023	0.0023	0.0023
Town of Casar	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Waco	0.0010	0.0010	0.0012	0.0012	0.0012
<b>Fire Districts:</b>					
County Fire	0.0003	0.0003	0.0003	0.0003	0.0003
Fallston Fire	0.0007	0.0006	0.0005	0.0005	0.0005
Lattimore Fire	0.0002	0.0002	0.0002	0.0002	0.0002
Rippy Fire	0.0003	0.0003	0.0003	0.0003	0.0003

Source: Cleveland County Tax Collector

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$	0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	0.0072
	0.0038	0.0038	0.0038	0.0038	0.0038
	0.0040	0.0040	0.0040	0.0040	0.0040
	0.0018	0.0018	0.0018	0.0018	0.0018
	0.0035	0.0035	0.0035	0.0035	0.0035
	0.0005	0.0005	0.0005	0.0005	0.0005
	0.0017	0.0017	0.0017	0.0017	0.0017
	0.0005	0.0005	0.0005	0.0005	0.0005
	0.0023	0.0023	0.0023	0.0023	0.0023
	0.0005	0.0005	0.0005	0.0005	0.0005
	0.0012	0.0015	0.0017	0.0017	0.0017
	0.0003	0.0003	0.0003	0.0003	0.0003
	0.0005	0.0005	0.0005	0.0005	0.0005
	0.0003	0.0003	0.0003	0.0003	0.0003
	0.0005	0.0005	0.0005	0.0005	0.0005

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Fiscal Year 2014</u>		
		<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Duke Energy Corporation	Electric Utility	\$ 532,280,811	1	4.71%
Southern Power Company	Electric Utility	306,869,983	2	2.72%
Clearwater Paper Corporation	Paper products	236,685,598	3	2.09%
Disney WorldWide Services Inc.	Entertainment	31,132,901	4	0.28%
PPG FiberGlass Products Inc	Fiberglass Manufacturing	84,628,215	5	0.75%
Bell South Telephone Company	Telecommunication	73,175,368	6	0.65%
Ticona Polymers Inc	Polymers	46,874,878	7	0.41%
Info Crossing Inc	Information Data Center	45,414,865	8	0.40%
Wal-Mart Stores East LP	Warehouse/Retail Store	41,107,510	9	0.36%
Eaton Corporation	Truck Transmission	<u>39,738,184</u>	10	0.35%
Totals		<u>\$ 1,437,908,313</u>		12.73%

**Source: Cleveland County Assessor**

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



**Fiscal Year 2004**

<b>Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
122,482,612	2	2.39%
N/A	N/A	0.00%
N/A	N/A	0.00%
N/A	N/A	0.00%
127,216,567	1	2.48%
41,686,637	5	0.81%
61,721,304	4	1.21%
N/A	N/A	0.00%
86,693,693	12	1.69%
<u>48,829,661</u>	6	<u>0.95%</u>
<u>488,630,474</u>		9.54%

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

<b>Fiscal Year</b>	<b>Taxes Levied for the Fiscal Year (Original Levy)</b>			<b>Total Adjusted Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>	
	<b>Amount</b>	<b>Adjustments</b>	<b>Amount</b>		<b>Percentage of Original Levy</b>	
2005	\$ 43,419,903	\$ (7,241)	\$ 43,412,662	\$ 41,221,362	94.95%	
2006	44,236,504	(7,516)	44,228,988	42,170,493	95.35%	
2007	45,118,371	(8,652)	45,109,719	43,026,504	95.38%	
2008	45,765,637	(12,503)	45,753,134	43,518,113	95.12%	
2009	49,317,117	(16,731)	49,300,386	46,878,947	95.09%	
2010	49,202,687	(34,242)	49,168,445	47,199,319	96.00%	
2011	49,471,422	(72,829)	49,398,593	47,595,790	96.35%	
2012	51,681,105	(1,463,467)	50,217,638	49,992,054	99.55%	
2013	55,072,700	(1,247,947)	53,824,753	53,364,782	99.15%	
2014	58,422,332	(392,434)	58,029,898	56,686,171	97.68%	

**Source: Cleveland County Tax Collector**

Collections in Subsequent Years	Total Collections to Date		Uncollected
	Amount	Percentage of Adjusted Levy	
\$ 2,111,507	\$ 43,332,869	99.82%	\$ 79,793
1,977,886	44,148,379	99.82%	80,609
1,996,651	45,023,155	99.81%	86,564
2,131,698	45,649,811	99.77%	103,323
2,316,693	49,195,640	99.79%	104,746
1,847,559	49,046,878	99.75%	121,567
1,647,112	49,242,902	99.68%	155,691
-	49,992,054	99.55%	225,584
-	53,364,782	99.15%	459,971
-	56,686,171	97.68%	1,343,727
			<u>\$ 2,761,575</u>

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

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Limited Obligation Bonds	Installment Contracts	Installment Purchases	Other
2005	\$ 20,810,000	\$ -	\$ -	\$ -	\$ 97,010
2006	16,574,599	-	618,287	-	178,826
2007	11,065,000	-	601,458	-	116,353
2008	6,350,000	-	6,584,111	-	203,079
2009	3,925,000	-	12,886,245	-	156,964
2010	1,600,000	22,000,000	12,019,603	-	178,830
2011	1,350,000	20,920,000.00	28,148,778.00	-	115,556.00
2012	1,100,000	19,840,000.00	26,108,385.00	-	49,950.00
2013	850,000	18,760,000.00	24,067,216.00	-	61,613.00
2014	600,000	17,675,000.00	22,090,050.00	-	33,873.00

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

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Personal income data is not yet available for FY2014.

**Business - Type Activities**

<b>General Obligation Bonds</b>	<b>Limited Obligation Bonds</b>	<b>Installment Purchases</b>	<b>Total Primary Government</b>	<b>Debt Per Capita (1)</b>	<b>Percentage of Personal Income (1)</b>
\$ -	\$ -	\$ -	\$ 20,907,010	\$ 217	0.80%
-	-	-	17,371,712	182	0.64%
-	-	-	11,782,811	123	0.41%
-	-	-	13,137,190	135	0.44%
-	-	-	16,968,209	174	0.59%
-	-	-	35,798,433	365	1.22%
-	-	-	50,534,334	512	1.67%
-	-	-	47,098,335	475	1.47%
-	-	-	43,738,829	439	NA
-	-	-	40,398,923	408	NA

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Limited Obligation Bonds</b>	<b>Total</b>	<b>Percentage of Personal Income(1)</b>	<b>Percentage of Actual Taxable Value of Property(2)</b>	<b>Per Capita(1)</b>
2005	\$ 20,810,000	\$ -	\$ 20,810,000	0.80%	0.36%	\$ 216
2006	16,574,599	-	16,574,599	0.61%	0.28%	173
2007	11,065,000	-	11,065,000	0.39%	0.18%	115
2008	6,350,000	-	6,350,000	0.21%	0.10%	65
2009	3,925,000	-	3,925,000	0.14%	0.06%	40
2010	1,600,000	22,000,000	23,600,000	0.80%	0.36%	241
2011	1,350,000	20,920,000	22,270,000	0.74%	0.33%	225
2012	1,100,000	19,840,000	20,940,000	0.65%	0.30%	211
2013	850,000	18,760,000	19,610,000	NA	0.26%	197
2014	600,000	17,675,000	18,275,000	NA	0.16%	185

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

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Personal income data is not yet available for 2013.

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Assessed Value of Property	\$ 5,906,607,912	\$ 5,785,238,049	\$ 6,020,734,781	\$ 6,111,760,841
Debt Limit, 8% of Assessed Value (Statutory Limitation)	472,528,633	462,819,044	481,658,782	488,940,867
Amount of Debt Applicable to Limit:				
Less: Gross debt	<u>20,907,010</u>	<u>17,371,712</u>	<u>11,782,811</u>	<u>13,137,190</u>
Total net debt applicable to limit	<u>20,907,010</u>	<u>17,371,712</u>	<u>11,782,811</u>	<u>13,137,190</u>
Legal Debt Margin	<u>\$ 451,621,623</u>	<u>\$ 445,447,332</u>	<u>\$ 469,875,971</u>	<u>\$ 475,803,677</u>
 Total debt applicable to the limit as a percentage of debt limit	 4.42%	 3.75%	 2.45%	 2.69%

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



<b>Fiscal Year</b>					
<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 6,657,708,932	\$ 6,645,082,154	\$ 6,676,763,263	\$ 6,988,722,082	\$ 7,437,493,464	\$ 11,298,656,153
532,616,715	531,606,572	534,141,061	559,097,767	594,999,477	903,892,492
<u>16,968,209</u>	<u>35,798,433</u>	<u>50,534,334</u>	<u>47,098,335</u>	<u>43,738,829</u>	<u>40,398,923</u>
16,968,209	35,798,433	50,534,334	47,098,335	43,738,829	40,398,923
<u>\$ 515,648,506</u>	<u>\$ 495,808,139</u>	<u>\$ 483,606,727</u>	<u>\$ 511,999,432</u>	<u>\$ 551,260,648</u>	<u>\$ 863,493,569</u>
3.19%	6.73%	9.46%	8.42%	7.35%	4.47%

Schedule 12  
 Cleveland County  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2014

<u>Governmental Unit</u>	<u>Gross Non-Revenue Bonded Debt</u>	<u>Less Debt Payable from Other entity</u>	<u>Total Non-Revenue Bonded Debt</u>	<u>Percent Applicable to County</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Total County direct debt	\$ -	\$ -	\$ -	100%	\$ -
Overlapping:					
Public Schools	17,675,000	17,675,000	-	0%	-
Community College	600,000	-	600,000	100%	600,000
Total overlapping debt	<u>\$ 18,275,000</u>	<u>\$ 17,675,000</u>	<u>\$ 600,000</u>		<u>\$ 600,000</u>
Total direct and overlapping debt					<u><u>\$ 600,000</u></u>

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

**Schedule 13  
Cleveland County  
Demographic and Economic Statistics  
Last Ten Calendar Years**

<b>Year</b>	<b>Population(1)</b>	<b>Personal Income (2) (thousands of dollars)</b>	<b>Per Capita Personal Income (2)</b>	<b>Public School Enrollment(3)</b>	<b>Unemployment Rate(4)</b>	<b>Number of Building Inspections Performed(5)</b>
2005	96,129	\$ 2,599,907	\$ 27,046	18,195	7.35%	1,553
2006	95,607	2,696,570	28,205	17,971	6.59%	1,517
2007	96,077	2,860,669	29,775	17,873	7.06%	1,457
2008	96,968	2,980,088	30,733	17,672	7.92%	1,455
2009	97,588	2,873,475	29,445	17,497	15.38%	1,428
2010	98,078	2,939,629	29,972	17,325	13.19%	1,381
2011	98,760	3,026,601	30,646	16,762	12.07%	1,360
2012	99,230	3,202,220	32,852	16,557	10.94%	1,321
2013	99,660	no data	no data	16,492	10.49%	1,270
2014	98,953	no data	no data	16,374	6.80%	1038

**Notes:**

- (1) N.C. State Data Center. Estimates are as of the beginning of the fiscal year
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year
- (3) N.C. Department of Public Instruction, Final Average Daily Membership for fiscal year
- (4) N.C. Employment Security Commission, Unemployment Rate at end of fiscal year
- (5) Total number of inspections performed by Cleveland County Inspections Department. Does not include inspections by municipalities

\* Information not yet available.

**Schedule 14  
Cleveland County  
Principal Employers  
Current Year**

<b>2014</b>			
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Cleveland County Board of Education	2354	1	4.57%
Cleveland Regional Medical Center	1500	2	2.91%
Wal-Mart Associates Inc.	1280	3	2.49%
Gardner-Webb University	1000	4	1.94%
County of Cleveland	828	5	1.61%
Baldor Electric Company	600	6	1.17%
PPG Industries Inc	580	7	1.13%
Cleveland Community College	500	8	0.97%
Ingles Markets Inc	250	9	0.49%
Hanesbrands, Inc	250	10	0.49%

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

<u>Function/Program</u>	<u>Full-Time Equivalent</u>				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government	82	82	82	82	84
Public safety	236	236	236	236	235
Environmental protection	30	31	32	32	36
Economic and physical development	13	14	14	14	16
Human Services	348	352	361	367	380
Cultural and recreation	n/a	16	16	16	16
Total	<u>709</u>	<u>731</u>	<u>741</u>	<u>747</u>	<u>767</u>

**Source:** Human Resources Department

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

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

**Employees As of June 30**

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
84	84	85	85	85
238	254	271	272	266
36	36	36	36	36
16	16	17	17	17
373	379	385	386	403
<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>21</u>
<u><u>763</u></u>	<u><u>785</u></u>	<u><u>810</u></u>	<u><u>812</u></u>	<u><u>828</u></u>

eland County Memorial Library and Spangler Library began operating

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

<b>Function</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b><u>General Government</u></b>					
# of Registered Voters	57,263	57,204	55,330	61,776	61,239
<b><u>Public Safety</u></b>					
# of building permits issued	543	478	437	409	262
# of calls dispatched	73,173	73,956	72,390	68,391	67,544
<b><u>Human Services</u></b>					
# of food & lodging sites inspected	1,553	1,517	1,457	1,455	1,428
# of Health clients served (clinical)	32,063	26,980	26,603	24,582	26,228
<b><u>Economic and Physical Development</u></b>					
Number of major subdivision plan reviews	9	8	10	5	2
<b><u>Cultural and Recreation</u></b>					
Library:					
Book Volumes Per Capita	1.38	1.38	1.19	1.29	1.28
Library Income Per Capita (Local)	6.49	6.48	6.52	7.64	8.58
Library Income Per Capita (Total)	12.58	11.99	9.81	11.13	11.54
Library Visits Per Capita	1.44	1.47	1.52	1.52	1.65
Turnover Rate (Circulation per Book)	1.92	1.76	2.25	1.93	1.78
<b><u>Education</u></b>					
Total \$ spent per ADM	\$ 1,451	\$ 1,522	\$ 1,568	\$ 1,603	\$ 1,650
<b><u>Enterprise Fund - Landfill</u></b>					
Solid waste generated # tons/day	457	438	418	383	341

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

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

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



Fiscal Year				
2010	2011	2012	2013	2014
61,566	60,376	63,889	61,676	62,000
288	293	259	250	275
67,153	77,196	90,430	95,502	90,588
1,381	1,360	1,321	1,270	1,171
31,684	23,937	22,370	22,964	18,226
0	0	0	0	0
1.42	1.44	1.48	1.44	1.54
9.00	8.49	8.71	8.74	8.64
12.84	12.08	11.90	11.07	10.02
1.69	1.71	1.60	1.70	1.62
2.02	2.10	1.46	1.44	1.51
\$ 1,655	\$ 1,680	\$ 1,715	\$ 1,761	\$ 1,736
398	417	489	431	468

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

<b>Function</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b><u>Public Safety</u></b>				
Sheriff's Department:				
Stations	1	1	1	1
Vehicles	110	117	118	120
Emergency Medical Services				
Stations	9	9	9	9
Vehicles	26	25	23	27
<b><u>Cultural and Recreation</u></b>				
Park Acreage	435	435	435	435
Parks	1	1	1	1
Libraries	0	2	2	2
 Total Government Wide Assets Value	 \$ 96,188,838	 \$ 110,342,114	 \$ 117,560,227	 \$ 144,954,245

**Source:** Various County Departments

Fiscal Year						
2009	2010	2011	2012	2013	2014	
1	1	1	1	1	1	1
117	123	138	128	128	128	128
9	9	9	9	9	9	9
29	32	31	29	28	30	30
1,433	1,460	1,460	1,461	1,468	1,468	1,468
1	1	1	2	2	2	2
2	2	2	2	2	2	2
\$ 157,463,930	\$ 169,432,071	\$ 203,494,186	\$ 231,646,536	\$ 146,076,511	\$ 147,872,060	

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

Industry NAICS Sector*	2013		
	Annual Wages Paid	Annual Average Number of Employees	% Percentage of Total Labor Force or Employed
1. Manufacturing (31)	\$ 301,599,629	6,101	23.64%
2. Health Care and Social Assistance (62)	186,296,435	4,938	19.14%
3. Educational Services (61)	127,504,319	1,126	4.36%
4. Retail Trade (44)	102,152,517	3,927	15.22%
5. Transportation and Warehousing (48)	77,801,936	2,029	7.86%
6. Public Administration (92)	72,840,665	2,038	7.90%
7. Construction (23)	56,392,511	1,468	5.69%
8. Administrative and Waste Services (56)	42,632,634	1,802	6.98%
9. Wholesale Trade (42)	41,516,515	1,055	4.09%
10. Accommodation and Food Services (72)	34,584,789	150	0.58%
11. Finance and Insurance (52)	24,746,463	565	2.19%
12. Professional and Technical Services (54)	24,144,059	606	2.35%
	<u>\$ 1,092,212,472</u>	<u>25,805</u>	<u>100.00%</u>

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

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

2010			2007		
Annual Wages Paid	Annual Average Number of Employees	% Percentage of Total Labor Force or Employed	Annual Wages Paid	Annual Average Number of Employees	% Percentage of Total Labor Force or Employed
\$ 230,303,532	4,872	18.45%	\$ 304,572,775	6,800	23.78%
189,728,818	4,947	18.73%	190,065,516	5,437	19.01%
123,665,039	1,037	3.93%	121,374,235	760	2.66%
95,315,617	3,683	13.95%	96,067,851	3,930	13.74%
70,557,110	1,896	7.18%	52,844,980	1,342	4.69%
72,517,087	2,074	7.85%	66,120,023	1,951	6.82%
40,271,323	1,218	4.61%	49,659,812	1,524	5.33%
23,558,453	1,103	4.18%	38,898,852	1,701	5.95%
40,898,090	2,283	8.65%	46,003,532	1,354	4.74%
31,373,407	2,462	9.32%	27,995,768	2,465	8.62%
27,900,576	680	2.58%	26,123,622	675	2.36%
22,490,857	151	0.57%	23,249,645	655	2.29%
<b>\$ 968,579,909</b>	<b>26,406</b>	<b>100.00%</b>	<b>\$ 1,042,976,611</b>	<b>28,594</b>	<b>100.00%</b>

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## **COMPLIANCE SECTION**

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

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

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

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

To the Board of Commissioners  
Cleveland County  
Shelby, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cleveland County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 5, 2014.

### **Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cleveland County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 5, 2014

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

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

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

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

To the Board of Commissioners  
Cleveland County  
Shelby, North Carolina

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

We have audited the compliance of Cleveland County, North Carolina, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. Cleveland County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

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

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

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

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

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

In our opinion, Cleveland County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

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

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

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 5, 2014

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

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

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

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

To the Board of Commissioners  
Cleveland County  
Shelby, North Carolina

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

We have audited the compliance of Cleveland County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Cleveland County's major State programs for the year ended June 30, 2014. Cleveland County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

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

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

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

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

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

In our opinion, Cleveland County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2014.

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

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

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 5, 2014

**CLEVELAND COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

**Financial Statements**

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

**Federal Awards**

Internal control over major federal programs:	
• Material weakness identified?	No
• Significant deficiency identified that is not considered to be a material weakness?	None reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No

Identification of major federal programs:

<b><u>Program Name</u></b>	<b><u>CFDA #</u></b>
Medicaid Cluster	93.775, 93.777, 93.778
TANF Cluster	93.558, 93.714

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$3,000,000</u>
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Auditee qualified as low-risk auditee?	No
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**CLEVELAND COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

**State Awards**

Internal control over major State programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? No

Identification of Major State Programs:

**Program Name**

Medicaid Cluster  
Children's Health Insurance Program-NC Health Choice  
Subsidized Child Care Cluster  
One North Carolina Fund



**CLEVELAND COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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

None reported.

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

None reported.

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

None reported.

**CLEVELAND COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

None reported.

**Cleveland County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2014**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State or Pass-Thru Grantor Number	Federal (Direct and Pass-Thru) Expenditures	State (Direct and Pass-Thru) Expenditures
<b>Federal Awards:</b>				
<u>U.S. Dept. of Agriculture</u>				
<u>Passed-Through N.C. Department of Health and Human Services:</u>				
<u>Division of Public Health</u>				
<u>Special Supplemental Nutrition Program for</u> Women, Infants, and Children - direct benefit payments	10.557	-	\$ 2,077,641	\$ -
<u>Special Supplemental Nutrition Program for</u> Women, Infants, and Children - administrator	10.557	5403, -4, -5, -9	528,265	-
<u>Child Nutrition Cluster:</u>				
<u>Summer Food Service Program for Children - Program Meals</u>	10.559	5767	291	-
Total Child Nutrition Cluster			291	-
Total Division of Public Health			2,606,197	-
 <u>Division of Social Services:</u>				
<u>Administration:</u>				
<u>Supplemental Nutrition Assistance Program Cluster:</u>				
Food Stamp Admin	10.561		1,197,186	-
Food Stamp Fraud Admin	10.561		21,193	-
Total Supplemental Nutrition Assistance Program Cluster			1,218,379	-
Total U.S. Department of Agriculture			3,824,576	-
 <u>U.S. Department of Commerce</u>				
<u>Direct program:</u>				
<u>Economic Development Cluster:</u>				
Investments for Public Works & Development Facilities	11.300	04-01-06334	528,221	-
Total U.S. Department of Commerce			528,221	-
 <u>U.S. Department of Health and Human Services</u>				
<u>Passed-Through the N.C. Department of Health and Human Services:</u>				
<u>Divisions of Aging (thru Isothermal Planning and Development) and Social Services</u>				
<u>Aging Cluster:</u>				
Special Programs for the Aging - III-B Grants for Supportive Services and Senior Centers - In Home Services	93.044	-	134,845	220,011
Total Aging Cluster			134,845	220,011
Total Division of Aging			134,845	220,011
 <u>Division of Child Development:</u>				
<u>Subsidized Child Care Cluster:</u>				
<u>Child Care Development Fund Cluster:</u>				
Division of Social Services:				
Child Care and Development Fund -- Administration	93.596	364	130,260	-
Division of Child Development:				
Child Care and Development Fund -- Discretionary	93.575	D*23, TB23	595,988	-
Child Care and Development Fund -- Mandatory	93.596	M*23	347,470	-
Child Care and Development Fund -- Match	93.596	V*23	793,178	374,879
Total Child Care Development Fund Cluster:			1,866,896	374,879
 <u>Division of Child Development: (continued from above)</u>				
<u>Subsidized Child Care Cluster: (continued from above)</u>				
<u>Temporary Assistance for Needy Families Cluster:</u>				
Temporary Assistance for Needy Families - Child Care	93.558	T223	324,103	-
Total Temporary Assistance for Needy Families Cluster:			324,103	-
Foster Care Title IV-E	93.658	Q423, 460, 467	16,208	8,489
Smart Start	-	4023, 347, 438	-	7,905
State and Local Appropriations	-	0023	-	100,380
TANF-MOE	-	T623	-	253,885
Total Subsidized Child Care Cluster:			2,207,207	745,538

**Cleveland County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2014**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State or Pass-Thru Grantor Number</b>	<b>Federal (Direct and Pass-Thru) Expenditures</b>	<b>State (Direct and Pass-Thru) Expenditures</b>
<u>Passed-through the Univ. of NC-Chapel Hill:</u>				
Quality Enhancement Project - Infants	93.994	-	110,021	85,128
<u>Centers for Medicare and Medicaid Service:</u>				
<u>Division of Medical Assistance:</u>				
<u>Division of Social Services:</u>				
Adult Care Home CM	93.778	211, 213, 396	47,791	21,501
Medical Assistance Expansion	93.778	477	21,526	21,525
Medical Assistance Program - Direct Benefit Payments	93.778		106,907,549	58,872,871
Medical Transportation Administration	93.778	375	1,596,538	-
Medical Transportation Services	93.778	377	97,389	-
Special Adult Home	93.778	128, 131, 151	58,637	-
<u>Total Medicaid Cluster:</u>			<u>108,729,430</u>	<u>58,915,897</u>
Alternate Non-Emergency - ER Diversion	93.790	-	17,128	-
<u>Division of Public Health</u>				
Public Health Emergency Preparedness	93.069	2680	37,511	-
Environmental Public Health and Emergency Response	93.070	190X	14,212	-
Well-Integrated Screening and Evaluation for Women Across the Nation	93.094		11,280	-
Family Planning	93.217	592X	20,515	-
Family Presentation	93.556		49,485	-
Immunization Program/ Aid to County Funding	93.268	631X	30,388	-
Wisewoman Project/ Bioterrorism Grant	93.283	360X, 540X	1,958	-
Physical Activity & Obesity Programs Financed in part by PFFP	93.548		7,597	1,899
PPHF: Breast and Cervical Cancer Screening	93.744	311X	1,072	-
Co-op Agreement for Breast and Cervical Cancer	93.919	310X, 5599	28,271	8,142
HIV Prevention Activities	93.940	981X	28,000	-
Preventive Health and Health Services Block Grant - State-wide Health Promotion Program	93.991	5503	10,783	-
<u>Total Division of Public Health:</u>			<u>241,072</u>	<u>10,041</u>
<u>Division of Social Services:</u>				
<u>Child Support Enforcement Funds:</u>				
Federal Offset / Service Fees / Blood Test	93.563	-	5,549	-
<u>Total Child Support Enforcement Funds:</u>			<u>5,549</u>	<u>-</u>
<u>Foster Care and Adoption Assistance Cluster (Note 1):</u>				
IV-E Admin to CCI	93.658	-	21,402	10,702
IV-E Child Protective Services	93.658	072, 074	169,259	173,473
IV-E Family Max	93.658	-	132,161	22,313
IV-E Foster Care Training	93.658	96, 97	3,347	-
IV-E Foster Care/Off TRN	93.658		641,769	-
IV-E Foster Care	93.658	-	510,126	133,106
Admin Foster Care	93.658		20,610	-
IV-E Max in Excess	93.658	-	545,468	142,308
IV-E Max Level III	93.658	-	15,150	-
IV-E Adoption Subsidy - direct benefit payments	93.659	-	51	-
Adoption/OFF Trn	93.659		5,303	-
IV-E Adopt Subsidy & Vend	93.659		877,901	226,684
<u>Total Foster Care and Adoption Assistance Cluster:</u>			<u>2,942,547</u>	<u>708,586</u>
<u>TANF Cluster:</u>				
TANF Payments and Penalties - direct benefit payments	93.558	-	1,048,011	(121)
Work First Administration	93.558	046, '048	191,532	-
TEA & TEA Max	93.558	280, 281	11,631	-
Work First Services	93.558	047, '049	1,972,846	-
<u>Total TANF Cluster:</u>			<u>3,224,020</u>	<u>(121)</u>
AFDC Payments and Penalties - direct benefit payments (reimbursements)	93.560	-	(1,125)	(309)

**Cleveland County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2014**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State or Pass-Thru Grantor Number</b>	<b>Federal (Direct and Pass-Thru) Expenditures</b>	<b>State (Direct and Pass-Thru) Expenditures</b>
<u>Division of Social Services:</u> (continued from above)				
IV-D Administration	93.563		1,412,560	-
AFDC Incentives / Program Integrity		267	-	1,856
Risk Reduction/Health Promotion			-	6,285
Crisis Intervention Planning Services	93.568	372	471,720	-
LIHEAP	93.568	372	518,700	-
Low Income Energy Admin	93.568		105,245	-
Refugee and extant assistant-state administered programs	93.566		4,367	-
Permanency Planning - Special	93.645	368, 464, 465	104,348	-
SSBG Special ADC	93.667	035, 036, 038	16,440	10,755
Adult Protective Service	93.667		74,450	-
In-Home Services	93.667		7,863	-
In-Home Services Over 60	93.667		20,731	-
SSBG Other SVCS & TRNG	93.667		453,632	38,915
LINKS	93.674	290, 291	37,766	-
Independent Living - direct benefit payments	93.674	-	5,204	-
Children's Health Insurance Program-Administration	93.767	440, 441, 483, 10126	42,177	6,236
Children's Health Insurance Program-Direct Benefit	93.767		1,771,302	558,735
<u>Total U.S. Department of Health and Human Services</u>			<u>122,657,199</u>	<u>61,307,553</u>
<u>U.S. Dept. of Homeland Security</u>				
<u>Passed-through N.C. Dept of Crime Control and Public Safety</u>				
AHMT Trailer	97.067	2011-SS-00119	4,974	-
<u>Total U.S. Dept. of Homeland Security</u>			<u>4,974</u>	<u>-</u>
<u>N.C. Department of Crime Control and Public Safety</u>				
Juvenile Crime Prevention Council	16.123		-	54,175
<u>Total N.C. Department of Crime Control and Public Safety</u>			<u>-</u>	<u>54,175</u>
<u>U.S. Department of Housing and Urban Development</u>				
<u>Direct program:</u>				
Community Development Block Grant- Economic Development	14.248	11-C-2334	1,089,146	-
<u>Total U.S. Department of Housing and Urban Development</u>			<u>1,089,146</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
<u>Passed-through N.C. Department of Public Safety</u>				
JAG Program Cluster				
Byrne Justic Assistance Grant	16.738	PROJ008476	1,014	-
<u>Total U.S. Department of Justice</u>			<u>1,014</u>	<u>-</u>
<u>U.S. Federal Emergency Management Agency</u>				
<u>Passed-Through NC Department of Crime Control and Public Safety:</u>				
Emergency Management Program	83.552		35,000	-
<u>Total U.S. Federal Emergency Management Agency</u>			<u>35,000</u>	<u>-</u>
<u>Total Federal Awards</u>			<u>128,140,130</u>	<u>61,361,728</u>
<b>State Awards:</b>				
<u>N.C. Department of Administration</u>				
Veteran Services			-	1,452
<u>Total N.C. Department of Administration:</u>			<u>-</u>	<u>1,452</u>
<u>N.C. Department of Cultural Resources</u>				
Library State Aid Grant			-	126,077
<u>Total N.C. Department of Cultural Resources</u>			<u>-</u>	<u>126,077</u>
<u>N.C. Department of Environment and Natural Resources:</u>				
Environmental Health		4751	-	4,000
Food and Lodging		4752	-	18,426
Funds for Soil and Water Conservation District			-	25,819
<u>Total N.C. Department of Environment and Natural Resources:</u>			<u>-</u>	<u>48,245</u>

**Cleveland County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2014**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State or Pass-Thru Grantor Number</b>	<b>Federal (Direct and Pass-Thru) Expenditures</b>	<b>State (Direct and Pass-Thru) Expenditures</b>
<u>N.C. Department of Health and Human Services</u>				
<u>Division of Child Development:</u>				
Smart Start Day Care		398	-	75,163
<u>Division of Public Health</u>				
General Aid to Counties		1161-4110-0023	-	149,650
Public Health Nurse Training		1161-4301-0023	-	1,200
Communicable Disease Control		1175-4510-0023	-	5,465
Tuberculosis (TB)		1460-4551-0023	-	19,568
Women's Preventive Health		13A1-601X-FR23	-	8,997
School Nurse Funding Initiative		1332-5358-0023	-	200,000
TB Medical Service		1460-4554-0023	-	1,529
State Foster Home			-	141,894
State Max			-	162,104
CWS Adoption Subsidy			-	465,930
At-Risk Max			-	12,502
SC/SA Domiciliary Care			-	1,289,721
Maternal Health (HMHC)	1410-4179-0023		-	1,395
WHSF	1410-4179-0023		-	8,991
State-County / Special Assistance Domiciliary			-	6,285
<u>Total N. C. Department of Health and Human Services</u>			-	2,550,394
<u>N.C. Department of Transportation</u>				
Oak Grove VFD Paving Supplement			-	16,365
<u>Total N.C. Department of Transportation</u>			-	16,365
<u>N.C. Department of Commerce</u>				
One North Carolina Fund-Clear Water			-	150,718
One North Carolina Fund-Baldor			-	780,000
<u>Total N.C. Department of Commerce</u>			-	930,718
<u>N.C. Office of State Budget:</u>				
Public School Building Capital Fund - Lottery			-	1,462,007
<u>Total N.C. Office of State Budget:</u>			-	1,462,007
<u>Total State Awards</u>			-	5,081,083
<u>Total Federal and State Awards</u>			<u>\$ 128,140,130</u>	<u>\$ 66,442,811</u>

**Cleveland County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2014**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards includes the Federal and State grant activity of the County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. For example, direct benefit payments are paid directly to recipients and are only included in the County's basic financial statements as part of Note 6, Benefit Payments Issued By the State, in the Notes to Financial Statements. Due to the County's involvement in determining eligibility, they are considered Federal awards to the County and are included on this schedule.

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

**2. Subrecipients**

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

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>State or Pass-Thru Grantor Number</b>	<b>Federal (Direct and Pass-Thru) Expenditures</b>	<b>State (Direct and Pass-Thru) Expenditures</b>	<b>County Expenditures</b>
Emergency Food Program (Commodities)					
Shelby Lions Club	10.569	-	\$ 237,339	\$ -	\$ -
Juvenile Crime Prevention Council (Administration)					
Juvenile Crime Prevention Council					
Cleveland County Schools -					
Early Interventions		-	\$ -	\$ 54,175	\$ -
Communities in Schools - Teen Court/ Restitution		-	-	70,918	-
Alexander Youth Network - Multi-systemic Therapy		-	-	10,000	-
Mediation Center - Juvenile Mediation		-	-	18,000	-
Total Public School Building Bond Fund			<u>\$ -</u>	<u>\$ 339,186</u>	<u>\$ -</u>
Transportation Assistance of Cleveland County		-	<u>\$ -</u>	<u>\$ 202,201</u>	<u>\$ 29,550</u>

**Cleveland County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2014**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>State or Pass-Thru Grantor Number</u>	<u>Federal (Direct and Pass-Thru) Expenditures</u>	<u>State (Direct and Pass-Thru) Expenditures</u>	<u>County Expenditures</u>
<u>U.S. Department of Health and Human Services</u>					
<u>Passed-Through the N.C. Department of Health and Human Services:</u>					
<u>Divisions of Aging (thru Isothermal Planning and Development) and Social Services</u>					
Special Programs for the Aging - III-B Grants for Supportive Services and Senior Centers - In Home Services	93.044		\$ 133,460	\$ 14,829	\$ -
<u>U.S. Department of Housing and Urban Development</u>					
<u>Passed-Through N.C. Department of Commerce,</u>					
<u>thru Isothermal Planning and Development</u>					
Community Development Block Grant- Economic Development	14.228	12-E-2440	81,980	-	-
Community Development Block Grant-Housing Economic Development	14.228	12-E-2485	1,000,000	-	11,019
Community Development Block Grant- Economic Development	14.228	11-C-2334	1,157	-	-
Total pass-thru grants awards from IPDC			<u>\$ 1,216,597</u>	<u>\$ 14,829</u>	<u>\$ 11,019</u>