

**CLEVELAND COUNTY
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

Prepared by: Finance Department
Finance Director: Lucas Jackson

CLEVELAND COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page(s)</u>
INTRODUCTORY SECTION		
Letter of Transmittal		i-v
Certificate of Achievement for Excellence in Financial Reporting		vi
List of Principal Officials		vii
Organizational Chart		viii
FINANCIAL SECTION		
INDEPENDENT AUDITORS' REPORT		1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS		4-15
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:		
Statement of Net Position	A	16
Statement of Activities	B	17-18
Fund Financial Statements:		
Balance Sheet – Governmental Funds	C	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	C	20
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with reconciliation to Statement of Activities	D	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	E	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	F	23
Statement of Fund Net Position – Proprietary Funds	G	24
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	H	25
Statement of Cash Flows – Proprietary Funds	I	26-27
Statement of Fiduciary Net Position – Fiduciary Funds	J	28
Notes to the Financial Statements		29-73

CLEVELAND COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page(s)</u>
REQUIRED SUPPLEMENTAL FINANCIAL DATA:		
Schedule of County's Proportinate Share of Net Pension Liability (Asset) (LGERS)	A-1	74
Schedule of County Contributions (LGERS)	A-2	75
Schedule of County's Proportionate Share of Net Pension Liability (Asset) (ROD)	A-3	76
Schedule of County Contributions (ROD)	A-4	77
Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance	A-5	78
Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance	A-6	79
Schedule of Changes in Total OPEB Liability and Related Ratios	A-7	80
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS:		
<i>General Fund:</i>		
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	B-1	81-90
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		
Reimbursement Resolution Capital Project Fund	B-2	91
School Capital Reserve Fund	B-3	92
<i>Nonmajor Governmental Funds:</i>		
Combining Balance Sheet – Nonmajor Governmental Funds	C-1	93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	C-2	94
<i>Nonmajor Special Revenue Funds:</i>		
Combining Balance Sheets – Nonmajor Special Revenue Funds	D-1	95
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	D-2	96
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		
Emergency Telephone System Fund (E-911)	D-3	97
Fire Districts Fund	D-4	98

CLEVELAND COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page(s)</u>
<i>Nonmajor Capital Project Funds:</i>		
Combining Balance Sheets - Nonmajor Capital Projects	E-1	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects	E-2	100
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:		
North Shelby School Capital Project Fund	E-3	101
County General Capital Project Fund	E-4	102
Public Shooting Range Capital Project Fund	E-5	103
Foothills Commerce Center	E-6	104
Capital Reserve Fund	E-7	105
Kings Mountain Gate Way Trail - Phase 5 Capital Project Fund	E-8	106
Washburn Switch Road and Rail Capital Project Fund	E-9	107
Economic Development Capital Project Fund	E-10	108
Pinnacle Turn Lane Capital Project Fund	E-11	109
Jail Consolidation Capital Project Fund	E-12	110
Enterprise Resource Planning Software Capital Project Fund	E-13	111
Cleveland County Fair Enhancement Capital Project Fund	E-14	112
 <i>Debt Service Fund:</i>		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	F-1	113
 <i>Enterprise Funds:</i>		
Solid Waste Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	G-1	114
 <i>Agency Funds:</i>		
Combining Statement of Changes in Assets and Liabilities	H-1	115
 <i>Supplemental Financial Data:</i>		
Schedule of Ad Valorem Taxes Receivable - General Fund	I-1	116
Analysis of Current Tax - County-Wide Levy	I-2	117

CLEVELAND COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

STATISTICAL SECTION (UNAUDITED)

	<u>Table</u>	<u>Page(s)</u>
Net Position by Components	1	118-119
Changes in Net Position	2	120-121
Fund Balances, Governmental Funds	3	122-123
Changes in Fund Balances, Governmental Funds	4	124-125
Assessed Value and Actual Value of Taxable Property	5	126
Direct and Overlapping Property Tax Rates	6	127
Principal Property Taxpayers	7	128
Property Tax Levies and Collections	8	129
Ratio of Outstanding Debt by Type	9	130
Ratios of General Bonded Debt Outstanding	10	131
Legal Debt Margin Information	11	132-133
Direct and Overlapping Governmental Activities Debt	12	134
Demographic and Economic Statistics	13	135
Principal Employers	14	136
Full-time Equivalent County Government Employees by Function/Program	15	137
Operating Indicators by Function	16	138-139
Capital Asset Statistics by Function	17	140-141
Principal Industry Sectors	18	142

COMPLIANCE SECTION

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>		143-144
Report On Compliance With Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act		145-146

CLEVELAND COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

COMPLIANCE SECTION (continued)

	<u>Page(s)</u>
Report On Compliance With Requirements Applicable to Each Major State Program and Internal Control Over Compliance In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act	147-148
Schedule of Findings and Questioned Costs	149-155
Summary Schedule of Prior Year Audit Findings	156
Schedule of Expenditures of Federal and State Awards	157-160

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INTRODUCTORY SECTION

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CLEVELAND COUNTY
FINANCE
DEPARTMENT

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

Phone: 704-484-4838

November 19, 2019

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, 2019 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, 2019 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, 2019 are fairly presented in conformity with GAAP.

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

DESCRIPTION OF THE COUNTY

Cleveland County was established in 1841 and is located in the piedmont of North Carolina. It is one of 100 counties established in North Carolina under North Carolina General Statute 153A-10. Our County has land area of 469 square miles and a population of 97,288. There are fifteen municipalities within the County, the largest being the city of Shelby, which serves as the county seat. The County has a county-manager form of government. The five members of the Board of Commissioners are elected and serve staggered four-year terms. Commissioners hold policy-making and legislative authority. They are responsible for adopting the annual budget ordinance and appointing the county manager. The manager is responsible for implementing policies, managing daily operations, and appointing department heads.

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

ECONOMIC CONDITIONS AND OUTLOOK

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

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

Travel and tourism continues to be the second largest industry in North Carolina. 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 in excess of 600 in Cleveland County and ranks in the top 10 of 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.

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

<u>Fiscal Year</u>	<u>Permits</u>	<u>Dollar Value</u>	<u>Unemployment Rates</u>
2019	348	\$ 29,667,204	4.6%
2018	324	\$ 40,145,389	4.3%
2017	319	\$ 23,611,367	4.4%
2016	300	\$ 23,168,978	5.6%
2015	262	\$ 27,145,411	6.9%

The number of permits issued for new residential and commercial construction was up from FY 2019 however the dollar value of those new permits decreased by approximately \$10.4m. The local unemployment rate remained fairly steady during the fiscal year as the economy continued to show positive indicators 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+
Atrium Health	Education & Health Services	1000+
Wal-Mart Associates Inc.	Trade, Transportation & Utilities	1000+
County of Cleveland	Public Administration	1000+
Gardner-Webb University	Education & Health Services	500-999
PPG Industries Inc.	Manufacturing	500-999
Hanesbrands, Inc.	Manufacturing	500-999
Ingles Markets, Inc	Trade, Transportation & Utilities	500-999
Clearwater Paper Corporation	Manufacturing	250-499
Cleveland Community College	Education & Health Services	250-499

MAJOR INITIATIVES

FOR THE YEAR. The Board of Commissioners adopted a balanced budget for the fiscal year with no change in the county-wide ad valorem property tax rate of 57 cents per \$100 dollars of valuation. Total General fund revenues increased by approximately \$3.8m over the previous fiscal year or 3.39 percent. Total General Fund expenditures increased by approximately \$5.5m or 5.08 percent over FY 2018. Total General Fund Balance increased by \$944,549 to \$41,814,971 and the Unassigned Fund Balance amount was \$20,716,473. The net position of the County's only Enterprise Fund increased in FY 2019 by \$1,374,453.

The Commission continues to focus on a community wide economic development strategy and job creation. Unemployment in Cleveland County is 4.60% which ranks strongly across North Carolina peer Counties. In collaboration with the City of Shelby, a joint industrial park has been completed that is located in west Shelby.

Economic Development and fiscal sustainability both continue to be a high priority of the Commissions strategic plan.

For FY 2018-2019, the Board budgeted revenues conservatively without any tax increase. Expenditures for most County Departments, the community college and other outside agencies were budgeted conservatively as well.

FOR THE FUTURE.

FY 2019-2020 brings unique challenges to Cleveland County that are results of past success. Unemployment is below five percent and the County is experiencing economic growth which creates a workforce development shortage and a shortage of housing stock. Following the January 1, 2016 mandatory revaluation which resulted in net value decrease of 3.6%, the County has fully recovered from the valuation loss and has maintained steady tax rate of .57 cents. The Board of Commissioners were able to adopt a balanced budget for FY 2019-2020 with no change to the tax rate and no service interruptions.

Cleveland County has poised itself for long-term sustainability with an external focus on a strong tax base and job creation. Moving into FY 2019-2020, the County is also focused on internal strategic planning. The Strategic Goals for FY 2019-2020 include the following focus areas: Fiscal Sustainability, Economic Development, Public Safety, and Community Wellness and Citizen Engagement.

FACTORS AFFECTING FINANCIAL CONDITION

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

FUND BALANCE. Fund balance should always be measured based on the portion that is available for appropriation at the end of the fiscal year. The Board's Fund Balance direction is to have at least 16 percent, with a goal of achieving 18-20 percent in General Fund Unassigned Fund Balance at fiscal year-end. Cleveland County had \$20.7 million in Unassigned General Fund Balance or 18.2 percent of total General Fund expenditures. The Local Government Commission of the North Carolina Department of State Treasurer recommends that local governments have at least 8 percent of General Fund Expenditures in Unassigned General Fund Balance available for appropriation.

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

OTHER INFORMATION

INDEPENDENT AUDIT. State statutes require an annual audit by independent certified public accountants. The firm of Thompson, Price, Scott, Adams & Co. was selected by the government's management. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Revised State Single Audit Implementation Act of 1996 and the related U.S. Office of Management and Budget Uniform Guidance, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Auditing standards generally accepted in the United States of America and the standards set forth in Government Auditing Standards, issued by the Comptroller General of the United States, were used by the auditors in

conducting the engagement. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in the compliance section of this report.

AWARDS. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cleveland County, North Carolina, for the year ended June 30, 2018. This was the fifth consecutive year Cleveland County received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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



Lucas Jackson
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Cleveland
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

CLEVELAND COUNTY, NORTH CAROLINA

List of Principal Officials

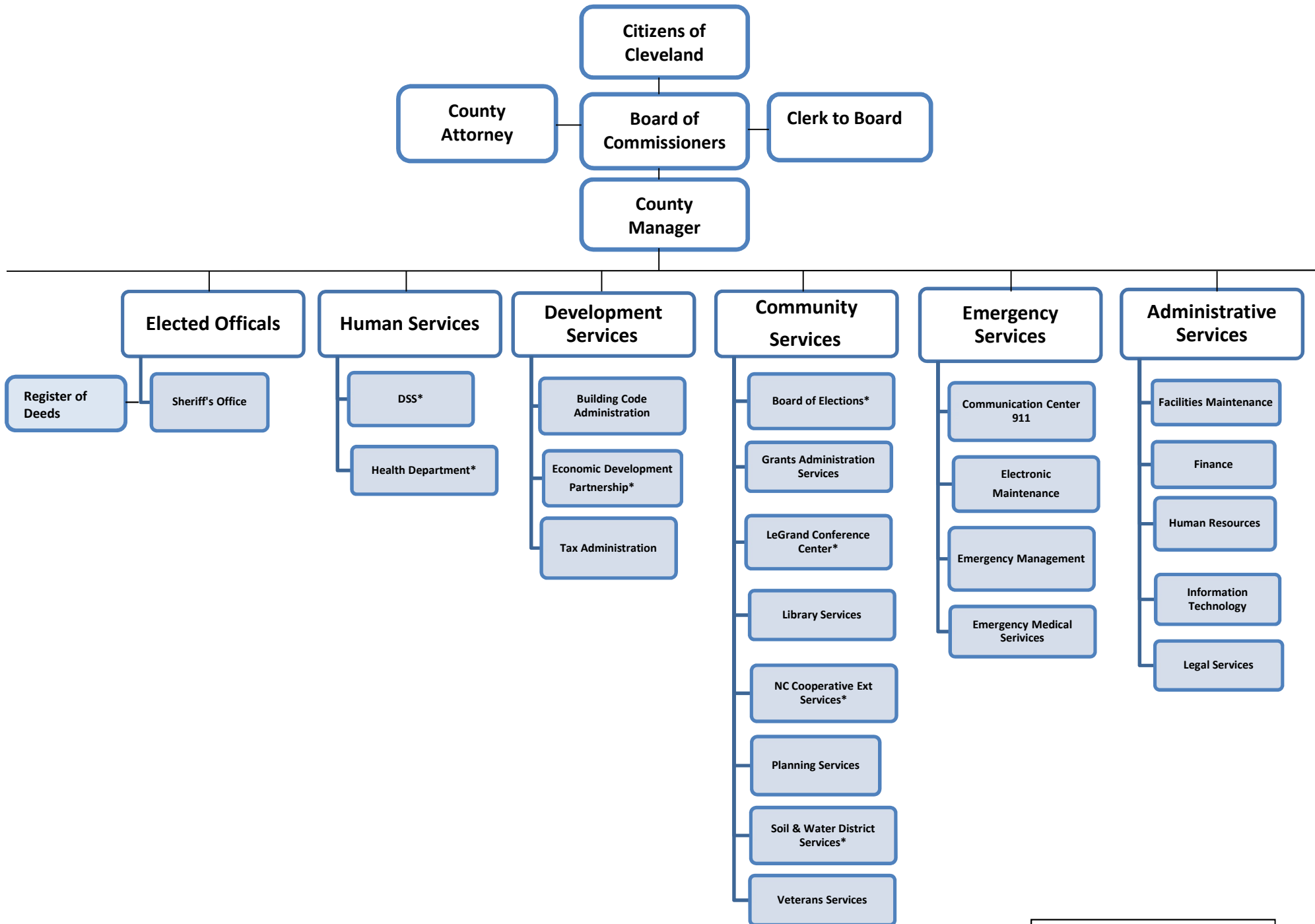
June 30, 2019

Board of Commissioners

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

County Officials

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



***Coordination role with County Administration**

FINANCIAL SECTION

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

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

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cleveland County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise Cleveland County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information Cleveland County, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15, the Local Government Employees' Retirement System schedules of the County's Proportionate Share of the Net Pension Liability and County Contributions on pages 74 and 75, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 76 and 77, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of covered payroll on pages 78 and 79, and Schedule of Changes in Total OPEB Liability and Related Ratios, page 80, presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2019 on our consideration of Cleveland County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Cleveland County's internal control over financial reporting and compliance.

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 19, 2019

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CLEVELAND COUNTY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2019

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, 2019. 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

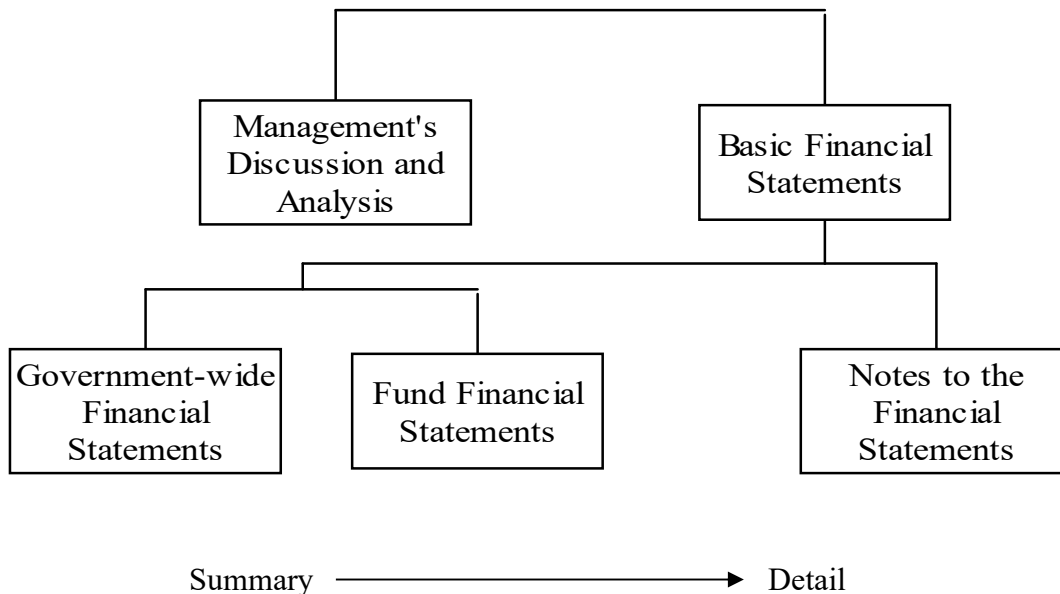
- The assets and deferred outflows of resources of Cleveland County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$118,383,080 (*net position*). In accordance with North Carolina law, liabilities of the County include approximately \$19,869,275 in long-term debt associated with assets which the County does not hold title. These assets are not reflected in the County's financial statements and the full amount of the long-term debt is reported.
- The County's total net position increased by \$4,932,289, primarily due to increased property tax revenues accompanied with decreased expenses in Governmental and Business-Type activities.
- As of the close of the current fiscal year, Cleveland County's governmental funds reported combined ending fund balances of \$61,957,143. That amount is a decrease of \$879,288, in comparison with the prior year. Approximately 36.60 percent of this total amount, or \$22,678,583, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$20,716,473 or 18.2 percent, of total General Fund expenditures, not including transfers.
- Cleveland County's limited obligation and installment note debt decreased \$5,355,347 during the current fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Government-Wide Financial Analysis

Cleveland County's Net Position

Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets:						
Current and other assets	\$ 70,360,235	\$ 70,259,084	\$ 4,430,409	\$ 3,200,122	\$ 74,790,644	\$ 73,459,206
Capital assets	119,305,857	119,875,818	23,143,736	22,669,381	142,449,593	142,545,199
Total assets	<u>189,666,092</u>	<u>190,134,902</u>	<u>27,574,145</u>	<u>25,869,503</u>	<u>217,240,237</u>	<u>216,004,405</u>
Deferred Outflows of Resources						
	<u>10,878,241</u>	<u>7,483,612</u>	<u>529,617</u>	<u>355,027</u>	<u>11,407,858</u>	<u>7,838,639</u>
Liabilities:						
Long-term liabilities	82,915,131	83,852,698	15,149,785	14,712,518	98,064,916	98,565,216
Other liabilities	10,413,476	10,300,210	215,394	171,258	10,628,870	10,471,468
Total liabilities	<u>93,328,607</u>	<u>94,152,908</u>	<u>15,365,179</u>	<u>14,883,776</u>	<u>108,693,786</u>	<u>109,036,684</u>
Deferred Inflows of Resources						
	<u>1,506,728</u>	<u>1,314,444</u>	<u>64,501</u>	<u>41,125</u>	<u>1,571,229</u>	<u>1,355,569</u>
Net Position:						
Net investment in capital assets	86,494,103	84,463,578	23,143,736	22,669,381	109,637,839	107,132,959
Restricted	22,268,506	21,675,433	-	-	22,268,506	21,675,433
Unrestricted	<u>(3,053,611)</u>	<u>(3,987,849)</u>	<u>(10,469,654)</u>	<u>(11,369,752)</u>	<u>(13,523,265)</u>	<u>(15,357,601)</u>
Total net position	<u>\$ 105,708,998</u>	<u>\$ 102,151,162</u>	<u>\$ 12,674,082</u>	<u>\$ 11,299,629</u>	<u>\$ 118,383,080</u>	<u>\$ 113,450,791</u>

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 \$118,383,080 as of June 30, 2019. The County's net position increased by \$4,932,289 for the fiscal year ended June 30, 2019. Net position of the County is reported in three categories: net investment in capital assets of \$109,637,839; restricted net position of \$22,268,506; and unrestricted net position of \$(13,523,265).

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

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

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

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

- Continued diligence in the collection of all revenue sources, both current and delinquent
- A strong property tax collection rate of 98.56 percent
- Other budgetary control efforts
- Budgetary re-engineering and cost benefit analyses
- Management's proactive stance on monitoring budget compliance without slowing County growth and operations.

Governmental Activities. Governmental activities increased the County's net position by \$3,557,836. Key elements of this increase are as follows:

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

Business-Type Activities. Business-type activities increased the County's net position by \$1,374,453. Key elements of this increase are as follows:

- Increased charges for services and disposal tax revenues
- Decreased post closure costs

Financial Analysis of the County's Funds

Cleveland County's Change in Net Position Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 11,184,144	\$ 10,614,229	\$ 7,404,183	\$ 7,305,117	\$ 18,588,327	\$ 17,919,346
Operating grants and contributions	21,324,215	21,904,953	-	-	21,324,215	21,904,953
Capital grants and contributions	7,106,271	5,224,198	-	-	7,106,271	5,224,198
General revenues:						
Property taxes	66,988,662	63,398,807	-	-	66,988,662	63,398,807
Other taxes	21,420,209	21,547,967	788,587	644,313	22,208,796	22,192,280
Other	2,066,867	1,527,506	77,333	26,814	2,144,200	1,554,320
Total revenues	130,090,368	124,217,660	8,270,103	7,976,244	138,360,471	132,193,904
Expenses:						
General government	16,206,681	13,385,504	-	-	16,206,681	13,385,504
Public safety	31,238,186	29,382,033	-	-	31,238,186	29,382,033
Environmental protection	169,678	186,362	-	-	169,678	186,362
Economic and physical development	7,042,187	17,169,078	-	-	7,042,187	17,169,078
Human services	35,995,884	34,213,345	-	-	35,995,884	34,213,345
Cultural and recreational	1,503,021	1,575,146	-	-	1,503,021	1,575,146
Education	32,645,084	32,706,674	-	-	32,645,084	32,706,674
Interest on long-term debt	2,247,146	2,411,379	-	-	2,247,146	2,411,379
Solid waste disposal	-	-	6,380,315	7,916,155	6,380,315	7,916,155
Other	-	-	-	-	-	-
Total expenses	127,047,867	131,029,521	6,380,315	7,916,155	133,428,182	138,945,676
Increase (decrease) in net position						
before transfers	3,042,501	(6,811,861)	1,889,788	60,089	4,932,289	(6,751,772)
Transfers	515,335	515,335	(515,335)	(515,335)	-	-
Increase (decrease) in net position	3,557,836	(6,296,526)	1,374,453	(455,246)	4,932,289	(6,751,772)
Net Position:						
Beginning of year - July 1, previously reported	102,151,162	116,998,730	11,299,629	11,976,369	113,450,791	128,975,099
Restatement	-	(8,551,042)	-	(221,494)	-	(8,772,536)
Beginning of year - July 1, restated	102,151,162	108,447,688	11,299,629	11,754,875	113,450,791	120,202,563
End of year - June 30	\$ 105,708,998	\$102,151,162	\$ 12,674,082	\$ 11,299,629	\$ 118,383,080	\$113,450,791

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 \$32,662,447 while total fund balance was \$41,814,971. As a measure of the General Fund's liquidity, it may be useful to compare available fund balance to total fund expenditures and transfers out. Available fund balance represents 28.0 percent of total General Fund expenditures and transfers out while total fund balance represents 35.8 percent of that same amount.

The governing body of Cleveland County has determined that the County should maintain an unassigned fund balance of 16% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an unassigned fund balance percentage of 18.3 percent.

At June 30, 2019, the governmental funds of the County reported a combined fund balance of \$61,957,143, a 1.4 percent decrease from last year. The decrease in fund balance was primarily due to increased expenditure activity in the Reimbursement Resolution Capital Project Fund. At the end of the current fiscal year, the Reimbursement Resolution Capital Project Fund had a decrease in fund balance of \$1,202,094. The School Capital Reserve Fund had a decrease in fund balance of \$452,426 primarily due to decreased revenues.

General Fund Budgetary Highlights. The County's financial position increased during FY 2019 due to General Fund expenditures coming in well under budget at fiscal year-end. County departments' diligence in monitoring their operational budgets resulted in total expenditures being \$5.2 million under budget at fiscal year-end. Most notable the human services function had total expenditures \$2.4 million under budget at fiscal year end. On the revenue side, the largest positive budget variances were in ad valorem tax revenues and investment earnings.

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

Total amendments to the General Fund increased revenues by \$806,227, or 0.72 percent, and expenditures by \$3,514,638, or 3.1 percent, of the original budget. Total actual revenues exceeded amended budgeted amounts by \$2.7 million with most of that increase related to increased investment income, local option sales tax, and ad valorem tax revenues. Total actual expenditures were \$5.2 million less than amended budgeted amounts, with the majority of that

amount relating to expenditures lower than budgeted in human services, economic and physical development, and public safety.

Proprietary Funds. The County’s proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Total net position for the proprietary fund at the end of the fiscal year amounted to \$12,674,082. During the fiscal year 2019, proprietary fund net position increased \$1,374,453. The increase in total net position for the proprietary funds is primarily due to decreased expenditures of approximately \$1.9m in post closure cost liability.

Capital Asset and Debt Administration

Capital Assets. The County’s investment in capital assets for its governmental and business-type activities as of June 30, 2019 totals \$142,449,593 (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	
	2019	2018	2019	2018	2019	2018
Land	\$ 17,191,765	\$ 17,253,594	\$ 18,911,351	\$ 18,912,848	\$ 36,103,116	\$ 36,166,442
Buildings	90,391,175	79,955,561	817,615	849,028	91,208,790	80,804,589
Plant and distribution systems	-	-	130,819	140,977	130,819	140,977
Equipment	5,221,767	6,019,696	3,279,221	2,761,247	8,500,988	8,780,943
Vehicles and motor equipment	2,280,077	2,743,630	4,730	5,281	2,284,807	2,748,911
Construction in progress	4,221,073	13,903,337	-	-	4,221,073	13,903,337
Total	\$ 119,305,857	\$ 119,875,818	\$ 23,143,736	\$ 22,669,381	\$ 142,449,593	\$142,545,199

Additional information on the County’s capital assets can be found in Note 2, capital assets section of the notes to the basic financial statements.

Long-Term Debt. As of June 30, 2019, Cleveland County had total bonded debt outstanding of \$12,250,000. The County also has multiple installment notes outstanding, of which the majority is related to debt issued for the construction and renovation of school, county and community college facilities. A summary of long-term debt is shown in Figure 5.

Cleveland County's Outstanding Debt & Long-Term Liabilities

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Limited obligation bonds	\$ 12,250,000	\$ 13,335,000	\$ -	\$ -	\$ 12,250,000	\$ 13,335,000
Installment purchases	40,705,115	44,975,462	-	-	40,705,115	44,975,462
Total	\$ 52,955,115	\$ 58,310,462	\$ -	\$ -	\$ 52,955,115	\$ 58,310,462

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

Standard & Poors	AA-
Moody’s	Aa2

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for Cleveland County is \$663,426,394.

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

Budget Highlights for the Fiscal Year Ending June 30, 2020

The FY 2019-20 budget was approved by the Cleveland County Board of Commission at an unchanged property tax rate of 57 cents per \$100 of property valuation. The FY 19-20 budget is the fourth budget post revaluation, and the County’s tax base has recovered nicely primarily due growth in the manufacturing industry. The projected tax base for fiscal year 2019-20 is approximately \$9.2 billion which creates a projected revenue increase of 5.1% at the approved 57 cents tax rate and a historically driven collection rate.

The FY 19-20 budget reflects the Board’s continued investment in the workforce. The Board approved a 2% pay increase for all full-time employees. There are also appropriations included in the budget to finish a professional pay and classification study.

The Board also continues to keep a focus on internal operations and the budget includes funding for several organizational projects: facilities master plan, energy conservation initiative, and a system wide I.T. upgrade.

The FY 19-20 budget also reflects an unchanged rate for Cleveland County Schools at 15 cents per \$100 of property valuation.

The Cleveland County Board of County Commissioners have developed strategic goals that are broken into five focus areas for the 2019-2020 fiscal year budget. Economic development and

the recruitment of new industry into Cleveland County continues to be the primary priority of the Commissioners strategic goals. The economic development focus area identifies key strategic benchmarks to grow the County's tax base and increase local jobs. Also identified as focus areas on the Commissioners strategic goals are fiscal sustainability, public safety, community wellness and citizen engagement.

The following factors were considered when developing the FY 2020 budget:

- Fiscal Sustainability :
 - Maintaining a minimum un-assigned fund balance percentage of 18-20%
 - ERP County-wide Software upgrade
 - Increased staff salaries and decreased employee turnover
 - Creation of a Master Facility Plan
 - Operational Re-Engineering & Implementation
 - Improved aspects of the employee health plan
 - Implementation of 5-year Capital Improvement Plan

- Economic Development :
 - Funding for future economic incentive projects and job creation.
 - Management of occupancy tax revenue aimed at growing travel/tourism throughout Cleveland County.
 - Partner with Cleveland Community College and Cleveland County Schools to promote dual-track and workforce development
 - Assist the Agriculture community in their efforts to promote Agriculture as an economic development opportunity

- Public Safety :
 - Acquiring American Red Cross building adding additional space for emergency services.
 - 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.
 - Cleveland County 800mhz Motorola trunking system management plan – 5 Year Refresh

- Community Wellness :
 - A strong continued relationship with the local YMCA to provide benefits to Cleveland County employees and in an effort to promote wellness throughout the County.
 - Engaging in the fight against opioid epidemic and continued momentum of the Partnering for Community Prosperity project.
 - Educational campaign to encourage a cleaner community

- Striving to improve County Health Rankings and the ability to access health care.
- Expanding telemedicine program to serve more County schools.

- Citizen Engagement :
 - Update of County website and increased social media engagement
 - Foothills Public Shooting Complex expansion – partnership with North Carolina Wildlife Commission
 - Continued support through municipal grant program

Business-Type Activities. The solid waste household fees and current tipping fees were budgeted based on the adopted rate schedule for the 19-20 budget year which included a slight increase in fee changes. Management has developed a 10-year rate schedule to offset rising operational and personnel costs as well as future post closure and expansion costs. Management has included additional funding for convenience center site improvements in 19-20 budget year.

Requests for Information

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

BASIC FINANCIAL STATEMENTS – OVERVIEW

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CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 48,389,133	\$ 3,643,841	\$ 52,032,974
Taxes receivable, net	1,708,293	-	1,708,293
Receivables, net	12,487,472	786,568	13,274,040
Inventories	108,852	-	108,852
Prepaid items	447,172	-	447,172
Note receivable	-	-	-
Restricted cash	7,085,817	-	7,085,817
Total current assets	<u>70,226,739</u>	<u>4,430,409</u>	<u>74,657,148</u>
Non-current assets:			
Net pension asset	133,496	-	133,496
Capital assets:			
Land and construction in progress	21,412,838	18,911,351	40,324,189
Other capital assets, net of depreciation	97,893,019	4,232,385	102,125,404
Total capital assets	<u>119,305,857</u>	<u>23,143,736</u>	<u>142,449,593</u>
Total non-current assets	<u>119,439,353</u>	<u>23,143,736</u>	<u>142,583,089</u>
Deferred Outflows of Resources:			
OPEB deferrals	1,131,481	59,552	1,191,033
Pension deferrals	9,746,760	470,065	10,216,825
Total deferred outflows of resources	<u>10,878,241</u>	<u>529,617</u>	<u>11,407,858</u>
Total assets and deferred outflows of resources	<u>200,544,333</u>	<u>28,103,762</u>	<u>228,648,095</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	4,406,746	204,016	4,610,762
Due within one year	6,006,730	13,188	6,019,918
Total current liabilities	<u>10,413,476</u>	<u>217,204</u>	<u>10,630,680</u>
Long-term liabilities:			
Due in more than one year	52,812,180	13,738,355	66,550,535
Net pension liability - LGERS	11,714,224	592,537	12,306,761
Total pension liability - LEOSSA	2,829,769	-	2,829,769
Total OPEB liability	<u>15,558,958</u>	<u>818,893</u>	<u>16,377,851</u>
Total long-term liabilities	<u>82,915,131</u>	<u>15,149,785</u>	<u>98,064,916</u>
Total liabilities	<u>93,328,607</u>	<u>15,366,989</u>	<u>108,695,596</u>
Deferred Inflows of Resources:			
Prepaid taxes	179,747	-	179,747
OPEB deferrals	1,107,752	58,303	1,166,055
Pension deferrals	219,229	4,388	223,617
Total deferred inflows of resources	<u>1,506,728</u>	<u>62,691</u>	<u>1,569,419</u>
Net Position:			
Net investment in capital assets	86,494,103	23,143,736	109,637,839
Restricted for:			
Stabilization for State statute	10,566,829	-	10,566,829
Register of Deeds	172,918	-	172,918
Register of Deeds' pension plan	145,947	-	145,947
Public safety	2,097,032	-	2,097,032
Education	7,070,391	-	7,070,391
Human services	2,000,000	-	2,000,000
Cultural and recreation	215,389	-	215,389
Unrestricted	<u>(3,053,611)</u>	<u>(10,469,654)</u>	<u>(13,523,265)</u>
Total net position	<u>\$ 105,708,998</u>	<u>\$ 12,674,082</u>	<u>\$ 118,383,080</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, 2019**

Functions/Programs:	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 16,206,681	\$ 3,906,891	\$ 1,521,611	\$ -
Public safety	31,238,186	3,206,964	464,295	1,861,658
Environmental protection	169,678	-	-	-
Economic and physical development	7,042,187	238,696	-	2,345,007
Human services	35,995,884	3,831,593	19,304,541	1,855,251
Cultural and recreational	1,503,021	-	33,768	-
Education	32,645,084	-	-	1,044,355
Interest on long-term debt	2,247,146	-	-	-
Total governmental activities	<u>127,047,867</u>	<u>11,184,144</u>	<u>21,324,215</u>	<u>7,106,271</u>
Business-Type Activities:				
Solid Waste	6,380,315	7,404,183	-	-
Total business-type activities	<u>6,380,315</u>	<u>7,404,183</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 133,428,182</u>	<u>\$ 18,588,327</u>	<u>\$ 21,324,215</u>	<u>\$ 7,106,271</u>

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs:	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary Government:			
Governmental Activities:			
General government	\$ (10,778,179)	\$ -	\$ (10,778,179)
Public safety	(25,705,269)	-	(25,705,269)
Environmental protection	(169,678)	-	(169,678)
Economic and physical development	(4,458,484)	-	(4,458,484)
Human services	(11,004,499)	-	(11,004,499)
Cultural and recreational	(1,469,253)	-	(1,469,253)
Education	(31,600,729)	-	(31,600,729)
Interest on long-term debt	(2,247,146)	-	(2,247,146)
Total governmental activities	<u>(87,433,237)</u>	<u>-</u>	<u>(87,433,237)</u>
Business-Type Activities:			
Landfill	-	1,023,868	1,023,868
Total business-type activities	<u>-</u>	<u>1,023,868</u>	<u>1,023,868</u>
Total primary government	<u>(87,433,237)</u>	<u>1,023,868</u>	<u>(86,409,369)</u>
General Revenues:			
Taxes:			
Property taxes, levied for general purpose	66,988,662	-	66,988,662
Local option sales tax	21,292,439	-	21,292,439
Other taxes and licenses	127,770	788,587	916,357
Investment earnings, unrestricted	1,316,562	77,333	1,393,895
Miscellaneous, unrestricted	750,305	-	750,305
Total general revenues	90,475,738	865,920	91,341,658
Capital contribution			
Transfers	<u>515,335</u>	<u>(515,335)</u>	<u>-</u>
Total general revenues, capital contribution, and transfers	<u>90,991,073</u>	<u>350,585</u>	<u>91,341,658</u>
Change in net position	3,557,836	1,374,453	4,932,289
Net Position:			
Beginning of year - July 1, previously reported	102,151,162	11,299,629	113,450,791
Restatement	-	-	-
Beginning of year - July 1, restated	<u>102,151,162</u>	<u>11,299,629</u>	<u>113,450,791</u>
End of year - June 30	<u>\$ 105,708,998</u>	<u>\$ 12,674,082</u>	<u>\$ 118,383,080</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	Major			Nonmajor	Total Governmental Funds
	General	Reimbursement Resolution Capital Project Fund	School Capital Reserve Fund	Other Governmental Funds	
Assets:					
Cash and cash equivalents	\$ 36,729,244	\$ 6,917,978	\$ -	\$ 4,741,912	\$ 48,389,134
Taxes receivable, net	1,632,423	-	-	75,870	1,708,293
Due from other governments	294,855	-	-	-	294,855
Other receivables, net	10,273,452	-	897,918	1,021,247	12,192,617
Due from other funds	413,347	-	-	-	413,347
Inventories	108,852	-	-	-	108,852
Prepaid items	396,008	-	-	51,164	447,172
Restricted assets:					
Cash and investments	15,426	-	6,561,861	508,530	7,085,817
Total assets	<u>\$ 49,863,607</u>	<u>\$ 6,917,978</u>	<u>\$ 7,459,779</u>	<u>\$ 6,398,723</u>	<u>\$ 70,640,087</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 3,906,093	\$ -	\$ -	\$ 141,474	\$ 4,047,567
Due to other funds	-	-	-	413,347	413,347
Total liabilities	<u>3,906,093</u>	<u>-</u>	<u>-</u>	<u>554,821</u>	<u>4,460,914</u>
Deferred Inflows of Resources:					
Property taxes receivable	1,632,423	-	-	75,870	1,708,293
Prepaid taxes	176,130	-	-	3,617	179,747
Other receivables	2,333,990	-	-	-	2,333,990
Total deferred inflows of resources	<u>4,142,543</u>	<u>-</u>	<u>-</u>	<u>79,487</u>	<u>4,222,030</u>
Fund Balances:					
Non-spendable:					
Inventory	108,852	-	-	-	108,852
Prepaid items	396,008	-	-	51,164	447,172
Restricted:					
Stabilization for State statute	8,647,664	-	897,918	1,021,247	10,566,829
Restricted for Register of Deeds	172,918	-	-	-	172,918
Restricted, all other	2,465,389	-	6,561,861	2,355,562	11,382,812
Committed	1,015,426	8,120,072	-	3,128	9,138,626
Assigned for subsequent year's expenditures	4,992,241	-	-	-	4,992,241
Assigned, all other	3,300,000	-	-	2,794,155	6,094,155
Unassigned	20,716,473	(1,202,094)	-	(460,841)	19,053,538
Total fund balances	<u>41,814,971</u>	<u>6,917,978</u>	<u>7,459,779</u>	<u>5,764,415</u>	<u>61,957,143</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 49,863,607</u>	<u>\$ 6,917,978</u>	<u>\$ 7,459,779</u>	<u>\$ 6,398,723</u>	<u>\$ 70,640,087</u>

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

**Exhibit C
(continued)**

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

Total fund balance, Government Funds	\$ 61,957,143
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	119,305,856
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net assets in the Statement of Net Position.	4,042,283
Long-term liabilities and compensated absences are not due and payable in the current period, and therefore, are not reported in the funds.	(58,818,910)
Net pension asset	133,496
Deferred outflows of resources related to pensions are not related in the funds.	9,746,760
Deferred outflows of resources related to OPEB are not related in the funds.	1,131,481
Some liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(359,179)
Deferred inflows of resources related to pensions are not related in the funds.	(219,229)
Deferred inflows of resources related to OPEB are not related in the funds.	(1,107,752)
Net pension liability	(11,714,224)
Total OPEB liability	(15,558,958)
Total pension liability	<u>(2,829,769)</u>
Net position of governmental activities	<u>\$ 105,708,998</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, 2019

	Major			Nonmajor	Total Governmental Funds
	General Fund	Reimbursement Resolution Capital Project Fund	School Capital Reserve Fund	Other Governmental Funds	
Revenues:					
Ad valorem taxes	\$ 63,822,841	\$ -	\$ -	\$ 3,235,084	\$ 67,057,925
Local option sales taxes	16,542,035	-	3,483,998	1,266,406	21,292,439
Unrestricted intergovernmental revenues	127,770	-	-	-	127,770
Restricted intergovernmental revenues	21,516,935	-	1,044,353	4,272,881	26,834,169
Permits and fees	4,699,153	-	-	-	4,699,153
Sales and services	7,212,000	-	-	-	7,212,000
Investment earnings	1,026,578	69,961	149,775	70,248	1,316,562
Miscellaneous	610,782	-	-	139,523	750,305
Total revenues	<u>115,558,094</u>	<u>69,961</u>	<u>4,678,126</u>	<u>8,984,142</u>	<u>129,290,323</u>
Expenditures:					
Current:					
General government	11,625,687	-	-	1,504,150	13,129,837
Public safety	25,391,553	-	-	4,420,007	29,811,560
Environmental protection	167,498	-	-	-	167,498
Economic and physical development	6,284,388	-	-	2,864,692	9,149,080
Human services	34,799,076	-	-	-	34,799,076
Cultural and recreational	1,320,498	-	-	-	1,320,498
Education	31,401,693	-	-	749,376	32,151,069
Insurance settlements	2,481,576	-	-	-	2,481,576
Debt service:					
Principal retirement	106,878	-	-	5,355,347	5,462,225
Interest and other charges	-	-	-	2,282,665	2,282,665
Total expenditures	<u>113,578,847</u>	<u>-</u>	<u>-</u>	<u>17,176,237</u>	<u>130,755,084</u>
Revenues over (under) expenditures	<u>1,979,247</u>	<u>69,961</u>	<u>4,678,126</u>	<u>(8,192,095)</u>	<u>(1,464,761)</u>
Other Financing Sources (Uses):					
Capital lease financing issued	70,138	-	-	-	70,138
Transfers from other funds	1,977,374	-	-	-	1,977,374
From General Fund	-	-	-	3,082,210	3,082,210
From Capital Reserve Fund	-	-	-	1,119,776	1,119,776
From School Capital Reserve	-	-	-	3,680,552	3,680,552
From Reimbursement Resolution CRF	-	-	-	1,272,055	1,272,055
Transfers to other funds	(3,082,210)	(1,272,055)	(5,130,552)	(1,131,815)	(10,616,632)
Total other financing sources (uses)	<u>(1,034,698)</u>	<u>(1,272,055)</u>	<u>(5,130,552)</u>	<u>8,022,778</u>	<u>585,473</u>
Net change in fund balances	944,549	(1,202,094)	(452,426)	(169,317)	(879,288)
Fund Balances:					
Beginning of year - July 1	<u>40,870,422</u>	<u>8,120,072</u>	<u>7,912,205</u>	<u>5,933,732</u>	<u>62,836,431</u>
End of year - June 30	<u>\$ 41,814,971</u>	<u>\$ 6,917,978</u>	<u>\$ 7,459,779</u>	<u>\$ 5,764,415</u>	<u>\$ 61,957,143</u>

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, 2019

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	\$ (879,288)
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.	256,436
EMS revenues and other revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	674,617
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(467,005)
Pension expense - LEOSSA	(84,567)
Pension expense - LGERS	(504,575)
Pension expense - ROD	(6,893)
OPEB plan expense	(288,533)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	4,967,092
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(5,406,046)
Net gain/loss on the disposal of capital assets, not recognized on modified accrual basis.	(131,008)
Accrued interest that does not require current financial resources are not reported as expenditures in the governmental funds statement.	35,519
The issuance of long-term debt provides current financial resources to governmental funds, but does not effect net assets.	(70,138)
Principal repayments and capital lease payments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>5,462,225</u>
Total change in net position of governmental activities	<u>\$ 3,557,836</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, 2019

	General Fund			
	Budgeted Amounts		Actual	Variance from Final Budget Positive/Negative
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 62,285,970	\$ 62,285,970	\$ 63,822,841	\$ 1,536,871
Local option sales taxes	15,857,500	15,857,500	16,542,035	684,535
Unrestricted intergovernmental revenues	136,000	136,000	127,770	(8,230)
Restricted intergovernmental revenues	21,416,868	22,062,362	21,516,935	(545,427)
Permits and fees	4,446,242	4,447,242	4,699,153	251,911
Sales and services	7,231,287	7,203,287	7,212,000	8,713
Investment earnings	327,500	327,500	1,026,578	699,078
Miscellaneous	393,835	581,568	610,782	29,214
Total revenues	<u>112,095,202</u>	<u>112,901,429</u>	<u>115,558,094</u>	<u>2,656,665</u>
Expenditures:				
Current:				
General government	11,750,544	12,228,405	11,625,687	602,718
Public safety	25,221,968	26,333,590	25,391,553	942,037
Environmental protection	212,103	206,048	167,498	38,550
Economic and physical development	7,187,470	7,088,553	6,284,388	804,165
Human services	36,562,378	37,182,854	34,799,076	2,383,778
Cultural and recreational	1,346,087	1,576,658	1,320,498	256,160
Intergovernmental:				
Education	31,049,985	31,402,561	31,401,693	868
Risk management	1,077,784	2,481,641	2,481,576	65
Contingency	750,000	166,657	-	166,657
Debt service:				
Principal retirement	124,117	130,107	106,878	23,229
Interest and other charges	440	440	-	440
Total expenditures	<u>115,282,876</u>	<u>118,797,514</u>	<u>113,578,847</u>	<u>5,218,667</u>
Revenues over (under) expenditures	<u>(3,187,674)</u>	<u>(5,896,085)</u>	<u>1,979,247</u>	<u>7,875,332</u>
Other Financing Sources (Uses):				
Capital lease financing issued	-	-	70,138	70,138
Transfers from other funds	2,050,335	2,050,335	1,977,374	(72,961)
Transfers to other funds	(4,809,730)	(3,770,732)	(3,082,210)	688,522
Appropriated fund balance	5,947,069	7,616,482	-	(7,616,482)
Total other financing sources (uses)	<u>3,187,674</u>	<u>5,896,085</u>	<u>(1,034,698)</u>	<u>(6,930,783)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	944,549	<u>\$ 944,549</u>
Fund Balance:				
Beginning of year - July 1			<u>40,870,422</u>	
End of year - June 30			<u>\$ 41,814,971</u>	

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

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019

	Business-Type Activities
	Major
	Solid Waste Fund
Assets:	
Current assets:	
Cash and cash equivalents	3,643,841
Accounts receivable, net	786,568
Total current assets	<u>4,430,409</u>
Non-current assets:	
Capital assets:	
Land and construction in progress	18,911,351
Other capital assets, net of depreciation	4,232,385
Total non-current assets	<u>23,143,736</u>
Total assets	<u>27,574,145</u>
Deferred Outflow of Resources:	
OPEB deferrals	59,552
Pension deferrals	470,065
Total deferred outflows of resources	<u>529,617</u>
Liabilities:	
Current liabilities:	
Accounts payable	187,727
Accrued payroll	14,479
Prepaid taxes	1,810
Current portion of compensated absences	13,188
Total current liabilities	<u>217,204</u>
Non-current liabilities:	
Liabilities payable from restricted assets:	
Customer deposits	-
Other non-current liabilities:	
Accrued landfill closure and post-closure care costs	13,619,664
Compensated absences	118,691
Net pension liability	592,537
Total OPEB liability	818,893
Total non-current liabilities	<u>15,149,785</u>
Total liabilities	<u>15,366,989</u>
Deferred Inflows of Resources:	
Pension deferrals	4,388
OPEB deferrals	58,303
Total deferred outflows of resources	<u>62,691</u>
Net Position:	
Net investment in capital assets	23,143,736
Unrestricted	<u>(10,469,654)</u>
Total net position	<u>\$ 12,674,082</u>

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Business-Type Activities
	Major
	Solid Waste Fund
Operating Revenues:	
Charges for services	\$ 7,404,183
Unrestricted intergovernmental	788,587
Total operating revenues	<u>8,192,770</u>
Operating Expenses:	
Salaries and employee benefits	2,089,437
Other operating expenses	3,458,771
Landfill closure and post-closure care costs	226,511
Depreciation	828,741
Total operating expenses	<u>6,603,460</u>
Operating income (loss)	<u>1,589,310</u>
Non-Operating Revenues (Expenses):	
Interest income	77,333
Gain/(loss) on a sale	223,145
Total non-operating revenues (expenses)	<u>300,478</u>
Income (loss) before capital contributions and transfers	<u>1,889,788</u>
Transfers:	
Transfers out	<u>(515,335)</u>
Net transfers	<u>(515,335)</u>
Change in net position	1,374,453
Net Position:	
Beginning of year - July 1	<u>11,299,629</u>
End of year - June 30	<u>\$ 12,674,082</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, 2019**

		Enterprise Fund
		Major
		Solid Waste Fund
Cash Flows from Operating Activities:		
Cash received from customers	\$	8,221,850
Cash paid for goods and services		(3,413,504)
Cash paid to employees for services		(2,031,267)
Customer deposits		241
Net cash provided (used) by operating activities		<u>2,777,320</u>
Cash Flows from Non-Capital Financing Activities:		
Transfers out		<u>(515,335)</u>
Net cash provided (used) by non-capital financing activities		<u>(515,335)</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets		(1,304,593)
Proceeds from sale of long-term asset		224,642
Net cash provided (used) for capital and related financing activities		<u>(1,079,951)</u>
Cash Flows from Investing Activities:		
Interest on investments		<u>77,333</u>
Net increase (decrease) in cash and cash equivalents		1,259,367
Cash and Cash Equivalents:		
Beginning of year - July 1		<u>2,384,472</u>
End of year - June 30	\$	<u>3,643,841</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, 2019**

	Enterprise Fund
	Major
	Solid Waste Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 1,589,310
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	828,741
Landfill closure and post-closure care costs	226,511
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	29,080
Increase (decrease) in accounts payable and accrued liabilities	45,267
Increase (decrease) in prepayments	241
Increase (decrease) in accrued vacation pay	4,380
Increase (decrease) in net OPEB liability	(10,323)
(Increase) decrease in deferred outflows of resources - pensions	(181,042)
(Increase) decrease in deferred outflows of resources - OPEB	6,452
Increase in net pension liability	217,137
Decrease in deferred inflows of resources - pension	3,200
Increase in deferred inflows of resources - OPEB	18,366
Total adjustments	1,188,010
Net cash provided (used) by operating activities	\$ 2,777,320
Contributed capital assets	\$ -

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

CLEVELAND COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 406,070
Accounts receivable	<u>1,044,738</u>
Total assets	<u>\$ 1,450,808</u>
Liabilities:	
Intergovernmental payable	<u>\$ 1,450,808</u>
Total liabilities and fund balances	<u>\$ 1,450,808</u>

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

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CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Cleveland County Industrial Facility and Pollution Control Financing Authority

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

B. Basis of Presentation - Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government net position (the County). 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, 2019

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

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise fund:

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

The County also reports the following fund types:

Special Revenue Funds. Special revenue funds are used to account for specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains two special revenue funds, Emergency Telephone System Fund (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 twelve non-major capital project funds within the governmental fund types: North Shelby School, County General Capital Projects Fund, Public Shooting Range, Foothills Commerce Center, Kings Mountain Gate Way Trail-Phase 5, Washburn Switch Road, Pinnacle Turn Lane, Economic Development, Jail Consolidation, Enterprise Resource Planning, Fair Enhancement, and the Capital Reserve Fund.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

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

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

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

C. Budgetary Data

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

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 deposit accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The County's investments are reported at fair value. The NCCMT- Government Portfolio, an SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT- Term Portfolio's securities are valued at fair value.

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 Statue 153A-150. Money for North Shelby School Capital Project Fund is classified as restricted assets because the funding is unspent debt proceeds. Money in the School Capital Reserve Fund is classified as restricted assets because its use is restricted per North Carolina General Statue 159-18 through 22. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The following table illustrates the breakdown of Cleveland County’s restricted cash:

Governmental Activities		
Fund	Purpose	Amount
General Fund	Tax revaluation	\$ 15,426
North Shelby School Capital Project Fund	Unspent debt proceeds	508,530
School Capital Reserve Fund	Restricted for school capital	6,561,861
Total		\$ 7,085,817
Business-Type Activities		
Solid Waste	Customer deposits	\$ -

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, 2018. As allowed by State law, the County has established a schedule of discounts that apply to such taxes that are paid prior to the due date. In the County’s General Fund and County Fire Service Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts

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

Inventories and Prepaid Items

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

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

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are as follows for the year ended June

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

30, 2019: land, \$10,000; buildings, improvements, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$10,000; computer software, \$5,000; and computer equipment, \$500. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

Long-Term Obligations

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Compensated Absences

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

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

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

Deferred Outflows/Inflows of Resources

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

Estimates

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

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

Note Receivable – portion of fund balance that is not an available resource because it represents the year-end balance of a long-term receivable, which are not spendable resources.

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

Restricted Fund Balance

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

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

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

“imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

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

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

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

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

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

Restricted fund balance at June 30, 2019 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>School Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Restricted</u>
Restricted, all other:				
Public safety	\$ 250,000	\$ -	\$ 1,847,032	\$ 2,097,032
Human services	2,000,000	-	-	2,000,000
Cultural and recreation	215,389	-	-	215,389
Education	-	6,561,861	508,530	7,070,391
Total	<u>\$ 2,465,389</u>	<u>\$ 6,561,861</u>	<u>\$ 2,355,562</u>	<u>\$ 11,382,812</u>

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by ROD Pension Plan of \$145,947.

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

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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

Committed fund balance at June 30, 2019 is as follows:

Purpose	General Fund	Reimbursement Resolution Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Committed:				
Tax revaluation	\$ 15,426	\$ -	\$ -	\$ 15,426
Economic and physical development	-	8,120,072	3,128	8,123,200
Health & Human Services	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Total	<u>\$ 1,015,426</u>	<u>\$ 8,120,072</u>	<u>\$ 3,128</u>	<u>\$ 9,138,626</u>

Assigned Fund Balance

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

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

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

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

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

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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

Assigned fund balance at June 30, 2019 is as follows:

Purpose	General Fund	Other Governmental Funds	Total
Assigned:			
Subsequent year's expenditures	\$ 4,992,241	\$ -	\$ 4,992,241
General government	-	1,594,155	1,594,155
Risk management operations	1,000,000	-	1,000,000
Economic and physical development	2,300,000	-	2,300,000
Debt service	-	1,200,000	1,200,000
Total	\$ 8,292,241	\$ 2,794,155	\$ 11,086,396

Unassigned Fund Balance

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

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

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

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

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Total fund balance - General Fund	\$ 41,814,971
Less:	
Inventories	(108,852)
Prepays	(396,008)
Stabilization by State statute	<u>(8,647,664)</u>
Total available fund balance	<u>\$ 32,662,447</u>

Defined Benefit Pension and OPEB Plans

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

Net Investment in Capital Assets:

Net investment in capital assets at June 30, 2019 are computed as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets	\$ 119,305,857	\$ 23,143,736
Less: Long-term debt	(53,189,562)	-
Add: Unexpended debt proceeds	508,530	-
Add: School debt for assets to which the County does not hold title	<u>19,869,278</u>	-
Total	<u>\$ 86,494,103</u>	<u>\$ 23,143,736</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method and to monitor them for compliance. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the County's deposits had a carrying amount of \$2,809,981 and a bank balance of \$3,204,119. Of the bank balance, \$744,555 was covered by federal depository insurance, and \$2,459,564 was covered by collateral held under the Pooling Method. At June 30, 2019, the County had \$18,678 cash on hand.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Investments

At June 30, 2019, the County had the following investments and maturities:

Investment Type	Valuation		Less Than	6-12	1-3
	Measurement Method	Fair Value	6 Months	Months	Years
U.S. government agencies NC Capital Management	Fair Value - Level 2	\$ 7,170,750	\$ 4,732,695	\$ 932,198	\$ 1,505,857
Trust - Government Portfolio	Fair Value - Level 1	18,540,925	18,540,925	-	-
Commercial paper	Fair Value - Level 2	30,984,528	25,265,174	5,719,354	-
Total		\$ 56,696,203	\$ 48,538,794	\$ 6,651,552	\$ 1,505,857

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

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

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

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2019, the County's investments in commercial paper were rated P-1 by Standard and Poor's and A-1 by Moody's Investment Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2019. 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, 2019.

Concentration of Credit Risk.

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

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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

Property Tax – Use-Value Assessment on Certain Lands

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

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

<u>Tax Year Levied</u>	<u>Additional Tax</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,682,583	\$ 50,477	\$ 1,733,061
2018	1,678,722	48,714	1,727,436
2017	1,705,399	51,162	1,756,561
2016	1,707,455	51,222	1,758,677
2015	<u>1,516,907</u>	<u>72,155</u>	<u>1,589,062</u>
Total	<u>\$ 6,608,483</u>	<u>\$ 223,253</u>	<u>\$ 6,831,736</u>

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Receivables

Receivables at the government-wide level at June 30, 2019 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 13,120,042	\$ 2,320,328	\$ 294,855	\$ 15,735,225
School capital reserve	897,918	-	-	897,918
Other governmental	<u>1,021,247</u>	<u>75,870</u>	-	<u>1,097,117</u>
Total receivables	15,039,207	2,396,198	294,855	17,730,260
Allowance for doubtful accounts	<u>(2,846,590)</u>	<u>(687,905)</u>	-	<u>(3,534,495)</u>
Total governmental activities	<u>\$ 12,192,617</u>	<u>\$ 1,708,293</u>	<u>\$ 294,855</u>	<u>\$ 14,195,765</u>
Amounts not scheduled for collection				
during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Business-Type Activities:				
Solid waste	\$ 965,536	\$ -	\$ -	\$ 965,536
Allowance for doubtful accounts	<u>(178,968)</u>	-	-	<u>(178,968)</u>
Total business-type activities	<u>\$ 786,568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 786,568</u>

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

Sales and Use Tax \$ 294,855

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Increases	Decreases	Transfers	Balance June 30, 2019
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 17,253,594	\$ (728,605)	\$ (82,600)	\$ -	\$ 16,442,389
Construction in progress	13,903,337	3,279,172	(12,961,436)	-	4,221,073
Total non-depreciable capital assets	31,156,931	2,550,567	(13,044,036)	-	20,663,462
Depreciable Capital Assets:					
Buildings	103,687,651	13,052,582	-	-	116,740,233
Vehicles and motor equipment	23,605,442	1,552,441	(561,796)	(19,851)	24,576,236
Leasehold improvements	425,178	-	-	-	425,178
Infrastructure	6,740,713	-	-	-	6,740,713
Total depreciable capital assets	134,458,984	14,605,023	(561,796)	(19,851)	148,482,360
Less Accumulated Depreciation:					
Buildings	23,732,090	2,616,968	-	-	26,349,058
Vehicles and motor equipment	17,585,746	2,325,525	(536,951)	(19,851)	19,354,469
Leasehold improvements	289,206	14,173	-	-	303,379
Infrastructure	4,133,055	449,380	-	-	4,582,435
Total accumulated depreciation	45,740,097	5,406,046	(536,951)	(19,851)	50,589,341
Total depreciable capital assets	88,718,887	9,198,977	(24,845)	-	97,893,019
Governmental activities capital assets, net	\$ 119,875,818	\$ 11,749,544	\$ (13,068,881)	\$ -	\$ 118,556,481

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

General government	\$ 973,090
Public safety	2,108,368
Economic and physical development	54,071
Human services	864,967
Cultural and recreational	162,180
Education	1,243,370
Total	\$ 5,406,046

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2019</u>
Business-Type Activities:					
Solid Waste:					
Non-Depreciable Capital Assets:					
Land	\$ 18,912,848	\$ -	\$ (1,497)	\$ -	\$ 18,911,351
Construction in progress	-	-	-	-	-
Total non-depreciable capital assets	<u>18,912,848</u>	<u>-</u>	<u>(1,497)</u>	<u>-</u>	<u>18,911,351</u>
Depreciable Capital Assets:					
Buildings	1,238,863	-	-	-	1,238,863
Equipment and vehicles	7,900,756	1,304,593	(116,529)	19,851	9,108,671
Leasehold improvements	16,518	-	-	-	16,518
Infrastructure	4,283,005	-	-	-	4,283,005
Total depreciable capital assets	<u>13,439,142</u>	<u>1,304,593</u>	<u>(116,529)</u>	<u>19,851</u>	<u>14,647,057</u>
Less Accumulated Depreciation:					
Buildings	389,835	31,413	-	-	421,248
Equipment and vehicles	5,139,509	786,619	(116,529)	19,851	5,829,450
Leasehold improvements	11,237	551	-	-	11,788
Infrastructure	4,142,028	10,158	-	-	4,152,186
Total accumulated depreciation	<u>9,682,609</u>	<u>828,741</u>	<u>(116,529)</u>	<u>19,851</u>	<u>10,414,672</u>
Total depreciable capital assets, net	<u>3,756,533</u>	<u>475,852</u>	<u>-</u>	<u>-</u>	<u>4,232,385</u>
Solid Waste capital assets, net	<u>\$ 22,669,381</u>	<u>\$ 475,852</u>	<u>\$ (1,497)</u>	<u>\$ -</u>	<u>\$ 23,143,736</u>

The County did not have any outstanding construction commitments as of June 30, 2019.

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2019 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Insurance Claims Incurred But Not Reported</u>	<u>Total</u>
Governmental Activities:					
General	\$ 2,887,647	\$ 199,542	\$ 359,179	\$ 818,904	\$ 4,265,272
Other governmental	141,474	-	-	-	141,474
Total governmental activities	<u>\$ 3,029,121</u>	<u>\$ 199,542</u>	<u>\$ 359,179</u>	<u>\$ 818,904</u>	<u>\$ 4,406,746</u>
Business-Type Activities:					
Solid Waste	<u>\$ 187,727</u>	<u>\$ 14,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,206</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Pension Plan and Other Postemployment Obligations

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employee's Retirement System (LGERs), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERs membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERs Board of Trustees, which consists of 13 members – nine appointed by the Governor one appointed by the State Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERs. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919-981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERs provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the members average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$2,914,078 for the year ended June 30, 2019.

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

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

At June 30, 2019, the County reported a liability of \$12,306,761 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the County's proportion was .519%, which was a decrease of .003% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the County recognized pension expense of \$3,457,947. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,898,641	\$ 63,709
Changes of assumptions	3,265,739	-
Net difference between projected and actual earnings on pension plan investments	1,689,353	-
Changes in proportion and differences between County contributions and proportionate share of contributions	65,564	24,051
County contributions subsequent to the measurement date	2,914,078	-
Total	\$ 9,833,375	\$ 87,760

\$2,914,078 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ 3,302,063
2020	2,148,597
2021	391,121
2022	989,756
2023	-
Thereafter	-
Total	\$ 6,831,537

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 percent
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

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

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	<u>6.0%</u>	4.0%
Total	<u>100%</u>	

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

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.20%)
County’s proportionate share of the net pension liability (asset)	\$ 29,561,907	\$ 12,306,761	\$ (2,111,908)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Law Enforcement Officers’ Special Separation Allowance

Plan Description. Cleveland County administers a public employee retirement system (the “Separation Allowance”), a single-employer, defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance’s membership consisted of 109 active plan members and 9 retired members receiving benefits.

Summary of Significant Accounting Policies

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

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

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

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

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

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

Contributions

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$141,314 as benefits came due for the reporting period.

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

At June 30, 2019, the County reported a total pension liability of \$2,829,769. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$183,865.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 145,266	\$ -
Changes in assumptions	102,084	111,506
County benefit payments and plan administrative expenditures paid subsequent to the measurement date	99,298	-
Total	\$ 346,648	\$ 111,506

\$99,298 reported as deferred outflows of resources related to pensions resulting from County benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 33,816
2021	33,816
2022	33,816
2023	31,102
2024	3,294
Thereafter	-
Total	\$ 135,844

\$98,847 paid as benefits came due and \$451 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.64 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>1% Decrease (2.64%)</u>	<u>Discount Rate (3.64%)</u>	<u>1% Increase (4.64%)</u>
Total pension liability	\$ <u>3,044,161</u>	\$ <u>2,829,769</u>	\$ <u>2,632,979</u>

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

	<u>2019</u>
Beginning balance	\$ 2,725,009
Service Cost	136,342
Interest on the total pension liability	83,878
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	126,505
Changes of assumptions or other inputs	(100,651)
Benefit payments	<u>(141,314)</u>
Net changes	<u>104,760</u>
Ending balance of the total pension liability	<u>\$ 2,829,769</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.16 percent at June 30, 2017 to 3.64 percent at June 30, 2018.

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Supplemental Retirement Income Plan for Law Enforcement Officers

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes pension trust fund financial statements for the Internal Revenue Code Section 401 (k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$594,255, which consisted of \$397,837 from the County and \$196,418 from the law enforcement officers. No amounts were forfeited.

Registers of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$7,759 for the year ended June 30, 2019.

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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

At June 30, 2019, the County reported an asset of \$133,496 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2018, the County's proportion was .806%, which was an increase of .102% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$14,655. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 1,177	\$ 6,093
Changes of assumptions	6,279	-
Net difference between projected and actual earnings on pension plan investments	21,278	-
Changes in proportion and differences between County contributions and proportionate share of contributions	309	18,258
County contributions subsequent to the measurement date	<u>7,759</u>	<u>-</u>
Total	<u><u>\$ 36,802</u></u>	<u><u>\$ 24,351</u></u>

\$7,759 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Year Ending June 30	Amount
2020	\$ 861
2021	(5,744)
2022	6,271
2023	3,305
2024	-
Thereafter	-
Total	<u>\$ 4,693</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2019 is 1.4%.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00. All rates of return and inflation are annualized.

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

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

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	<u>\$ 105,254</u>	<u>\$ 133,496</u>	<u>\$ 157,313</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

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

The net pension liability for LGERS and ROD was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2018, with an actuarial valuation date of December 31, 2017.

The County’s proportion of the net pension liability was based on the County’s share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	\$ 12,306,761	\$ (133,496)	\$ -	\$ 12,173,265
Proportion of the Net Pension Liability (Asset)	0.5188%	0.8060%	NA	
Total Pension Liability	\$ -	\$ -	\$ 2,829,769	\$ 2,829,769
Pension Expense	\$ 3,457,947	\$ 14,655	\$ 254,985	\$ 3,727,587

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	LEOSSA	ROD	Total
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 1,898,641	\$ 145,266	\$ 1,177	\$ 2,045,084
Changes of assumptions	3,265,739	102,084	6,279	3,374,102
Net difference between projected and actual earnings on pension plan investments	1,689,353	-	21,278	1,710,631
Changes in proportion and differences between County contributions and proportionate share of contributions	65,564	-	309	65,873
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	2,914,078	99,298	7,759	3,021,135
	\$ 9,833,375	\$ 346,648	\$ 36,802	\$ 10,216,825

Deferred Inflows of Resources

Differences between expected and actual experience	\$ 63,709	\$ -	\$ 6,093	\$ 69,802
Changes of assumptions	-	111,506	-	111,506
Changes in proportion and differences between County contributions and proportionate share of contributions	24,051	-	18,258	42,309
	\$ 87,760	\$ 111,506	\$ 24,351	\$ 223,617

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Post-Employment Benefits

Other Post-Employment Benefits - Healthcare Benefits

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

Membership of the plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	100
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>628</u>
Total	<u><u>728</u></u>

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

Total OPEB Liability

The County's total OPEB liability of \$16,377,850. was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.50 to 7.75 percent, including wage inflation
Discount rate	3.89 percent
Healthcare cost trend rates	Pre-Medicare - 7.50 percent for 2017 decreasing to an ultimate rate of 5.00 percent by 2023

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	<u>\$ 16,584,322</u>
Changes for the year	
Service Cost	691,281
Interest	574,289
Changes of benefit terms	-
Differences between expected and actual experience	(24,112)
Changes in assumptions or other inputs	(534,720)
Benefit Payments	(913,210)
Net changes	<u>(206,472)</u>
Balance at June 30, 2018	<u>\$ 16,377,850</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.56% to 3.89%.

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>1% Decrease</u> <u>(2.89%)</u>	<u>Discount Rate</u> <u>(3.89%)</u>	<u>1% Increase</u> <u>(4.89%)</u>
Total OPEB liability	\$ 18,059,809	\$ 16,377,850	\$ 14,873,251

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 14,481,411	\$ 16,377,850	\$ 18,636,698

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

For the year ended June 30, 2019, the County recognized OPEB expense of \$1,136,582. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 357,478	\$ -
Changes of assumptions	-	20,985
Benefit payments and plan administrative expense made subsequent to the measurement date	<u>833,555</u>	<u>1,145,070</u>
Total	<u>\$ 1,191,033</u>	<u>\$ 1,166,055</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

\$833,555 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending		
June 30	Amount	
2020	\$	(128,914)
2021		(128,914)
2022		(128,914)
2023		(128,914)
2024		(128,914)
Thereafter		<u>(164,007)</u>
Total	\$	<u><u>(808,577)</u></u>

Landfill Closure and Post-Closure Care Costs

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

The \$13,619,664 reported as landfill post-closure care liability at June 30, 2019 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 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension deferrals	\$ 10,216,825	\$ 223,617
OPEB deferrals	1,191,033	1,166,055
Other prepaid revenue, not yet earned (General)	-	-
Prepaid taxes, not yet earned (General)	-	179,747
Taxes receivable, net less penalties (General)	-	1,632,423
Taxes receivable, net less penalties (Special Revenue)	-	75,870
Other receivable (General Fund)	-	2,333,990
Total	\$ 11,407,858	\$ 5,611,702

Risk Management

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

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

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

The County is self-funded for workers' compensation claims up to a maximum of \$600,000 per claim and purchases coverage up to statutory limits through Safety National Casualty Corporation. Cleveland County contacts with Guilford City/County Insurance Advisory Committee as an independent 3rd party administrator for workers compensation. The estimated liability for outstanding losses includes \$281,765 for incurred but unpaid claims as of June 30, 2019.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Effective July 1, 2002, the County became self-insured for health insurance coverage on a cost-reimbursement basis. Under this program, the County is obligated for claims payments. The County contributes up to \$1,100 per employee as part of a HSA plan. A stop-loss insurance contract executed with an insurance carrier covers claims in excess of \$125,000 per person. The estimated liability for outstanding losses includes \$537,139 for incurred but unrecorded claims as of June 30, 2019. The County has contracted with a private insurer (BCBS) to administer the payment of claims and the County reimburses the insurer each week.

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

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

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

	Year Ending June 30	
	2018	2019
Health	\$ 321,555	\$ 537,139
Workers' compensation	101,086	281,765
Total	<u>\$ 422,641</u>	<u>\$ 818,904</u>

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

Claims and Judgments

At June 30, 2019, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters may have a material adverse effect on the County's financial position. A potential liability could result if unfavorable final decisions are rendered in lawsuits to which the County is a named defendant. No known amounts have been identified, therefore, an amount has not been recorded as a liability in these statements.

Long-Term Obligations

Capital Leases

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

At June 30, 2019, the present value of future minimum lease payments for equipment leased by the County was:

Year Ending June 30	Principal
2020	\$ 102,644
2021	103,199
2022	17,084
2023	11,520
Total minimum lease payments	234,447
Less: amount representing interest	-
Present value of the minimum lease payments	<u>\$ 234,447</u>

Other Long-Term Obligations

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

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

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Serviced by the General Fund:

Direct Placement Debt:

\$6,000,000 - Public Safety Communication Equipment, Series 2007;
due in annual installments of \$400,000 through December 2022; interest payable
BB&T at 3.93% from 2007-2010; 3.46% 2011-2013; 2.27% 2014-2022 \$ 1,600,000

\$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 2,240,000

\$17,528,950 - Community College Building Project, Series 2010 C & D. due in
semi-annual installments of \$586,098 through September 2025; interest payable
at 4.91%; These are American Recovery Zone Bonds and interest payments are
partially subsidized by the federal government; payments are due to BB&T 7,619,278

\$33,350,000 - County Buildings, Public Infrastructure & Schools Project;
due in semi-annual installments of \$2,224,000 through September 2031;
interest at 3.25%; payments are due to Capital One Public Finance 28,902,000

\$12,255,000 - City of Shelby Enterprise System Revenue Bonds, Series 2004;
due in annual installments ranging from \$315,000 to \$810,000 through
May 1, 2029; County's portion of revenue bonds (\$634,599) per contract with
City of Shelby are due in annual installments of \$16,312 to \$41,944 through
May 1, 2029; interest is payable at 5% and are due to the City of Shelby 343,837

Total direct placement \$ 40,705,115

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

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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

Year Ending June 30	Principal	Interest
2020	\$ 4,271,642	\$ 1,366,679
2021	4,272,936	1,215,678
2022	4,274,490	1,064,610
2023	4,275,043	913,483
2024	3,876,597	762,295
2025-2029	13,065,409	2,100,667
2030-2033	6,668,998	325,114
Total	<u>\$ 40,705,115</u>	<u>\$ 7,748,526</u>

Limited Obligation Indebtedness

The County’s Limited Obligation Bonds consisted of the following at June 30, 2019:

Limited Obligation Bonds

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

12,250,000

Total General Obligation and Limited Obligation Bonds

\$ 12,250,000

The County issued Limited Obligation Bonds for which the County does not hold title to the capital assets. The bonds were issued for public school construction and renovation projects. The amount of outstanding debt at June 30, 2019 for which the County held no collateral totaled \$12,250,000.

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

All limited obligation indebtedness that is serviced by the County are collateralized by the full faith credit and taxing power of the County. In 2010, the County sold limited obligation bonds to investors to finance the construction of a new middle school in Shelby and such bonds are considered a variation of the installment purchase loan mentioned above. The debt is serviced out of the County’s Debt Service Fund and the face amount of principal is recorded in the

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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

Annual debt service for the County’s limited obligation bonds to maturity at June 30, 2019 are:

Year Ending		
June 30	Principal	Interest
2020	\$ 1,085,000	\$ 664,734
2021	1,085,000	638,043
2022	1,135,000	586,289
2023	1,135,000	523,637
2024	1,135,000	460,985
2025-2029	5,590,000	1,323,541
2030-2033	1,085,000	65,860
Total	<u>\$ 12,250,000</u>	<u>\$ 4,263,089</u>

Debt Related to Capital Activities - Of the total governmental activities debt listed, only \$33,320,284 relates to assets the County holds title. The County has unspent debt proceeds in the amount of \$508,530 for the North Shelby School Capital Project Fund. The County also has capital proceeds that were reimbursed via installment financing in the Reimbursement Resolution Capital Project Fund. These funds are not considered unspent debt proceeds and are not restricted by debt covenants. A summary of changes in long-term debt follows:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2019:

	Balance	Increases	Decreases	Balance	Current
	July 1, 2018			June 30, 2019	Portion of
					Balance
Governmental Activities:					
Limited obligation bonds	\$ 13,335,000	\$ -	\$ (1,085,000)	\$ 12,250,000	\$ 1,085,000
Direct placement					
installment purchases	44,975,462	-	(4,270,347)	40,705,115	4,270,347
Capital leases	271,187	70,138	(106,878)	234,447	88,448
Compensated absences	5,162,343	3,643,020	(3,176,015)	5,629,348	562,935
Total OPEB Liability	15,755,106	-	(196,148)	15,558,958	-
Net pension liability (LGERS)	7,588,620	4,125,604	-	11,714,224	-
Total Pension Liability (LEO)	2,725,009	104,760	-	2,829,769	-
Total governmental activities	\$ 89,812,727	\$ 7,943,522	\$ (8,834,388)	\$ 88,921,861	\$ 6,006,730
 Business-Type Activities:					
Accrued landfill closure and post-closure care cost	\$ 13,393,153	\$ 226,511	\$ -	\$ 13,619,664	\$ -
Total OPEB Liability	829,216	-	(10,323)	818,893	-
Net pension liability (LGERS)	375,400	217,137	-	592,537	-
Compensated absences	127,499	76,580	(72,200)	131,879	13,188
Total business-type activities	\$ 14,725,268	\$ 520,228	\$ (82,523)	\$ 15,162,973	\$ 13,188

At June 30, 2019, the County had no bonds authorized, but unissued, and a legal debt margin of \$663,426,394.

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

Conduit Debt Obligations

Cleveland County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. The bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private business owners involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. As of June 30, 2019, there were three series of industrial revenue bonds outstanding, with an aggregate principal payable of \$18,755,000. Neither the County, Authority, State, nor any

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

political subdivision, thereof, is obligated in any manner for the repayment of these bonds. Accordingly, these bonds were not reported in the accompanying financial statements.

Interfund Balances and Activity

Transfers to/from other funds at June 30, 2019 consist of the following:

	<u>Transfers</u>		<u>Purpose</u>
	<u>From</u>	<u>To</u>	
Emergency Telephone System Fund (E-911) General Fund	\$ 12,039	\$ - 12,039	Implemental functions
General Fund	886,408	-	
Capital Reserve Fund	-	868,000	Fund capital expansion
County General Capital Project Fund	-	17,908	Fund capital expansion
Kings Mountain Gate Way Trail - Phase 5 Capital Project Fund	-	500	Fund capital expansion
Capital Reserve Fund	1,119,776	-	
County General Capital Project Fund	-	1,119,776	Fund capital expansion
Reimbursement Resolution Capital Project Fund	874,502	-	
Economic Development Capital Project Fund	-	658,860	Fund capital expansion
Enterprise Resource Planning Capital Project Fu	-	215,642	Fund capital expansion
School Capital Reserve	5,030,552	-	
Debt Service Fund	-	3,580,552	Debt service
General Fund	-	1,450,000	Capital allotment
General Fund	2,195,802	-	
Debt Service	-	2,195,802	Debt service
Solid Waste	515,335	-	
General Fund	<u>-</u>	<u>515,335</u>	Environmental health expense
Total	<u>\$ 10,634,414</u>	<u>\$ 10,634,414</u>	

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 \$1,979,872 to the Community College for operational expenses and \$230,000 for capital expenditures during the fiscal year ended June 30, 2019. In addition, the County made debt service payments of \$1,143,108, including interest, during the year ended June 30, 2019, 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, 2019. 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 \$33,362 during the fiscal year ended June 30, 2019.

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.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

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CLEVELAND COUNTY, NORTH CAROLINA

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

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

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

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

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

CLEVELAND COUNTY, NORTH CAROLINA

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

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

This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

CLEVELAND COUNTY, NORTH CAROLINA

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

	Registers of Deeds' Supplemental Pension Fund				
	2019	2018	2017	2016	2015
Cleveland County's proportion of the net pension liability (asset) (%)	0.806%	0.704%	0.659%	0.670%	0.640%
Cleveland County's proportion of the net pension liability (asset) (\$)	\$ (133,496)	\$ (120,186)	\$ (123,136)	\$ (155,352)	\$ (144,972)
Cleveland County's covered payroll	\$ 61,000	\$ 59,346	\$ 57,374	\$ 71,130	\$ 69,732
Cleveland County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	218.85%	202.52%	214.62%	218.41%	203.81%
Plan fiduciary net position as a percentage of the total pension liability**	153.31%	153.77%	160.17%	197.29%	193.88%

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

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

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

CLEVELAND COUNTY, NORTH CAROLINA

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

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

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

CLEVELAND COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR YEAR ENDED JUNE 30, 2019**

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

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

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

CLEVELAND COUNTY, NORTH CAROLINA

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR YEAR ENDED JUNE 30, 2019

	<u>Law Enforcement Officers' Special Separation Allowance</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,829,769	\$ 2,725,009	\$ 2,470,182
Covered payroll	4,966,309	4,621,958	4,568,949
Total pension liability as a percentage of covered payroll	56.98%	58.96%	54.06%

Notes to the schedules:

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

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

CLEVELAND COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS REQUIRED SUPPLEMENTARY INFORMATION FOR YEAR ENDED JUNE 30, 2019

Total OPEB Liability	2019	2018
Service Cost	\$ 691,281	\$ 744,068
Interest	574,289	495,401
Changes of benefit terms	-	-
Differences between expected and actual experience	(24,112)	482,688
Changes of assumptions	(534,720)	(917,780)
Benefit payments	(913,210)	(1,347,122)
Net change in total OPEB liability	(206,472)	(542,745)
Total OPEB liability - beginning	16,584,322	17,127,067
Total OPEB liability - ending	\$ 16,377,850	\$ 16,584,322
Covered payroll	Not Provided	Not Provided
Total OPEB liability as a percentage of covered payroll	N/A	N/A

Notes to Schedule

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

Fiscal year	Rate
2019	3.89%
2018	3.56%

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SUPPLEMENTARY INFORMATION

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

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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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance	2018
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes - General Fund		\$ 50,843,256		\$ 48,027,435
Taxes - public schools		12,549,586		11,809,024
Penalties, interest, and advertising		429,999		385,825
Total	\$ 62,285,970	63,822,841	\$ 1,536,871	60,222,284
Other Taxes:				
Local option sales tax		11,459,606		11,838,174
Local option sales tax - schools		3,931,525		3,803,439
Other taxes		1,150,904		826,841
Total	15,857,500	16,542,035	684,535	16,468,454
Unrestricted Intergovernmental Revenues:				
Local revenue		127,770		122,392
Total	136,000	127,770	(8,230)	122,392
Restricted Intergovernmental Revenues:				
Federal and State grants		1,054,237		921,841
DSS grants		12,309,482		11,327,707
Health dept grants		8,153,216		9,392,652
Total	22,062,362	21,516,935	(545,427)	21,642,200
Permits and Fees:				
Register of Deeds		517,806		460,070
Carolina health care rent		3,029,748		3,041,253
Partners Behavioral Health		107,544		143,392
Other permits and fees		1,044,055		1,050,470
Total	4,447,242	4,699,153	251,911	4,695,185
Sales and Services:				
Rents - Legrand		475,791		684,588
EMS fees		2,220,573		2,141,465
Sherriff fees		267,066		294,139
Shooting complex fees		238,696		226,392
Health department fees		777,960		881,053
Ambulance fees		720,114		721,822
Court facility fees		140,765		147,024
Insurance fees		1,349,951		1,042,144
Wellness center fees		147,627		95,193
Other County fees		873,457		803,975
Total	7,203,287	7,212,000	8,713	7,037,795
Investment Earnings				
	327,500	1,026,578	699,078	629,461
Miscellaneous:				
Sale of materials		37,787		418,799
Other		572,995		532,234
Total	581,568	610,782	29,214	951,033
Total revenues	112,901,429	115,558,094	2,656,665	111,768,804

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits		153,262		137,731
Operating expenditures		211,769		237,451
Total	394,798	365,031	29,767	375,182
Administration:				
Salaries and employee benefits		709,800		574,490
Operating expenditures		161,602		151,520
Capital outlay		-		550
Total	885,513	871,402	14,111	726,560
Elections:				
Salaries and employee benefits		324,306		233,703
Operating expenditures		112,743		85,917
Capital outlay		1,795		27,101
Total	502,305	438,844	63,461	346,721
Finance:				
Salaries and employee benefits		988,656		918,210
Operating expenditures		176,663		203,838
Capital outlay		-		6,244
Total	1,180,904	1,165,319	15,585	1,128,292
Taxes:				
Salaries and employee benefits		1,353,200		1,274,055
Operating expenditures		261,066		264,587
Capital outlay		5,274		2,469
Total	1,657,265	1,619,540	37,725	1,541,111
Legal:				
Salaries and employee benefits		160,211		98,356
Contracted services		70,999		218,313
Capital outlay - foreclosure		9,409		16,863
Total	243,017	240,619	2,398	333,532
Register of Deeds:				
Salaries and employee benefits		394,813		369,969
Operating expenditures		135,134		76,988
Capital outlay		-		3,178
Total	642,899	529,947	112,952	450,135
Human Resources:				
Salaries and employee benefits		577,077		484,082
Operating expenditures		263,727		146,024
Capital outlay		-		1,603
Total	841,084	840,804	280	631,709

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Facilities Maintenance:				
Salaries and employee benefits		481,236		445,389
Operating expenditures		1,239,592		1,168,088
Capital outlay		50,474		41,056
Total	1,773,042	1,771,302	1,740	1,654,533
Janitorial Services:				
Salaries and employee benefits		232,298		222,036
Operating expenditures		27,487		26,842
Capital outlay		-		6,400
Total	272,839	259,785	13,054	255,278
Court Facilities:				
Salaries and employee benefits		128,677		122,947
Operating expenditures		277,861		270,200
Capital outlay		1,400		-
Total	443,747	407,938	35,809	393,147
Information Technology:				
Salaries and employee benefits		811,573		727,559
Operating expenditures		338,642		244,714
Capital outlay		24,123		1,281
Total	1,278,048	1,174,338	103,710	973,554
Municipal Elections:				
Salaries and employee benefits		-		65,783
Operating expenditures		-		59,789
Total	-	-	-	125,572
Pass-Thru Grants:				
Operating expenditures		558,420		355,385
Total	696,973	558,420	138,553	355,385
Wellness Clinic:				
Salaries and employee benefits		659,060		623,364
Operating expenditures		487,039		520,545
Total	1,186,504	1,146,099	40,405	1,143,909
Communities in Schools:				
Operating expenditures	138,316	145,148	(6,832)	138,316
Historic Courthouse:				
Operating expenditures		91,151		91,000
Capital outlay		-		-
Total	91,151	91,151	-	91,000
Total general government	12,228,405	11,625,687	602,718	10,663,936
Public Safety:				
Sheriff and Communications:				
Salaries and employee benefits		7,029,500		6,725,617
Operating expenditures		961,760		960,861
Capital outlay		106,944		563,856
Total	8,643,392	8,098,204	545,188	8,250,334

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
School Resource Officers:				
Salaries and employee benefits		681,118		466,522
Operating expenditures		30,104		42,643
Capital outlay		79,958		29,646
Total	802,720	791,180	11,540	538,811
Jail:				
Salaries and employee benefits		4,360,666		3,892,539
Operating expenditures		1,441,867		1,263,451
Capital outlay		10,791		123,000
Total	5,858,377	5,813,324	45,053	5,278,990
Emergency Management:				
Salaries and employee benefits		217,695		211,150
Operating expenditures		166,359		131,489
Capital outlay		42,480		67,541
Total	459,025	426,534	32,491	410,180
Emergency Communication:				
Salaries and employee benefits		1,132,642		1,108,420
Operating expenditures		22,274		21,849
Capital outlay		-		6,273
Total	1,169,437	1,154,916	14,521	1,136,542
Electronic Maintenance:				
Salaries and employee benefits		272,046		300,488
Operating expenditures		318,823		141,342
Capital outlay		7,215		4,679
Total	605,282	598,084	7,198	446,509
Inspections:				
Salaries and employee benefits		362,647		318,305
Operating expenditures		40,561		32,179
Capital outlay		18,462		-
Total	448,773	421,670	27,103	350,484
Coroner:				
Salaries and employee benefits		11,200		26,146
Operating expenditures		61,585		82,934
Total	100,000	72,785	27,215	109,080
HAZ-MAT Control:				
Operating expenditures		14,010		14,390
Total	19,032	14,010	5,022	14,390
Public Shooting Range:				
Salaries and employee benefits		390,208		373,177
Operating expenditures		150,016		150,396
Capital outlay		2,505		5,454
Total	551,230	542,729	8,501	529,027

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Emergency Medical Services:				
Salaries and employee benefits		6,195,659		5,311,100
Operating expenditures		903,811		819,690
Capital outlay		<u>278,722</u>		<u>467,532</u>
Total	<u>7,538,445</u>	<u>7,378,192</u>	<u>160,253</u>	<u>6,598,322</u>
Rescue Squad:				
Operating expenditures	<u>26,077</u>	<u>24,651</u>	<u>1,426</u>	<u>67,601</u>
Federal/State Forfeited Property:				
Operating expenditures		55,274		65,142
Capital outlay		<u>-</u>		<u>11,535</u>
Total	<u>111,800</u>	<u>55,274</u>	<u>56,526</u>	<u>76,677</u>
Total public safety	<u>26,333,590</u>	<u>25,391,553</u>	<u>942,037</u>	<u>23,806,947</u>
Environmental Protection:				
Soil and Water Conservation:				
Salaries and employee benefits		100,319		87,663
Operating expenditures		14,161		7,664
Capital outlay		<u>-</u>		<u>3,070</u>
Total	<u>124,291</u>	<u>114,480</u>	<u>9,811</u>	<u>98,397</u>
Operating expenditures	<u>81,757</u>	<u>53,018</u>	<u>28,739</u>	<u>85,916</u>
Total environmental protection	<u>206,048</u>	<u>167,498</u>	<u>38,550</u>	<u>184,313</u>
Economic and Physical Development:				
Travel and Tourism:				
Salaries and employee benefits		23,281		-
Operating expenditures		9,413		-
Capital outlay		<u>2,880</u>		<u>-</u>
Total	<u>35,598</u>	<u>35,574</u>	<u>24</u>	<u>-</u>
Planning:				
Salaries and employee benefits		276,611		253,615
Operating expenditures		62,641		54,345
Capital outlay		<u>32,915</u>		<u>8,466</u>
Total	<u>411,999</u>	<u>372,167</u>	<u>39,832</u>	<u>316,426</u>
LeGrand Center:				
Salaries and employee benefits		449,419		374,582
Operating expenditures		544,601		764,717
Capital outlay		<u>7,418</u>		<u>19,943</u>
Total	<u>1,169,812</u>	<u>1,001,438</u>	<u>168,374</u>	<u>1,159,242</u>
Economic Development:				
Salaries and employee benefits		221,213		233,024
Operating expenditures		3,984,404		4,121,500
Capital outlay		<u>213</u>		<u>269,491</u>
Total	<u>4,770,979</u>	<u>4,205,830</u>	<u>565,149</u>	<u>4,624,015</u>

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Cooperative Extension:				
Salaries and employee benefits		323,831		290,068
Operating expenditures		51,059		52,065
Total	405,676	374,890	30,786	342,133
Transportation Admin:				
Operating expenditures		294,489		257,410
Total	294,489	294,489	-	257,410
Total economic and physical development	7,088,553	6,284,388	804,165	6,699,226
Human Services:				
Health:				
General and Administration:				
Salaries and employee benefits		999,766		987,630
Operating expenditures		763,913		740,010
Capital outlay		-		17,505
Total	1,812,685	1,763,679	49,006	1,745,145
Public Health:				
Salaries and employee benefits		644,951		632,321
Operating expenditures		365,890		357,999
Total	1,046,907	1,010,841	36,066	990,320
AIDS Grant:				
Salaries and employee benefits		73,443		70,974
Operating expenditures		731		655
Total	74,543	74,174	369	71,629
Tuberculosis Clinic:				
Salaries and employee benefits		183,061		175,162
Operating expenditures		31,621		34,067
Total	227,010	214,682	12,328	209,229
School Health:				
Salaries and employee benefits		1,453,070		1,382,760
Operating expenditures		45,275		49,012
Total	1,537,280	1,498,345	38,935	1,431,772
Health Promotions:				
Salaries and employee benefits		54,259		52,718
Operating expenditures		11,738		10,425
Total	77,129	65,997	11,132	63,143
Maternal Health:				
Salaries and employee benefits		1,312,996		1,316,583
Operating expenditures		78,879		60,298
Total	1,559,709	1,391,875	167,834	1,376,881

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Family Planning:				
Salaries and employee benefits		622,069		660,052
Operating expenditures		95,083		111,542
Total	834,735	717,152	117,583	771,594
Adolescent Pregnancy Prevention:				
Salaries and employee benefits		57,815		54,556
Operating expenditures		23,462		19,570
Total	82,162	81,277	885	74,126
Child Health:				
Salaries and employee benefits		562,953		582,623
Operating expenditures		23,767		23,242
Total	587,051	586,720	331	605,865
WIC:				
Salaries and employee benefits		566,393		487,101
Operating expenditures		58,474		77,234
Capital outlay		1,054		-
Total	628,031	625,921	2,110	564,335
Animal/Rabies Control:				
Salaries and employee benefits		735,308		630,016
Operating expenditures		517,362		307,691
Capital outlay		26,857		42,851
Total	1,279,097	1,279,527	(430)	980,558
Health Department Grants:				
Salaries and employee benefits		122,548		118,274
Operating expenditures		25,905		23,421
Total	164,229	148,453	15,776	141,695
Dental Clinic:				
Salaries and employee benefits		234,386		245,295
Operating expenditures		102,377		60,750
Total	362,188	336,763	25,425	306,045
Nurse Family Partnerships:				
Salaries and employee benefits		371,160		374,613
Operating expenditures		58,531		56,851
Capital outlay		-		11,169
Total	492,022	429,691	62,331	442,633
Carolina Access II:				
Salaries and employee benefits		1,617,341		1,706,777
Operating expenditures		224,015		306,684
Total	2,327,148	1,841,356	485,792	2,013,461

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
CC4C PCM:				
Salaries and employee benefits		531,210		513,700
Operating expenditures		121,327		25,070
Total	671,969	652,537	19,432	538,770
CODAP:				
Salaries and employee benefits		178,412		161,132
Operating expenditures		95,157		120,611
Total	331,030	273,569	57,461	281,743
Environmental Health:				
Salaries and employee benefits		738,996		708,644
Operating expenditures		78,817		90,340
Total	845,085	817,813	27,272	798,984
Veteran Services:				
Salaries and employee benefits		102,331		91,534
Operating expenditures		3,249		4,600
Total	108,786	105,580	3,206	96,134
Total public health	15,048,796	13,915,952	1,132,844	13,504,062
Social Services:				
Mental Health:				
Operating expenditures		664,339		626,037
Total	983,411	664,339	319,072	626,037
Administration:				
Salaries and employee benefits		1,270,703		1,225,252
Operating expenditures		583,774		565,376
Capital outlay		216,951		75,159
Total	2,236,677	2,071,428	165,249	1,865,787
Smart Start:				
Operating expenditures		2,148,705		1,980,553
Total	2,180,975	2,148,705	32,270	1,980,553
TANF Program:				
Salaries and benefits		5,409,917		5,063,482
County participation only		618,092		540,191
Total	6,090,792	6,028,009	-	5,603,673
Income Maintenance Program:				
Salaries and employee benefits		5,174,721		5,043,318
Operating expenditures		116,084		170,281
Total	5,522,225	5,290,805	231,420	5,213,599

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Special Assistance:				
Special assistance	59,247	59,005	242	56,418
Foster Care:				
Salaries and employee benefits		1,286,640		1,183,400
Operating expenditures		4,774		5,026
Total	1,298,024	1,291,414	6,610	1,188,426
Smart Start:				
Salaries and employee benefits		111,065		105,638
Total	111,433	111,065	368	105,638
Other Assistance:				
Operating expenditures	3,162,948	3,031,219	131,729	2,693,684
Total social services	21,645,732	20,695,989	886,960	19,333,815
Council on Aging:				
Operating expenditures	488,326	187,135	301,191	187,035
Total human services	37,182,854	34,799,076	2,320,995	33,024,912
Cultural and Recreational:				
Library:				
Salaries and employee benefits		868,925		817,871
Operating expenditures		345,792		349,478
Capital outlay		-		17,322
Total	1,452,693	1,214,717	237,976	1,184,671
Parks and Recreation:				
Operating expenditures		105,781		113,105
Total	123,965	105,781	18,184	113,105
Total cultural and recreational	1,576,658	1,320,498	256,160	1,297,776
Intergovernmental:				
Education:				
Public schools - current expense		26,313,664		26,151,071
Public schools - operational expense		113,724		107,295
Public schools - capital expense		2,890,576		3,100,000
Community colleges - capital expense		2,083,729		2,051,799
Total education	31,402,561	31,401,693	868	31,410,165
Debt Service:				
Capital lease principal		106,878		74,448
Total debt service	130,547	106,878	23,669	74,448

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Risk Management:				
Operating expenditures	2,481,641	2,481,576	65	928,395
Total	2,481,641	2,481,576	65	928,395
Contingency	166,657	-	166,657	-
Total expenditures	118,797,514	113,578,847	5,155,884	108,090,118
Revenues over (under) expenditures	(5,896,085)	1,979,247	7,875,332	3,678,686
Other Financing Sources (Uses):				
Capital Lease financing issued	-	70,138	70,138	26,440
Transfers in	2,050,335	1,977,374	(72,961)	1,972,948
Transfers out	(3,770,732)	(3,082,210)	688,522	(4,409,547)
Appropriated fund balance	7,616,482	-	(7,616,482)	-
Total other financing sources (uses)	5,896,085	(1,034,698)	(6,930,783)	(2,410,159)
Net changes in fund balance	\$ -	944,549	\$ 944,549	1,268,527
Reconciliation from Budgetary Basis to Modified Accrual Basis:				
Reconciling items:				
Long term note receivable		-		(18,352)
Change in fund balance		944,549		1,250,175
Fund Balance:				
Beginning of year - July 1		40,870,422		39,620,247
End of year - June 30		\$ 41,814,971		\$ 40,870,422

Major Capital Project Funds

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

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

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CLEVELAND COUNTY, NORTH CAROLINA

REIMBURSEMENT RESOLUTION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ -	\$ 31,538	\$ -	\$ 31,538	\$ 31,538
Investment earnings	-	45,923	69,961	115,884	115,884
Total revenues	-	77,461	69,961	147,422	147,422
Expenditures:					
Capital outlay:					
Economic development	16,982,899	10,371,139	-	10,371,139	6,611,760
Total expenditures	16,982,899	10,371,139	-	10,371,139	6,611,760
Revenues over (under) expenditures	(16,982,899)	(10,293,678)	69,961	(10,223,717)	6,759,182
Other Financing Sources (Uses):					
Installment financing issued	-	19,975,833	-	19,975,833	19,975,833
Transfers out:					
To Capital Projects	(2,992,934)	(1,562,083)	(1,272,055)	(2,834,138)	158,796
Appropriated fund balance	19,975,833	-	-	-	(19,975,833)
Total other financing sources (uses)	16,982,899	18,413,750	(1,272,055)	17,141,695	158,796
Net change in fund balance	\$ -	\$ 8,120,072	(1,202,094)	\$ 6,917,978	\$ 6,917,978
Fund Balance:					
Beginning of year - July 1			8,120,072		
End of year - June 30			\$ 6,917,978		

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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 1,600,000	\$ 1,044,353	\$ (555,647)	\$ 1,289,303
Unrestricted intergovernmental	3,534,058	3,483,998	(50,060)	3,523,818
Investment earnings	-	149,775	149,775	77,999
Total revenues	<u>5,134,058</u>	<u>4,678,126</u>	<u>(455,932)</u>	<u>4,891,120</u>
Revenues over (under) expenditures	<u>5,134,058</u>	<u>4,678,126</u>	<u>(455,932)</u>	<u>4,891,120</u>
Other Financing Sources (Uses):				
Transfers to:				
Capital Projects Funds	(100,000)	(100,000)	-	-
General Fund	(1,453,506)	(1,450,000)	(3,506)	(1,450,000)
Debt Service Fund	<u>(3,580,552)</u>	<u>(3,580,552)</u>	-	<u>(3,306,715)</u>
Total other financing sources (uses)	<u>(5,134,058)</u>	<u>(5,130,552)</u>	<u>(3,506)</u>	<u>(4,756,715)</u>
Net change in fund balance	<u>\$ -</u>	<u>(452,426)</u>	<u>\$ (452,426)</u>	134,405
Fund Balance:				
Beginning of year - July 1		<u>7,912,205</u>		<u>7,777,800</u>
End of year - June 30		<u>\$ 7,459,779</u>		<u>\$ 7,912,205</u>

Nonmajor Governmental Funds

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

Emergency Telephone Systems Fund (E-911) – accounts for the funds received for the operation of the County’s Emergency 911 Communications Center.

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

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

North Shelby School Capital Project Fund - accounts for installment proceeds and funds used to for the construction of a new County school.

General Capital Projects Fund – accounts for general capital projects within the County that are annually budgeted and financed with local dollars.

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

Foothills Commerce Center – West Shelby Capital Project Fund - accounts for the progress and construction of the foothills commerce economic development center.

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

Kings Mountain Gate Way Trail – Phase 5 Capital Project Fund – accounts for the progress and construction of phase 5 of the Kings Mountain Gateway Trail expansion.

Washburn Switch Road and Rail Capital Project Fund – accounts for the progress and construction of economic development road improvements at Washburn Switch Industrial Park.

Pinnacle Turn Lane Capital Project Fund – accounts for the progress and construction of an additional turn lane and Pinnacle Classical Academy.

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

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CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>Nonmajor Governmental Funds</u>			
	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Totals June 30, 2019</u>
Assets:				
Cash and investments	\$ 1,850,649	\$ 1,691,263	\$ 1,200,000	\$ 4,741,912
Accounts receivable, net	307,747	713,500	-	1,021,247
Taxes receivable, net	75,870	-	-	75,870
Prepaid items	51,164	-	-	51,164
Restricted cash	-	508,530	-	508,530
Total assets	<u>\$ 2,285,430</u>	<u>\$ 2,913,293</u>	<u>\$ 1,200,000</u>	<u>\$ 6,398,723</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 141,474	\$ -	\$ 141,474
Due to other funds	-	413,347	-	413,347
Total liabilities	<u>-</u>	<u>554,821</u>	<u>-</u>	<u>554,821</u>
Deferred Inflows of Resources:				
Taxes receivable	75,870	-	-	75,870
Prepaid taxes	3,617	-	-	3,617
Total deferred inflows of resources	<u>79,487</u>	<u>-</u>	<u>-</u>	<u>79,487</u>
Fund Balances:				
Non-spendable:				
Prepays	51,164	-	-	51,164
Restricted				
Stabilization for State statute	307,747	713,500	-	1,021,247
Restricted, all other	1,847,032	508,530	-	2,355,562
Committed	-	3,128	-	3,128
Assigned	-	1,594,155	1,200,000	2,794,155
Unassigned	-	(460,841)	-	(460,841)
Total fund balances	<u>2,205,943</u>	<u>2,358,472</u>	<u>1,200,000</u>	<u>5,764,415</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,285,430</u>	<u>\$ 2,913,293</u>	<u>\$ 1,200,000</u>	<u>\$ 6,398,723</u>

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Nonmajor Governmental Funds</u>			
	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Totals June 30, 2019</u>
Revenues:				
Ad valorem taxes	\$ 3,235,084	\$ -	\$ -	\$ 3,235,084
Other taxes and licenses	1,266,406	-	-	1,266,406
Restricted intergovernmental revenues	-	2,411,223	1,861,658	4,272,881
Investment earnings	41,434	28,814	-	70,248
Miscellaneous	-	139,523	-	139,523
Total revenues	<u>4,542,924</u>	<u>2,579,560</u>	<u>1,861,658</u>	<u>8,984,142</u>
Expenditures:				
Current:				
General government	-	1,504,150	-	1,504,150
Public safety	4,073,278	346,729	-	4,420,007
Economic and physical development	-	2,864,692	-	2,864,692
Education	-	749,376	-	749,376
Debt service:				
Principal repayments	-	-	5,355,347	5,355,347
Interest	-	-	2,282,665	2,282,665
Total expenditures	<u>4,073,278</u>	<u>5,464,947</u>	<u>7,638,012</u>	<u>17,176,237</u>
Revenues over (under) expenditures	<u>469,646</u>	<u>(2,885,387)</u>	<u>(5,776,354)</u>	<u>(8,192,095)</u>
Other Financing Sources (Uses):				
Transfers from:				
General Fund		886,408	2,195,802	3,082,210
Capital Reserve Fund	-	1,119,776	-	1,119,776
School Capital Reserve Fund	-	100,000	3,580,552	3,680,552
Reimbursement Resolution	-	1,272,055	-	1,272,055
Transfers to:				
General Fund	(12,039)	-	-	(12,039)
County General Capital Projects Fund	-	(1,119,776)	-	(1,119,776)
Total other financing sources (uses)	<u>(12,039)</u>	<u>2,258,463</u>	<u>5,776,354</u>	<u>8,022,778</u>
Net change in fund balances	457,607	(626,924)	-	(169,317)
Fund Balances:				
Beginning of year - July 1	<u>1,748,336</u>	<u>2,985,396</u>	<u>1,200,000</u>	<u>5,933,732</u>
End of year - June 30	<u>\$ 2,205,943</u>	<u>\$ 2,358,472</u>	<u>\$ 1,200,000</u>	<u>\$ 5,764,415</u>

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	<u>Nonmajor Special Revenue Funds</u>		
	<u>Emergency Telephone System Fund (E-911)</u>	<u>Fire Districts Fund</u>	<u>Totals June 30, 2019</u>
Assets:			
Cash and investments	\$ 1,361,609	\$ 489,040	\$ 1,850,649
Accounts receivable, net	43,055	264,692	307,747
Taxes receivable, net	-	75,870	75,870
Prepaid items	51,164	-	51,164
Total assets	<u>\$ 1,455,828</u>	<u>\$ 829,602</u>	<u>\$ 2,285,430</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:			
Taxes receivable	-	75,870	75,870
Prepaid taxes	-	3,617	3,617
Total deferred inflows of resources	<u>-</u>	<u>79,487</u>	<u>79,487</u>
Fund Balances:			
Non-spendable:			
Prepays	51,164	-	51,164
Restricted:			
Stabilization for State statute	43,055	264,692	307,747
Restricted, all other	1,361,609	485,423	1,847,032
Total fund balances	<u>1,455,828</u>	<u>750,115</u>	<u>2,205,943</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,455,828</u>	<u>\$ 829,602</u>	<u>\$ 2,285,430</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, 2019

	<u>Nonmajor Special Revenue Funds</u>		
	<u>Emergency Telephone System Fund (E-911)</u>	<u>Fire Districts Fund</u>	<u>Totals June 30, 2019</u>
Revenues:			
Ad valorem taxes	\$ -	\$ 3,235,084	\$ 3,235,084
Other taxes and licenses	343,133	923,273	1,266,406
Investment earnings	26,716	14,718	41,434
Total revenues	<u>369,849</u>	<u>4,173,075</u>	<u>4,542,924</u>
Expenditures:			
Current:			
Public safety	184,662	3,888,616	4,073,278
Total expenditures	<u>184,662</u>	<u>3,888,616</u>	<u>4,073,278</u>
Revenues over (under) expenditures	<u>185,187</u>	<u>284,459</u>	<u>469,646</u>
Other Financing Sources (Uses):			
Transfers from (to):			
General Fund	(12,039)	-	(12,039)
Total other financing sources (uses)	<u>(12,039)</u>	<u>-</u>	<u>(12,039)</u>
Net change in fund balances	173,148	284,459	457,607
Fund Balances:			
Beginning of year - July 1	<u>1,282,680</u>	<u>465,656</u>	<u>1,748,336</u>
End of year - June 30	<u>\$ 1,455,828</u>	<u>\$ 750,115</u>	<u>\$ 2,205,943</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
User fees	\$ 389,320	\$ 343,133	\$ (46,187)	\$ 421,383
Investment income	-	26,716	26,716	12,977
Total revenues	<u>389,320</u>	<u>369,849</u>	<u>(19,471)</u>	<u>434,360</u>
Expenditures:				
Public safety:				
Operations	293,988	174,844	119,144	174,503
Capital expenditures	<u>10,332</u>	<u>9,818</u>	<u>514</u>	<u>-</u>
Total expenditures	<u>304,320</u>	<u>184,662</u>	<u>119,658</u>	<u>174,503</u>
Revenues over (under) expenditures	<u>85,000</u>	<u>185,187</u>	<u>100,187</u>	<u>259,857</u>
Other Financing Sources (Uses):				
Transfers out:				
To General Fund	(85,000)	(12,039)	72,961	(7,613)
Transfers in:				
From General Fund	-	-	-	1,043
Total other financing sources (uses)	<u>(85,000)</u>	<u>(12,039)</u>	<u>72,961</u>	<u>(6,570)</u>
Net change in fund balance	<u>\$ -</u>	<u>173,148</u>	<u>\$ 173,148</u>	<u>253,287</u>
Fund Balance:				
Beginning of year - July 1		<u>1,282,680</u>		<u>1,029,393</u>
End of year - June 30		<u>\$ 1,455,828</u>		<u>\$ 1,282,680</u>

CLEVELAND COUNTY, NORTH CAROLINA

FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes	\$ 3,185,312	\$ 3,235,084	\$ 49,772	\$ 3,080,449
Unrestricted intergovernmental	670,000	923,273	253,273	861,920
Investment income	10,000	14,718	4,718	6,359
Total revenues	3,865,312	4,173,075	307,763	3,948,728
Expenditures:				
Capital outlay:				
Public safety	3,888,616	3,888,616	-	3,942,898
Total expenditures	3,888,616	3,888,616	-	3,942,898
Other Financing Sources (Uses):				
Transfer from General Fund	23,304	-	(23,304)	-
Total other financing sources (uses)	23,304	-	(23,304)	-
Revenues over (under) expenditures	\$ -	284,459	\$ 284,459	5,830
Fund Balance:				
Beginning of year, July 1		465,656		459,826
End of year, June 30		\$ 750,115		\$ 465,656

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL CAPITAL PROJECT FUNDS
JUNE 30, 2019

Nonmajor Capital Project Funds													Totals
North Shelby School Capital Project Fund	General Capital Project Fund	Public Shooting Range Capital Project Fund	Foothills Commerce Center - West Shelby Capital Project Fund	Capital Reserve Fund	Kings Mountain Gate Way Trail - Phase 5 Capital Project Fund	Washburn Switch Road Capital Project Fund	Economic Development Capital Project Fund	Pinnacle Turn Lane Capital Project Fund	Jail Consolidation Capital Project Fund	Enterprise Resource Planning Capital Project Fund	Fair Enhancement Capital Project Fund	Totals June 30, 2019	
Assets:													
Cash and investments	\$ -	\$ 92,389	\$ -	\$ -	\$ 1,594,155	\$ -	\$ -	\$ -	\$ -	\$ 4,719	\$ -	1,691,263	
Accounts receivable, net	34,165	24,073	66,875	-	-	586,946	251	1,190	-	-	-	713,500	
Restricted cash	508,530	-	-	-	-	-	-	-	-	-	-	508,530	
Total assets	\$ 542,695	\$ 116,462	\$ 66,875	\$ -	\$ 1,594,155	\$ 586,946	\$ 251	\$ 1,190	\$ -	\$ 4,719	\$ -	\$ 2,913,293	
Liabilities and Fund Balances:													
Liabilities:													
Accounts payable and accrued liabilities	\$ -	\$ 116,462	\$ 12,603	\$ -	\$ -	\$ 7,690	\$ -	\$ -	\$ -	\$ 4,719	\$ -	\$ 141,474	
Due to other funds	-	-	51,144	-	-	360,762	251	1,190	-	-	-	413,347	
Total liabilities	-	116,462	63,747	-	-	368,452	251	1,190	-	4,719	-	554,821	
Fund Balances:													
Restricted													
Stabilization for State statute	34,165	24,073	66,875	-	-	586,946	251	1,190	-	-	-	713,500	
Restricted, all other	508,530	-	-	-	-	-	-	-	-	-	-	508,530	
Committed	-	-	3,128	-	-	-	-	-	-	-	-	3,128	
Assigned	-	-	-	-	1,594,155	-	-	-	-	-	-	1,594,155	
Unassigned	-	(24,073)	(66,875)	-	-	(368,452)	(251)	(1,190)	-	-	-	(460,841)	
Total fund balances	542,695	-	3,128	-	1,594,155	218,494	-	-	-	-	-	2,358,472	
Total liabilities and fund balances	\$ 542,695	\$ 116,462	\$ 66,875	\$ -	\$ 1,594,155	\$ 586,946	\$ 251	\$ 1,190	\$ -	\$ 4,719	\$ -	\$ 2,913,293	

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Nonmajor Capital Projects Fund													
	North Shelby School Capital Project Fund	General Capital Project Fund	Public Shooting Range Capital Project Fund	Foothills Commerce Center - West Shelby Capital Project Fund	Capital Reserve Fund	Kings Mountain Gate Way Trail - Phase 5 Capital Project Fund	Washburn Switch Road Capital Project Fund	Economic Development Capital Project Fund	Pinnacle Turn Lane Capital Project Fund	Jail Consolidation Capital Project Fund	Enterprise Resource Planning Capital Project Fund	Fair Enhancement Capital Project Fund	Totals June 30, 2019
Revenues:													
Restricted intergovernmental revenues	\$ -	\$ -	\$ 66,216	\$ -	\$ -	\$ -	\$ 2,345,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,411,223
Investment earnings	12,059	-	-	-	16,755	-	-	-	-	-	-	-	28,814
Miscellaneous	-	-	-	-	139,523	-	-	-	-	-	-	-	139,523
Total revenues	12,059	-	66,216	-	156,278	-	2,345,007	-	-	-	-	-	2,579,560
Expenditures:													
Current:													
General government	-	1,239,428	-	-	-	-	-	-	-	-	215,642	49,080	1,504,150
Public safety	-	346,729	-	-	-	-	-	-	-	-	-	-	346,729
Economic and physical development	-	-	78,819	-	-	500	2,126,513	658,860	-	-	-	-	2,864,692
Education	749,376	-	-	-	-	-	-	-	-	-	-	-	749,376
Total expenditures	749,376	1,586,157	78,819	-	-	500	2,126,513	658,860	-	-	215,642	49,080	5,464,947
Revenues over (under) expenditures	(737,317)	(1,586,157)	(12,603)	-	156,278	(500)	218,494	(658,860)	-	-	(215,642)	(49,080)	(2,885,387)
Other Financing Sources (Uses):													
Transfers from:													
General Fund	-	17,908	-	-	868,000	500	-	-	-	-	-	-	886,408
Capital Reserve Fund	-	1,119,776	-	-	-	-	-	-	-	-	-	-	1,119,776
School Capital Reserve Fund	-	100,000	-	-	-	-	-	-	-	-	-	-	100,000
Reimbursement Resolution CRF	-	348,473	-	-	-	-	-	658,860	-	-	215,642	49,080	1,272,055
Transfers to:													
County General Capital Projects Fund	-	-	-	-	(1,119,776)	-	-	-	-	-	-	-	(1,119,776)
Total other financing sources (uses)	-	1,586,157	-	-	(251,776)	500	-	658,860	-	-	215,642	49,080	2,258,463
Net change in fund balances	(737,317)	-	(12,603)	-	(95,498)	-	218,494	-	-	-	-	-	(626,924)
Fund Balances:													
Beginning of year - July 1	1,280,012	-	15,731	-	1,689,653	-	-	-	-	-	-	-	2,985,396
End of year - June 30	\$ 542,695	\$ -	\$ 3,128	\$ -	\$ 1,594,155	\$ -	\$ 218,494	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,358,472

CLEVELAND COUNTY, NORTH CAROLINA

**NORTH SHELBY SCHOOL CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Closed Project</u>	<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>		
Revenues:						
Investment earnings	\$ -	\$ 94,343	\$ 12,059	\$ 106,402	\$ (106,402)	\$ 106,402
Total revenues	-	94,343	12,059	106,402	(106,402)	106,402
Expenditures:						
Capital outlay:						
Education	13,402,334	12,188,498	749,376	12,937,874	(12,937,874)	464,460
Total expenditures	13,402,334	12,188,498	749,376	12,937,874	(12,937,874)	464,460
Revenues over (under) expenditures	(13,402,334)	(12,094,155)	(737,317)	(12,831,472)	12,831,472	570,862
Other Financing Sources (Uses):						
Installment Proceeds	13,402,334	13,374,167	-	13,374,167	(13,374,167)	(28,167)
Total other financing sources (uses)	13,402,334	13,374,167	-	13,374,167	(13,374,167)	(28,167)
Net change in fund balance	\$ -	\$ 1,280,012	(737,317)	\$ 542,695	\$ (542,695)	\$ 542,695
Fund Balance:						
Beginning of year - July 1			1,280,012			
End of year - June 30			\$ 542,695			

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
Expenditures:				
Capital outlay:				
General government	\$ 2,436,656	\$ 1,239,428	\$ 1,197,228	\$ 1,850,321
Public Safety	<u>357,573</u>	<u>346,729</u>	<u>10,844</u>	<u>-</u>
Total expenditures	<u>2,794,229</u>	<u>1,586,157</u>	<u>1,208,072</u>	<u>1,850,321</u>
Revenues over (under) expenditures	<u>(2,794,229)</u>	<u>(1,586,157)</u>	<u>(1,208,072)</u>	<u>(1,700,321)</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	17,909	17,908	(1)	19,461
From Reimbursement Resolution	318,397	348,473	30,076	-
From Capital Reserve Fund	2,457,923	1,119,776	(1,338,147)	1,680,860
From School Capital Reserve Fund	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total other financing sources (uses)	<u>2,794,229</u>	<u>1,586,157</u>	<u>(1,208,072)</u>	<u>1,700,321</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1		<u>-</u>		
End of year - June 30		<u>\$ -</u>		

CLEVELAND COUNTY, NORTH CAROLINA

**PUBLIC SHOOTING RANGE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 3,892,085	\$ 2,667,039	\$ 66,216	\$ 2,733,255	\$ (1,158,830)
Total revenues	<u>3,892,085</u>	<u>2,667,039</u>	<u>66,216</u>	<u>2,733,255</u>	<u>(1,158,830)</u>
Expenditures:					
Capital outlay:					
Economic development	<u>4,514,714</u>	<u>3,847,261</u>	<u>78,819</u>	<u>3,926,080</u>	<u>588,634</u>
Total expenditures	<u>4,514,714</u>	<u>3,847,261</u>	<u>78,819</u>	<u>3,926,080</u>	<u>588,634</u>
Revenues over (under) expenditures	<u>(622,629)</u>	<u>(1,180,222)</u>	<u>(12,603)</u>	<u>(1,192,825)</u>	<u>(570,196)</u>
Other Financing Sources (Uses):					
Transfers in:					
From Capital Reserve Fund	<u>622,629</u>	<u>1,195,953</u>	<u>-</u>	<u>1,195,953</u>	<u>573,324</u>
Total other financing sources (uses)	<u>622,629</u>	<u>1,195,953</u>	<u>-</u>	<u>1,195,953</u>	<u>573,324</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 15,731</u>	<u>(12,603)</u>	<u>\$ 3,128</u>	<u>\$ 3,128</u>
Fund Balance:					
Beginning of year - July 1			<u>15,731</u>		
End of year - June 30			<u>\$ 3,128</u>		

CLEVELAND COUNTY, NORTH CAROLINA

FOOTHILLS COMMERCE CENTER - WEST SHELBY CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Local revenue	\$ -	\$ 375,367	\$ -	\$ 375,367	\$ 375,367
Total revenues	-	375,367	-	375,367	375,367
Expenditures:					
Capital outlay:					
Economic development	3,166,848	2,181,927	-	2,181,927	984,921
Total expenditures	3,166,848	2,181,927	-	2,181,927	984,921
Revenues over (under) expenditures	(3,166,848)	(1,806,560)	-	(1,806,560)	1,360,288
Other Financing Sources (Uses):					
Transfers in:					
From Capital Reserve Fund	3,338,281	1,977,993	-	1,977,993	(1,360,288)
Transfers out:					
To Capital Reserve Fund	(171,433)	(171,433)	-	(171,433)	-
Total other financing sources (uses)	3,166,848	1,806,560	-	1,806,560	(1,360,288)
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

CLEVELAND COUNTY, NORTH CAROLINA

CAPITAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Revenues:				
Local revenues	\$ 100,000	\$ 139,523	\$ 39,523	\$ 144,909
Investment income	-	16,755	16,755	947
Total revenues	<u>100,000</u>	<u>156,278</u>	<u>56,278</u>	<u>145,856</u>
Other Financing Sources (Uses):				
Transfers from:				
General Fund	2,226,693	868,000	(1,358,693)	1,663,797
Transfers to:				
Capital Projects Funds	<u>(2,326,693)</u>	<u>(1,119,776)</u>	<u>1,206,917</u>	<u>(1,680,860)</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(251,776)</u>	<u>(151,776)</u>	<u>(17,063)</u>
Net change in fund balance	<u>\$ -</u>	<u>(95,498)</u>	<u>\$ (95,498)</u>	128,793
Fund Balance:				
Beginning of year - July 1		<u>1,689,653</u>		<u>1,560,860</u>
End of year - June 30		<u>\$ 1,594,155</u>		<u>\$ 1,689,653</u>

CLEVELAND COUNTY, NORTH CAROLINA

KINGS MOUNTAIN GATE WAY TRAIL - PHASE 5 CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 37,000	\$ -	\$ -	\$ -	\$ (37,000)
Total revenues	37,000	-	-	-	(37,000)
Expenditures:					
Capital outlay:					
Economic Development	38,000	4,615	500	5,115	32,885
Total expenditures	38,000	4,615	500	5,115	32,885
Revenues over (under) expenditures	(1,000)	(4,615)	(500)	(5,115)	(4,115)
Other Financing Sources (Uses):					
Transfers in:					
From General Fund	1,000	4,615	500	5,115	4,115
Total other financing sources (uses)	1,000	4,615	500	5,115	4,115
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

CLEVELAND COUNTY, NORTH CAROLINA

WASHBURN SWITCH ROAD AND RAIL CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 3,903,887	\$ 962,703	\$ 2,345,007	\$ 3,307,710	\$ (596,177)
Total revenues	<u>3,903,887</u>	<u>962,703</u>	<u>2,345,007</u>	<u>3,307,710</u>	<u>(596,177)</u>
Expenditures:					
Capital outlay:					
Economic development	<u>3,903,887</u>	<u>1,200,162</u>	<u>2,126,513</u>	<u>3,326,675</u>	<u>577,212</u>
Total expenditures	<u>3,903,887</u>	<u>1,200,162</u>	<u>2,126,513</u>	<u>3,326,675</u>	<u>577,212</u>
Revenues over (under) expenditures	<u>-</u>	<u>(237,459)</u>	<u>218,494</u>	<u>(18,965)</u>	<u>(18,965)</u>
Other Financing Sources (Uses):					
Transfers in:					
From Reimbursement Resolution	<u>-</u>	<u>237,459</u>	<u>-</u>	<u>237,459</u>	<u>237,459</u>
Total other financing sources (uses)	<u>-</u>	<u>237,459</u>	<u>-</u>	<u>237,459</u>	<u>237,459</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>218,494</u>	<u>\$ 218,494</u>	<u>\$ 218,494</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 218,494</u>		

CLEVELAND COUNTY, NORTH CAROLINA

**ECONOMIC DEVELOPMENT CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Capital outlay:					
Economic Development	\$ 758,696	\$ 99,836	\$ 658,860	\$ 758,696	\$ -
Total expenditures	<u>758,696</u>	<u>99,836</u>	<u>658,860</u>	<u>758,696</u>	<u>-</u>
Revenues over (under) expenditures	<u>(758,696)</u>	<u>(99,836)</u>	<u>(658,860)</u>	<u>(758,696)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers in:					
From Reimbursement Resolution	<u>758,696</u>	<u>99,836</u>	<u>658,860</u>	<u>758,696</u>	<u>-</u>
Total other financing sources (uses)	<u>758,696</u>	<u>99,836</u>	<u>658,860</u>	<u>758,696</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

CLEVELAND COUNTY, NORTH CAROLINA

PINNACLE TURN LANE CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 350,000	\$ 407,280	\$ -	\$ 407,280	\$ 57,280
Local Revenues	58,455	-	-	-	(58,455)
Total revenues	408,455	407,280	-	407,280	(1,175)
Expenditures:					
Capital outlay:					
Economic development	408,455	407,280	-	407,280	1,175
Total expenditures	408,455	407,280	-	407,280	1,175
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

CLEVELAND COUNTY, NORTH CAROLINA

**JAIL CONSOLIDATION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Capital outlay:					
Public Safety	\$ 50,000	\$ 29,850	\$ -	\$ 29,850	\$ 20,150
Total expenditures	<u>50,000</u>	<u>29,850</u>	<u>-</u>	<u>29,850</u>	<u>20,150</u>
Revenues over (under) expenditures	<u>(50,000)</u>	<u>(29,850)</u>	<u>-</u>	<u>(29,850)</u>	<u>20,150</u>
Other Financing Sources (Uses):					
Transfers in:					
From Reimbursement Resolution	<u>50,000</u>	<u>29,850</u>	<u>-</u>	<u>29,850</u>	<u>(20,150)</u>
Total other financing sources (uses)	<u>50,000</u>	<u>29,850</u>	<u>-</u>	<u>29,850</u>	<u>(20,150)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

CLEVELAND COUNTY, NORTH CAROLINA

ENTERPRISE RESOURCE PLANNING SOFTWARE CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Capital outlay:					
General Government	\$ 1,367,662	\$ 457,338	\$ 215,642	\$ 672,980	\$ 694,682
Total expenditures	<u>1,367,662</u>	<u>457,338</u>	<u>215,642</u>	<u>672,980</u>	<u>694,682</u>
Revenues over (under) expenditures	<u>(1,367,662)</u>	<u>(457,338)</u>	<u>(215,642)</u>	<u>(672,980)</u>	<u>694,682</u>
Other Financing Sources (Uses):					
Transfers in:					
From Reimbursement Resolution	<u>1,367,662</u>	<u>457,338</u>	<u>215,642</u>	<u>672,980</u>	<u>(694,682)</u>
Total other financing sources (uses)	<u>1,367,662</u>	<u>457,338</u>	<u>215,642</u>	<u>672,980</u>	<u>(694,682)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

CLEVELAND COUNTY, NORTH CAROLINA

CLEVELAND COUNTY FAIR ENHANCEMENT CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Local Revenues	\$ 150,000	\$ -	\$ -	\$ -	\$ (150,000)
Total revenues	150,000	-	-	-	(150,000)
Expenditures:					
Capital outlay:					
General Government	327,906	-	49,080	49,080	278,826
Total expenditures	327,906	-	49,080	49,080	278,826
Revenues over (under) expenditures	(177,906)	-	(49,080)	(49,080)	128,826
Other Financing Sources (Uses):					
Transfers in:					
From Reimbursement Resolution	177,906	-	49,080	49,080	(128,826)
Total other financing sources (uses)	177,906	-	49,080	49,080	(128,826)
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

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, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Restricted intergovernmental	\$ 1,833,915	\$ 1,861,658	\$ 27,743	\$ 1,088,296
Total revenues	<u>1,833,915</u>	<u>1,861,658</u>	<u>27,743</u>	<u>1,088,296</u>
Expenditures:				
Debt service:				
Principal repayments	5,355,347	5,355,347	-	5,355,089
Interest and fees	<u>2,282,665</u>	<u>2,282,665</u>	<u>-</u>	<u>2,502,268</u>
Total expenditures	<u>7,638,012</u>	<u>7,638,012</u>	<u>-</u>	<u>7,857,357</u>
Revenues over (under) expenditures	<u>(5,804,097)</u>	<u>(5,776,354)</u>	<u>27,743</u>	<u>(6,769,061)</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	2,593,000	2,195,802	(397,198)	2,724,746
From Reimbursement Resolution	-	-	-	737,600
From School Capital Reserve Fund	<u>3,211,097</u>	<u>3,580,552</u>	<u>369,455</u>	<u>3,306,715</u>
Total other financing sources (uses)	<u>5,804,097</u>	<u>5,776,354</u>	<u>(27,743)</u>	<u>6,769,061</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1		<u>1,200,000</u>		<u>1,200,000</u>
End of year - June 30		<u>\$ 1,200,000</u>		<u>\$ 1,200,000</u>

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Enterprise Fund

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

Individual Fund Description:

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

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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, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Fees for service	\$ 6,907,910	\$ 7,404,183	\$ 496,273	\$ 7,305,117
Non-operating revenues:				
Other taxes and fees	602,091	788,587	186,496	644,313
Interest income	-	77,333	77,333	26,814
Total revenues	<u>7,510,001</u>	<u>8,270,103</u>	<u>760,102</u>	<u>7,976,244</u>
Expenditures:				
Salaries and employee benefits	2,321,498	2,031,267	290,231	2,084,789
Other operating expenditures	3,983,124	3,458,771	524,353	2,901,362
Capital outlay	<u>1,379,423</u>	<u>1,304,593</u>	<u>74,830</u>	<u>917,229</u>
Total expenditures	<u>7,684,045</u>	<u>6,794,631</u>	<u>889,414</u>	<u>5,903,380</u>
Revenue over (under) expenditures	<u>(174,044)</u>	<u>1,475,472</u>	<u>(129,312)</u>	<u>2,072,864</u>
Other Financing Sources (Uses):				
Transfers out	(515,335)	(515,335)	-	(778,794)
Appropriated retained earnings	<u>689,379</u>	<u>-</u>	<u>(689,379)</u>	<u>-</u>
Total other financing sources (uses)	<u>174,044</u>	<u>(515,335)</u>	<u>(689,379)</u>	<u>(778,794)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>960,137</u>	<u>\$ 960,137</u>	<u>\$ 1,294,070</u>

Reconciliation of Modified Accrual Basis to Full Accrual Basis:

Reconciling items:

Decrease in deferred outflows of resources - OPEB	(6,452)
Increase in deferred inflows of resources -OPEB	(18,366)
Increase in OPEB liability	10,323
Capital outlay, capitalized	1,304,593
Change in accrued vacation	(4,380)
Gain on disposal of asset	223,145
Post-closure care costs	(226,511)
Increase in deferred outflows of resources - pensions	181,042
Increase in net pension liability	(217,137)
Decrease in deferred inflows of resources - pensions	(3,200)
Depreciation	<u>(828,741)</u>
Total reconciling items	<u>414,316</u>
Change in net position	<u>\$ 1,374,453</u>

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Agency Funds

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

Individual Fund Descriptions:

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

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

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

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

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

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CLEVELAND COUNTY, NORTH CAROLINA

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN POSITION AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Fines and Forfeitures Fund:				
Assets:				
Cash	\$ -	\$ 585,574	\$ (546,996)	\$ 38,578
Liabilities:				
Intergovernmental payable	\$ -	\$ 585,574	\$ (546,996)	\$ 38,578
Inmate Fund:				
Assets:				
Cash	\$ 12,980	\$ 688,119	\$ (671,807)	\$ 29,292
Liabilities:				
Intergovernmental payable	\$ 12,980	\$ 688,119	\$ (671,807)	\$ 29,292
Property Tax Fund:				
Assets:				
Cash	\$ 202,754	\$ 268,713	\$ (202,754)	\$ 268,713
Accounts receivable	681,124	363,614	-	1,044,738
Total assets	<u>883,878</u>	<u>632,327</u>	<u>(202,754)</u>	<u>1,313,451</u>
Liabilities:				
Intergovernmental payable	\$ 883,878	\$ 632,327	\$ (202,754)	\$ 1,313,451
Rescue Squad Fund:				
Assets:				
Cash	\$ 4,276	\$ 90	\$ -	\$ 4,366
Liabilities:				
Intergovernmental payable	\$ 4,276	\$ 90	\$ -	\$ 4,366
Social Services Fund:				
Assets:				
Cash and cash equivalents	\$ 88,189	\$ 413,294	\$ (436,362)	\$ 65,121
Liabilities:				
Intergovernmental payable	\$ 88,189	\$ 413,294	\$ (436,362)	\$ 65,121
Totals - All Agency Funds:				
Assets:				
Cash	\$ 308,199	\$ 1,370,216	\$ (1,310,923)	\$ 406,070
Account receivable	681,124	949,188	(546,996)	1,044,738
Totals - All Agency Funds:	<u>\$ 989,323</u>	<u>\$ 2,319,404</u>	<u>\$ (1,857,919)</u>	<u>\$ 1,450,808</u>
Liabilities:				
Intergovernmental payable	\$ 989,323	\$ 2,319,404	\$ (1,857,919)	\$ 1,450,808

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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, 2019.

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CLEVELAND COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2019

Fiscal Year	Uncollected Balance July 1, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 64,495,436	\$ 63,566,623	\$ 928,813
2017-2018	961,213	-	577,331	383,882
2016-2017	351,928	-	146,014	205,914
2015-2016	237,583	-	86,539	151,044
2014-2015	192,483	-	69,237	123,246
2013-2014	153,874	-	19,126	134,748
2012-2013	136,613	-	10,957	125,656
2011-2012	98,794	-	5,975	92,819
2010-2011	93,456	-	3,974	89,482
2009-2010	88,412	-	3,688	84,724
2008-2009	84,766	-	84,766	-
Total	<u>\$ 2,399,122</u>	<u>\$ 64,495,436</u>	<u>\$ 64,574,230</u>	2,320,328
Less: allowance for uncollectible accounts: General Fund				<u>(687,568)</u>
Ad valorem taxes receivable net: General Fund				<u>\$ 1,632,760</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 63,822,841
Reconciling items:				
Interest				(429,999)
Adjustments and abatements				253,441
Other miscellaneous adjustments				12,836
Incentivized paybacks				830,345
Amounts written off per Statute of Limitations				<u>84,766</u>
Total collections and credits				<u>\$ 64,574,230</u>

CLEVELAND COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2019

	County-Wide		Total Levy		
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 8,036,842,222	0.72	\$ 57,865,264	\$ 52,210,657	\$ 5,654,607
Total	<u>8,036,842,222</u>		<u>57,865,264</u>	<u>52,210,657</u>	<u>5,654,607</u>
Discoveries:					
Current year taxes	<u>956,057,361</u>	0.72	<u>6,883,613</u>	<u>6,883,613</u>	<u>-</u>
Abatements	<u>(35,200,139)</u>	0.72	<u>(253,441)</u>	<u>(253,441)</u>	<u>-</u>
Total property valuation	<u>\$ 8,957,699,444</u>				
Net Levy			64,495,436	58,840,829	5,654,607
Uncollected taxes at June 30, 2019			<u>(928,813)</u>	<u>(928,813)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 63,566,623</u>	<u>\$ 57,912,016</u>	<u>\$ 5,654,607</u>
Current Levy Collection Percentage			<u>98.56%</u>	<u>98.42%</u>	<u>100.00%</u>

Statistical Section

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

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 73,352,330	\$ 85,694,014	\$ 112,383,657	\$ 53,300,808
Restricted	13,033,908	39,629,067	20,948,015	23,947,192
Unrestricted	<u>40,521,330</u>	<u>474,766</u>	<u>232,842</u>	<u>18,042,969</u>
Total governmental activities	<u>\$ 126,907,568</u>	<u>\$ 125,797,847</u>	<u>\$ 133,564,514</u>	<u>\$ 95,290,969</u>
Business-type activities				
Net investment in capital assets	\$ 13,200,191	\$ 15,039,747	\$ 16,169,340	\$ 16,390,005
Unrestricted	<u>1,130,529</u>	<u>(2,389,745)</u>	<u>(4,302,149)</u>	<u>(9,340,887)</u>
Total business-type activities	<u>\$ 14,330,720</u>	<u>\$ 12,650,002</u>	<u>\$ 11,867,191</u>	<u>\$ 7,049,118</u>
Primary government				
Net investment in capital assets	\$ 86,552,521	\$ 100,733,761	\$ 128,552,997	\$ 69,690,813
Restricted	13,033,908	39,629,067	20,948,015	23,947,192
Unrestricted	<u>41,651,859</u>	<u>(1,914,979)</u>	<u>(4,069,307)</u>	<u>8,702,082</u>
Total primary government net position	<u>\$ 141,238,288</u>	<u>\$ 138,447,849</u>	<u>\$ 145,431,705</u>	<u>\$ 102,340,087</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 85,821,431	\$ 96,884,891	\$ 103,435,523	\$ 82,890,909	\$ 84,463,578	\$ 86,494,103
14,779,333	14,935,402	18,719,625	29,407,653	21,716,519	22,268,506
6,497	(3,827,118)	(7,345,176)	4,700,168	(4,027,666)	(3,053,611)
\$ 100,607,261	\$ 107,993,175	\$ 114,809,972	\$ 116,998,730	\$ 102,152,431	\$ 105,708,998
\$ 16,036,546	\$ 16,448,095	\$ 17,184,372	\$ 22,236,046	\$ 22,669,381	\$ 23,143,736
(7,624,633)	(6,405,462)	(6,020,500)	(10,259,677)	(11,637,138)	(10,469,654)
\$ 8,411,913	\$ 10,042,633	\$ 11,163,872	\$ 11,976,369	\$ 11,032,243	\$ 12,674,082
\$ 101,857,977	\$ 113,332,986	\$ 120,619,895	\$ 105,126,955	\$ 107,132,959	\$ 109,637,839
14,779,333	14,935,402	18,719,625	29,407,653	21,716,519	22,268,506
(7,618,136)	(10,232,580)	(13,365,676)	(5,559,509)	(15,664,804)	(13,523,265)
\$ 109,019,174	\$ 118,035,808	\$ 125,973,844	\$ 128,975,099	\$ 113,184,674	\$ 118,383,080

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

	Fiscal Year					Fiscal Year				
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 9,067,110	\$ 6,758,722	\$ 8,691,798	\$ 9,360,189	\$ 10,940,284	\$ 9,192,572	\$ 11,020,393	\$ 11,852,530	\$ 13,385,504	\$ 16,206,681
Public safety	21,698,159	23,237,692	24,789,003	23,647,499	22,277,558	23,023,383	25,934,833	25,546,272	29,382,033	31,238,186
Human services	33,914,103	36,593,375	35,480,842	36,533,683	39,910,173	37,343,610	38,328,743	36,826,648	34,213,345	35,995,884
Education	25,446,822	26,348,019	26,031,948	26,506,854	26,785,459	28,527,582	30,170,441	30,252,460	32,706,674	32,645,084
Economic and physical development	2,348,461	3,882,363	2,780,339	6,394,017	3,825,642	4,887,922	5,553,981	8,076,066	17,169,078	7,211,865
Cultural and recreation	1,103,213	1,016,592	1,212,620	1,474,692	2,015,097	698,756	1,673,852	688,520	1,761,508	1,503,021
Interest on long term debt	643,989	2,283,810	2,209,258	2,110,131	1,494,721	1,791,022	1,904,752	1,741,975	2,411,379	2,247,146
Total governmental activities	94,221,857	100,120,573	101,195,808	106,027,065	107,248,934	105,464,847	114,586,995	114,984,471	131,029,521	127,047,867
Business-type activities:										
Landfill	3,613,290	8,640,661	5,789,166	10,243,838	5,145,318	4,679,344	4,862,707	5,927,192	7,916,155	6,380,315
Conference center	-	-	216,822	593,350	-	-	-	-	-	-
Total business-type activities	3,613,290	8,640,661	6,005,988	10,837,188	5,145,318	4,679,344	4,862,707	5,927,192	7,916,155	6,380,315
Total primary government expenses	\$ 97,835,147	\$ 108,761,234	\$ 106,984,974	\$ 116,270,903	\$ 112,394,252	\$ 110,144,191	\$ 119,449,702	\$ 120,911,663	\$ 138,945,676	\$ 133,428,182
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 2,415,181	\$ 2,283,008	\$ 2,395,705	\$ 2,303,786	\$ 2,634,580	\$ 3,164,697	\$ 3,537,614	\$ 3,592,173	\$ 3,854,639	\$ 3,906,891
Public safety	5,134,699	5,486,734	5,899,901	5,355,364	2,625,778	2,264,490	2,334,725	2,004,684	2,582,628	3,206,964
Human services	5,175,178	5,470,082	7,050,168	6,441,109	11,883	-	-	3,817,502	3,950,570	3,831,593
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	3,939,136	5,340,699	370,675	226,392	238,696
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	3,058,427	2,284,872	1,351,849	1,917,858	1,521,611
Public safety	1,076,840	682,837	2,216,861	1,484,910	305,039	369,245	155,891	355,316	258,388	464,295
Human services	18,147,393	18,590,542	18,363,979	16,980,332	17,987,419	20,024,711	20,176,304	17,834,543	19,695,707	19,304,541
Education	81,802	3,214,965	-	363,456	-	-	1,231,021	-	-	-
Economic and physical development	-	559,339	1,840,163	1,850,639	739,658	107,025	-	-	-	-
Cultural and recreation	263,787	799,086	1,120,349	1,313,303	-	-	-	184,000	33,000	33,768
Capital grants and contributions:										
General government	73,898	33,680	14,141	47,223	1,044,258	450,760	40,542	-	-	-
Public safety	-	26,271	67,461	252,730	59,411	298,438	183,461	-	1,088,296	1,861,658
Human services	601,747	5,020	-	3,492	3,663,827	4,311,346	4,140,732	4,351,935	1,679,551	1,855,251
Education	2,806,456	2,907,522	3,947,837	8,269,925	1,462,777	1,595,639	1,593,900	1,093,478	1,289,305	1,044,355
Economic and physical development	-	404,846	1,268,978	76,272	1,008,897	-	2,063,691	1,670,321	1,167,046	2,345,007
Cultural and recreation	450,000	-	1,146,979	29,518	-	-	-	-	-	-
Total governmental activities program revenues	47,779,063	51,804,781	57,077,721	57,835,740	39,432,881	39,583,914	43,083,452	36,626,476	37,743,380	39,614,630
Business-type activities:										
Charges for services	4,392,221	4,990,003	5,545,109	5,058,476	5,998,475	5,976,341	5,746,746	5,996,327	7,037,731	7,404,183
Operating grants and contributions	288,119	2,261,812	2,239,632	393,444	54,445	108,734	-	-	-	-
Capital grants and contributions	8,500	-	-	-	-	-	3,700	-	-	-
Total business-type activities program revenues	4,688,840	7,251,815	7,784,741	5,451,920	6,052,920	6,085,075	5,750,446	5,996,327	7,037,731	7,404,183
Total primary government program revenues	\$ 52,467,903	\$ 59,056,596	\$ 64,862,462	\$ 63,287,660	\$ 45,485,801	\$ 45,668,989	\$ 48,833,898	\$ 42,622,803	\$ 44,781,111	\$ 47,018,813
Net (Expense)/Revenue										
Governmental activities										
Business-type activities	\$ (46,442,794)	\$ (48,315,792)	\$ (44,118,087)	\$ (48,191,325)	\$ (67,816,053)	\$ (65,880,933)	\$ (71,503,543)	\$ (78,357,995)	\$ (93,286,141)	\$ (87,433,237)
Business-type activities	1,075,550	(1,388,846)	1,778,753	(5,385,268)	907,602	1,405,731	887,739	69,135	(878,424)	1,023,868
Total primary government net (expense)/revenue	\$ (49,704,638)	\$ (49,704,638)	\$ (42,339,334)	\$ (53,576,593)	\$ (66,908,451)	\$ (64,475,202)	\$ (70,615,804)	\$ (78,288,860)	\$ (94,164,565)	\$ (86,409,369)

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

	Fiscal Year					Fiscal Year				
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 38,289,687	\$ 38,645,416	\$ 40,301,804	\$ 42,960,964	\$ 60,502,800	\$ 59,587,494	\$ 60,047,655	\$ 61,266,854	\$ 63,400,076	\$ 66,988,662
Local option sales tax	7,429,274	7,405,889	8,077,072	8,211,061	12,625,637	17,202,034	17,561,662	19,434,159	21,425,575	21,292,439
Other taxes and licenses	378,380	426,626	461,395	455,306	-	-	-	360,205	122,392	127,770
Grants and contributions not restricted	-	190,000	380,000	38,000	-	-	-	-	-	-
Investment earnings	546,517	202,215	100,740	89,033	110,873	188,580	278,703	595,379	839,841	1,316,562
Miscellaneous	-	-	-	-	-	-	-	568,882	687,665	750,305
Special item:										
Gain/(loss) on sale of capital asset	-	-	-	(41,270,640)	-	-	-	-	-	-
Transfers	335,059	335,925	2,563,743	(565,944)	104,481	125,966	432,320	-	-	515,335
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>	<u>77,104,074</u>	<u>78,320,340</u>	<u>82,225,479</u>	<u>86,475,549</u>	<u>90,991,073</u>
Business-type activities:										
Investment earnings	14,553	44,053	2,179	1,251	328	1,004	13,557	31,524	26,814	77,333
Miscellaneous	-	-	-	-	-	515,482	652,263	711,838	644,313	788,587
Transfers	(335,059)	(335,925)	(2,563,743)	565,944	(104,481)	(125,967)	(432,320)	-	-	(515,335)
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>	<u>390,519</u>	<u>233,500</u>	<u>743,362</u>	<u>671,127</u>	<u>350,585</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>	<u>\$ 77,494,593</u>	<u>\$ 78,553,840</u>	<u>\$ 82,968,841</u>	<u>\$ 87,146,676</u>	<u>\$ 91,341,658</u>
Change in Net Position										
Governmental activities	\$ 536,123	\$ (1,109,721)	\$ 7,766,667	\$ (38,273,545)	\$ 5,527,738	\$ 11,223,141	\$ 6,816,797	\$ 3,867,484	\$ (6,810,592)	\$ 3,557,836
Business-type activities	<u>755,044</u>	<u>(1,680,718)</u>	<u>(782,811)</u>	<u>(4,818,073)</u>	<u>803,449</u>	<u>1,796,250</u>	<u>1,121,239</u>	<u>812,497</u>	<u>(207,297)</u>	<u>1,374,453</u>
Total primary government	<u>\$ 1,291,167</u>	<u>\$ (2,790,439)</u>	<u>\$ 6,983,856</u>	<u>\$ (43,091,618)</u>	<u>\$ 6,331,187</u>	<u>\$ 13,019,391</u>	<u>\$ 7,938,036</u>	<u>\$ 4,679,981</u>	<u>\$ (7,017,889)</u>	<u>\$ 4,932,289</u>

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

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Non-spendable:				
Inventories	\$ 86,552	\$ 133,331	\$ 91,497	\$ 111,774
Long-Term receivable	-	-	-	-
Prepaid items	143,292	152,370	173,487	272,721
Restricted:				
Stabilization for State statute	7,527,242	8,412,576	11,388,787	10,491,699
Register of Deeds	-	-	-	-
Restricted, all other	-	171,642	257,522	1,046,254
Committed:				
Construction	-	-	-	22,000,000
Other	-	-	-	-
Assigned for subsequent year's expenditures	4,740,153	4,437,361	5,596,601	5,869,570
Assigned all other	807,155	2,650,117	2,270,530	1,533,164
Unassigned:	10,291,084	6,324,242	5,285,290	5,941,744
Total General Fund	\$ 23,595,478	\$ 22,281,639	\$ 25,063,714	\$ 47,266,926
All Other Governmental Funds				
Non-spendable:				
Prepaid items	\$ -	\$ 4,016	\$ 1,080	\$ 1,207
Restricted:				
Stabilization for State statute	1,238,853	22,964,923	22,674,006	1,586,536
Restricted, all other	-	-	(454,660)	(17,125,893)
Committed:				
Special revenue and debt service funds	641,730	465,966	-	-
Capital project funds	-	-	-	-
Assigned all other:	-	-	-	-
Unassigned:	19,385,068	13,383,369	(643,370)	(66,517)
Total all other governmental funds	21,265,651	36,818,274	21,577,056	(15,604,667)
Total fund balances	\$ 44,861,129	\$ 59,099,913	\$ 46,640,770	\$ 31,662,259

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

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 104,177	\$ 144,859	\$ 172,014	\$ 92,666	\$ 106,556	\$ 108,852
-	-	-	91,764	73,412	-
221,001	241,229	201,261	880,263	339,516	396,008
7,531,900	6,873,561	7,070,633	6,583,257	8,185,106	8,647,664
-	-	-	76,671	121,964	172,918
705,424	1,202,757	3,114,229	2,432,842	2,465,389	2,465,389
19,015,426	9,257,021	-	-	-	-
-	-	-	15,426	15,426	1,015,426
5,633,347	6,025,000	4,809,895	4,555,046	5,204,151	4,992,241
1,500,000	3,025,000	4,015,426	5,000,000	5,000,000	3,300,000
<u>14,345,778</u>	<u>17,516,639</u>	<u>19,127,229</u>	<u>19,892,312</u>	<u>19,358,902</u>	<u>20,716,473</u>
<u>\$ 49,057,053</u>	<u>\$ 44,286,066</u>	<u>\$ 38,510,687</u>	<u>\$ 39,620,247</u>	<u>\$ 40,870,422</u>	<u>\$ 41,814,971</u>
\$ 5,386	\$ -	\$ 43,573	\$ 10,856	\$ 71,930	\$ 51,164
1,422,178	1,254,152	1,238,907	1,781,340	1,440,840	1,919,165
3,298,716	5,809,555	8,548,950	29,728,948	9,206,155	8,917,423
-	15,675	469,261	-	-	-
-	-	499,948	9,832,946	8,135,803	8,123,200
-	-	-	2,269,942	2,881,403	2,794,155
<u>(1,979,061)</u>	<u>(126,577)</u>	<u>(901,293)</u>	<u>(348,897)</u>	<u>(916,195)</u>	<u>(1,662,935)</u>
<u>2,747,219</u>	<u>6,952,805</u>	<u>9,899,346</u>	<u>43,275,135</u>	<u>20,819,936</u>	<u>20,142,172</u>
<u>\$ 51,804,272</u>	<u>\$ 51,238,871</u>	<u>\$ 48,410,033</u>	<u>\$ 82,895,382</u>	<u>\$ 61,690,358</u>	<u>\$ 61,957,143</u>

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues					
Taxes:					
Property	\$ 49,833,593	\$ 49,785,232	\$ 52,089,876	\$ 55,178,746	\$ 60,197,991
Sales	10,111,795	10,067,729	10,918,854	11,099,827	11,927,085
Other	1,016,187	1,071,366	846,979	756,030	698,552
Total taxes	<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>
Intergovernmental	21,352,565	24,260,241	27,487,280	28,047,476	28,254,914
Permits and fees	883,785	865,693	943,235	968,754	4,662,137
Sales and services	9,709,237	10,479,805	11,919,725	10,996,680	5,450,492
Investment earnings	875,926	266,555	167,909	172,905	110,873
Miscellaneous	750,285	551,634	1,878,708	1,325,632	812,707
Total revenues	<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>
Expenditures					
General government	8,325,455	8,297,537	8,859,733	9,501,136	8,786,762
Public safety	18,025,869	19,404,100	20,357,264	20,234,641	20,626,911
Human services	33,192,709	33,774,319	33,936,655	34,174,002	33,749,480
Education	21,918,571	21,973,653	22,431,550	23,197,513	26,785,458
Economic and physical development	1,454,212	3,286,202	3,408,258	3,470,060	7,704,794
Culture and recreation	1,121,982	1,164,592	1,128,074	1,178,071	1,721,106
Capital outlay	14,777,085	35,247,572	27,981,472	13,914,677	4,545,366
Debt service:					
Principal	3,250,871	2,847,048	3,435,998	3,412,140	3,473,237
Interest	643,989	1,711,550	2,255,816	2,158,224	1,920,901
Total expenditures	<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>
Revenues over (under) expenditures	<u>(8,177,370)</u>	<u>(30,358,318)</u>	<u>(17,542,254)</u>	<u>(2,694,414)</u>	<u>2,800,736</u>
Other Financing Sources (Uses)					
Transfers in	335,059	335,925	2,563,743	-	24,865,333
Transfers out	-	-	-	(565,944)	(24,760,852)
Proceeds from capital lease	-	-	-	-	-
Installment financing proceeds	22,081,095	17,563,250	-	52,633	-
Sale of capital assets	-	-	-	23,349,738	-
Total other financing sources (uses)	<u>22,416,154</u>	<u>17,899,175</u>	<u>2,563,743</u>	<u>22,836,427</u>	<u>104,481</u>
Net change in fund balances	<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>
Debt Service / Operating Non-Capital Ratio	4.43%	4.93%	5.94%	5.72%	5.15%

		Fiscal Year							
		2015	2016	2017	2018	2019			
\$	59,299,996	\$	60,146,105	\$	61,374,504	\$	63,302,733	\$	\$67,057,925
	17,202,034		17,561,662		19,434,159		21,425,575		21,292,439
	513,548		-		-		-		-
	<u>77,015,578</u>		<u>77,707,767</u>		<u>80,808,663</u>		<u>84,728,308</u>		<u>88,350,364</u>
	28,591,587		29,595,682		26,769,053		25,300,823		26,961,939
	4,218,683		4,321,708		4,502,846		4,695,185		4,699,153
	5,808,912		6,243,473		5,656,678		7,037,795		7,212,000
	188,579		278,704		595,379		839,841		1,316,562
	910,103		2,346,817		661,389		1,086,004		750,305
	<u>116,733,442</u>		<u>120,494,151</u>		<u>118,994,008</u>		<u>123,687,956</u>		<u>129,290,323</u>
	9,331,755		10,675,904		11,067,806		12,971,595		14,107,263
	23,276,410		23,462,335		24,891,592		27,954,198		25,391,553
	33,181,597		36,610,613		32,917,523		33,024,912		34,966,574
	28,404,757		30,170,441		32,008,152		41,567,546		31,401,693
	6,147,272		5,699,333		5,541,505		4,947,724		6,284,388
	1,330,274		1,332,421		1,234,611		1,482,089		1,320,498
	13,393,096		10,530,185		5,742,301		14,408,813		9,538,225
	3,456,376		3,589,291		3,343,658		5,429,537		5,462,225
	1,808,490		1,684,786		1,536,656		2,502,268		2,282,665
	<u>120,330,027</u>		<u>123,755,309</u>		<u>118,283,804</u>		<u>144,288,682</u>		<u>130,755,084</u>
	<u>(3,596,585)</u>		<u>(3,261,158)</u>		<u>710,204</u>		<u>(20,600,726)</u>		<u>(1,464,761)</u>
	31,866,480		28,979,447		22,626,019		25,433,670		11,131,967
	(31,740,513)		(28,547,127)		(22,626,019)		(24,918,335)		(10,616,632)
	-		-		425,145		26,440		70,138
	-		-		33,350,000		-		-
	-		-		-		-		-
	<u>125,967</u>		<u>432,320</u>		<u>33,775,145</u>		<u>541,775</u>		<u>585,473</u>
\$	<u>(3,470,618)</u>	\$	<u>(2,828,838)</u>	\$	<u>34,485,349</u>	\$	<u>(20,058,951)</u>	\$	<u>(879,288)</u>
	4.92%		4.66%		4.34%		6.11%		6.39%

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

Fiscal Year	Commercial Real Property	Real Personal Property	Industrial Property	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Value (4)
2010	\$ 4,983,714,807	\$ 1,334,442,491	\$ 326,924,856	\$ 6,645,082,154	\$ 0.7200	\$ 2,940,662,629
2011	5,008,320,561	1,293,716,402	374,726,300	6,676,763,263	0.7200	3,230,027,558
2012	5,035,338,075	1,348,627,630	604,756,377	6,988,722,082	0.7200	3,876,548,797
2013	5,100,510,697	1,686,009,784	650,972,983	7,437,493,464	0.7200	4,397,768,311
2014	5,962,080,488	1,725,042,756	705,256,339	8,392,379,583	0.7200	4,964,092,523
2015	6,058,447,457	1,675,189,181	741,430,862	8,475,067,500	0.7200	5,008,764,893
2016 (5)	5,949,760,853	1,464,352,946	813,084,179	8,227,197,978	0.7200	4,862,274,005
2017	4,750,457,635	3,209,409,209	472,393,562	8,432,260,406	0.7200	8,634,057,316
2018	4,787,922,158	3,211,020,704	476,124,638	8,475,067,500	0.7200	9,048,102,044
2019	4,519,389,711	3,936,446,342	501,863,391	8,957,699,444	0.7200	10,193,539,465

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

Notes:

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

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

	Fiscal Year					Fiscal Year				
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cleveland County	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	0.0072
Municipality Rates:										
Town of Grover	0.0038	0.0038	0.0038	0.0038	0.0038	0.0039	0.0039	0.0039	0.0039	0.0039
City of Kings Mountain	0.0040	0.0040	0.0040	0.0040	0.0040	0.0040	0.0040	0.0043	0.0043	0.0043
City of Kings Mountain Munciple Service District	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0027	0.0027	0.0027
Town of Lattimore	0.0018	0.0018	0.0018	0.0018	0.0018	0.0022	0.0022	0.0022	0.0022	0.0022
Town of Kingstown	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0048
Town of Fallston	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Earl	0.0017	0.0017	0.0017	0.0017	0.0017	0.0017	0.0017	0.0017	0.0017	0.0018
Town of Polkville	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Lawndale	0.0023	0.0023	0.0023	0.0023	0.0023	0.0023	0.0023	0.0023	0.0023	0.0023
Town of Casar	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Waco	0.0012	0.0015	0.0017	0.0017	0.0017	0.0020	0.0020	0.0020	0.0020	0.0020
City of Shelby	0.0044	0.0044	0.0044	0.0044	0.0044	0.0044	0.0044	0.0050	0.0050	0.0052
Uptown Shelby Munciple Revitilization	0.0022	0.0022	0.0022	0.0022	0.0022	0.0022	0.0022	0.0025	0.0025	0.0025
Town of Boiling Springs	0.0029	0.0029	0.0029	0.0029	0.0029	0.0032	0.0032	0.0033	0.0037	0.0038
Town of Patterson Springs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0015	0.0015
Town of Belwood	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0005
Fire Districts:										
County Fire	0.0003	0.0003	0.0003	0.0003	0.0005	0.0005	0.0005	0.0005	0.0009	0.0009
Fallston Fire	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	N/A	N/A
Lattimore Fire	0.0003	0.0003	0.0003	0.0003	0.0004	0.0005	0.0005	0.0005	0.0009	0.0009
Rippy Fire	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0009	0.0009
Sanitary Water District	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002

Source: Cleveland County Tax Collector

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

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

Taxpayer	Type of Business	Fiscal Year 2019			Fiscal Year 2010		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Corporation	Electric Utility	\$ 728,882,950	1	8.9%	\$ 283,516,066	1	4.27%
Clearwater Paper Corporation	Paper products	471,585,243	2	5.7%	N/A	N/A	0.00%
NTE Energy	Electric Utility	366,856,015	3	4.5%	N/A	N/A	0.00%
Southern Power Company	Electric Utility	243,578,797	4	3.0%	N/A	N/A	0.00%
Nippon Electric Glass	Fiberglass Manufacturing	113,435,547	5	1.4%	N/A	N/A	0.00%
Disney WorldWide Services Inc.	Entertainment	105,756,720	6	1.3%	N/A	N/A	0.00%
Bell South Telephone Company	Telecommunication	102,875,029	7	1.3%	31,571,243	4	0.48%
Wal-Mart Stores East LP	Warehouse/Retail Store	85,940,384	8	1.0%	73,357,802	3	1.10%
Ensono Inc	Information Data Center	75,942,220	9	0.9%	N/A	N/A	0.00%
Albemarle Inc	Specialty Chemicals	70,601,504	10	0.9%	N/A	N/A	0.00%
Totals		\$ 2,365,454,409		28.79%	\$ 388,445,111		5.85%

Source: Cleveland County Assessor

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

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Uncollected
	Amount	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
2010	\$ 49,202,687	\$ (34,242)	\$ 49,168,445	\$ 47,199,319	96.00%	\$ 1,847,559	\$ 49,046,878	99.75%	\$ 121,567
2011	49,471,422	(72,829)	49,398,593	47,595,790	96.35%	1,647,112	49,242,902	99.68%	155,691
2012	51,681,105	(1,463,467)	50,217,638	49,992,054	99.55%	-	49,992,054	99.55%	225,584
2013	55,072,700	(1,247,947)	53,824,753	53,364,782	99.15%	-	53,364,782	99.15%	459,971
2014	58,422,332	(392,434)	58,029,898	56,686,171	97.68%	-	56,686,171	97.68%	1,343,727
2015	58,143,528	(69,534)	58,073,994	57,048,877	98.23%	-	57,048,877	98.23%	1,025,117
2016	59,509,987	(274,162)	59,235,825	58,272,377	98.37%	-	58,272,377	98.37%	963,448
2017	61,013,048	(587,915)	60,425,133	59,552,304	98.56%	-	59,552,304	98.56%	872,829
2018	61,608,401	(587,915)	61,020,486	60,059,273	98.42%	-	60,059,273	98.42%	961,213
2019	64,748,877	(253,441)	64,495,436	63,566,623	98.56%	-	63,566,623	98.56%	928,813
									\$ <u>7,057,960</u>

Source: Cleveland County Tax Collector

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

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Limited Obligation Bonds	Installment Contracts	Installment Purchases	Other	General Obligation Bonds	Limited Obligation Bonds	Installment Purchases			
2010	\$ 1,600,000	\$ 22,000,000	\$ 12,019,603	\$ -	\$ 178,830	\$ -	\$ -	\$ -	\$ 35,798,433	\$ 367	1.25%
2011	1,350,000	20,920,000	28,148,778	-	115,556	-	-	-	50,534,334	515	1.72%
2012	1,100,000	19,840,000	26,108,385	-	49,950	-	-	-	47,098,335	477	1.56%
2013	850,000	18,760,000	24,067,216	-	61,613	-	-	-	43,738,829	441	1.37%
2014	600,000	17,675,000	22,090,050	-	33,873	-	-	-	40,398,923	405	1.24%
2015	350,000	16,590,000	19,980,662	-	21,887	-	-	-	36,942,549	373	1.02%
2016	100,000	15,505,000	17,519,868	-	11,095	-	-	-	33,135,963	337	0.87%
2017	-	14,420,000	48,849,671	-	715,074	-	-	-	63,984,745	650	1.70%
2018	-	13,335,000	44,605,475	-	641,174	-	-	-	58,581,649	597	1.53%
2019	-	12,250,000	40,361,278	-	578,284	-	-	-	53,189,562	602	1.39%

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.

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

Fiscal Year	General Obligation Bonds	Limited Obligation Bonds	Total	Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
2010	\$ 3,925,000	\$ -	\$ 3,925,000	0.14%	0.06%	\$ 40
2011	1,600,000	22,000,000	23,600,000	0.80%	0.35%	241
2012	1,350,000	20,920,000	22,270,000	0.74%	0.34%	225
2013	1,100,000	19,840,000	20,940,000	0.65%	0.31%	211
2014	850,000	18,760,000	19,610,000	0.60%	0.28%	197
2015	350,000	16,590,000	16,940,000	0.47%	0.23%	171
2016	100,000	15,505,000	15,605,000	0.41%	0.19%	159
2017	-	14,420,000	14,420,000	0.39%	0.18%	147
2018	-	13,335,000	13,335,000	0.35%	0.16%	136
2019	-	12,250,000	12,250,000	0.32%	0.13%	126

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

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

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

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

	<u>Fiscal Year</u>			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed Value of Property	\$ 6,645,082,154	\$ 6,676,763,263	\$ 6,988,722,082	\$ 7,437,493,464
Debt Limit, 8% of Assessed Value (Statutory Limitation)	531,606,572	534,141,061	559,097,767	594,999,477
Amount of Debt Applicable to Limit:				
Less: Gross debt	<u>35,798,433</u>	<u>50,534,334</u>	<u>47,098,335</u>	<u>43,738,829</u>
Total net debt applicable to limit	<u>35,798,433</u>	<u>50,534,334</u>	<u>47,098,335</u>	<u>43,738,829</u>
Legal Debt Margin	<u>\$ 495,808,139</u>	<u>\$ 483,606,727</u>	<u>\$ 511,999,432</u>	<u>\$ 551,260,648</u>
Total debt applicable to the limit as a percentage of debt limit	3.19%	6.73%	9.46%	8.42%

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.

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 8,029,709,444	\$ 8,065,832,500	\$ 8,227,197,978	\$ 8,392,379,583	\$ 8,475,067,500	\$ 8,957,699,444
642,376,756	645,266,600	658,175,838	671,390,367	678,005,400	716,615,956
<u>40,398,923</u>	<u>36,942,549</u>	<u>33,553,258</u>	<u>63,984,745</u>	<u>58,581,649</u>	<u>53,189,562</u>
<u>40,398,923</u>	<u>36,942,549</u>	<u>33,553,258</u>	<u>63,984,745</u>	<u>58,581,649</u>	<u>53,189,562</u>
<u>\$ 601,977,833</u>	<u>\$ 608,324,051</u>	<u>\$ 624,622,580</u>	<u>\$ 607,405,622</u>	<u>\$ 619,423,751</u>	<u>\$ 663,426,394</u>
7.35%	6.29%	5.73%	5.10%	9.53%	7.42%

Schedule 12
Cleveland County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

<u>Governmental Unit</u>	<u>Gross Non-Revenue Bonded Debt</u>	<u>Percent Applicable to County</u>	<u>Amount Applicable to Primary Government</u>
Total County direct debt	\$ 53,189,562	100%	\$ 18,514,640
Overlapping:			
Public Schools	<u>12,250,000</u>	0%	<u>-</u>
Total overlapping debt	<u>\$ 12,250,000</u>		<u>-</u>
Total	<u>\$ 65,439,562</u>		<u>\$ 18,514,640</u>

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

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

Year	Population(1)	Personal Income (2) (thousands of dollars)	Median Household Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	Number of Commercial Public Food Inspections Performed(5)	Number of Building Inspections Performed(6)
2010	\$ 98,078	\$ 2,939,629	\$ 29,972	\$ 17,325	13.19%	1,381	288
2011	98,760	3,026,601	30,646	16,762	12.07%	1,360	293
2012	99,230	3,202,220	32,852	16,557	10.94%	1,321	259
2013	99,660	3,268,534	33,680	16,492	10.49%	1,270	250
2014	98,953	3,618,414	36,567	16,374	6.80%	1,038	275
2015	98,224	3,829,655	38,989	15,103	6.80%	1,192	262
2016	97,871	3,739,455	38,208	14,906	5.60%	1,192	300
2017	97,178	3,892,854	40,059	14,761	4.40%	1,187	319
2018	98,074	3,838,028	39,134	14,452	4.30%	1,185	324
2019	97,288	3,531,415	40,002	15,070	4.60%	1,178	348

Notes:

- (1) N.C. State Data Center. Estimates are as of the beginning of the fiscal year / Charlotte Regional Partnership Website
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year
<https://bea.gov/regional/> Local Area Personal Income & Employment
- (3) N.C. Department of Public Instruction, Final Average Daily Membership for fiscal year
- (4) N. C. Employment Security Commission, Unemployment Rate at end of fiscal year
- (5) Total number of inspections performed by Cleveland County Inspections Department. Does not include inspections by municipalities

* Information not yet available.

Schedule 14
Cleveland County
Principal Employers
Current Year and Nine Years Ago

Employer	2019		2010	
	Employment Range	Rank	Employment Range	Rank
Cleveland County Board of Education	1000+	1	1000+	1
Atrium Health	1000+	2	1000+	2
Wal-Mart Associates Inc.	1000+	3	500-999	5
County of Cleveland	1000+	4	500-999	6
Gardner-Webb University	500-999	5	500-999	7
PPG Industries Inc.	500-999	6	N/A	N/A
Hanesbrands, Inc.	500-999	7	N/A	N/A
Ingles Markets, Inc	500-999	8	N/A	N/A
Clearwater Paper Corporation	250-499	9	N/A	N/A
Cleveland Community College	250-499	10	250-499	9

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

Notes: Data not available on percentage of total employment.

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

Function/Program	Full-Time Equivalent Employees As of June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	84	84	85	85	85	88	89	92	95	102
Public safety	238	254	271	272	266	279	286	287	288	294
Environmental protection	36	36	36	36	36	36	39	39	38	37
Economic and physical development	16	16	17	17	17	18	18	19	19	18
Human services	373	379	385	386	403	410	417	420	421	431
Cultural and recreation	16	16	16	16	21	23	24	24	25	26
Total	763	785	810	812	828	854	873	881	886	908

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).

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

Function	Fiscal Year				
	2010	2011	2012	2013	2014
<u>General Government</u>					
# of registered voters	61,566	60,376	63,889	61,676	62,000
<u>Public Safety</u>					
# of building permits issued	288	293	259	250	275
# of calls dispatched	67,153	77,196	90,430	95,502	90,588
<u>Human Services</u>					
# of food & lodging sites inspected	1,381	1,360	1,321	1,270	1,171
# of Health clients served (clinical)	31,684	23,937	22,370	22,964	18,226
<u>Economic and Physical Development</u>					
Number of major subdivision plan reviews	0	0	0	0	0
<u>Cultural and Recreation</u>					
Library:					
Book volumes per capita	1.42	1.44	1.48	1.44	1.54
Library income per capita (local)	9.00	8.49	8.71	8.74	8.64
Library income per capita (total)	12.84	12.08	11.90	11.07	10.02
Library visits per capita	1.69	1.71	1.60	1.70	1.62
Turnover rate (circulation per book)	2.02	2.10	1.46	1.44	1.51
<u>Education</u>					
Total \$ spent per ADM	\$ 1,655	\$ 1,680	\$ 1,715	\$ 1,761	\$ 1,736
<u>Enterprise Fund - Landfill</u>					
Solid waste generated # tons/day	398	417	489	431	468

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				
2015	2016	2017	2018	2019
58,771	61,180	63,435	64,557	60,779
262	300	319	324	348
90,154	95,769	94,568	99,050	110,779
1,192	1,192	1,187	1,185	1,178
18,627	16,796	15,813	16,442	16,329
0	0	0	0	0
1.14	1.19	0.98	1.06	1.03
9.41	9.81	10.41	9.20	10.44
13.27	12.41	12.71	12.33	12.76
1.86	1.86	1.79	2.66	1.36
1.88	1.72	1.77	1.87	2.04
\$ 1,751	\$ 1,817	\$ 1,903	\$ 1,975	\$ 1,975
477	446	470	495	699

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

<u>Function</u>	<u>Fiscal Year</u>				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Public Safety</u>					
Sheriff's Department:					
Stations	1	1	1	1	1
Vehicles	123	138	128	128	128
Emergency Medical Services:					
Stations	9	9	9	9	9
Vehicles	32	31	29	28	30
<u>Cultural and Recreation</u>					
Park acreage	1,460	1,460	1,461	1,468	1,468
Parks	1	1	2	2	2
Libraries	2	2	2	2	2
Total government-wide assets value	\$ 169,432,071	\$ 203,494,186	\$ 231,646,536	\$ 146,076,511	\$ 147,872,060

Source: Various County Departments

Fiscal Year				
2015	2016	2017	2018	2019
1	1	1	1	1
154	165	169	160	164
9	9	9	9	9
30	34	34	35	38
1,468	1,468	1,468	1,468	1,468
2	2	2	2	2
2	2	2	2	2
\$ 161,888,551	\$ 173,506,273	\$ 182,857,144	\$ 197,967,905	\$ 203,453,604

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

Industry NAICS Sector*	2019			2016			2013		
	Annual Wages Paid	Annual Average Number of Employees	% Percentage of Total Labor Force or Employed	Annual Wages Paid	Annual Average Number of Employees	% Percentage of Total Labor Force or Employed	Annual Wages Paid	Annual Average Number of Employees	% Percentage of Total Labor Force or Employed
1. Manufacturing (31)	\$ 372,416,470.00	6,752	20.42%	\$ 340,813,036.00	6,559	20.47%	\$ 276,572,279.00	5,657	18.44%
2. Health Care and Social Assistance (62)	\$ 224,852,300.00	5,135	15.53%	\$ 210,432,196.00	5,303	16.55%	\$ 186,873,018.00	5,188	16.91%
3. Educational Services (61)	\$ 134,569,773.00	3,652	11.04%	\$ 131,338,673.00	3,836	11.97%	\$ 125,671,232.00	3,892	12.68%
4. Retail Trade (44)	\$ 108,180,661.00	3,996	12.08%	\$ 105,739,236.00	3,926	12.25%	\$ 99,042,933.00	3,812	12.42%
5. Transportation and Warehousing (48)	\$ 103,102,274.00	2,447	7.40%	\$ 88,577,904.00	2,304	7.19%	\$ 71,878,736.00	1,983	6.46%
6. Public Administration (92)	\$ 82,877,848.00	2,042	6.17%	\$ 75,369,237.00	2,004	6.26%	\$ 71,721,327.00	2,018	6.58%
7. Construction (23)	\$ 86,047,952.00	1,695	5.13%	\$ 60,763,847.00	1,494	4.66%	\$ 51,257,852.00	1,420	4.63%
8. Administrative and Waste Services (56)	\$ 60,307,375.00	2,193	6.63%	\$ 44,488,753.00	1,723	5.38%	\$ 46,680,396.00	1,920	6.26%
9. Wholesale Trade (42)	\$ 41,859,166.00	941	2.85%	\$ 42,289,995.00	982	3.07%	\$ 42,173,238.00	1,119	3.65%
10. Accommodation and Food Services (72)	\$ 44,726,672.00	3,018	9.13%	\$ 39,326,924.00	2,808	8.76%	\$ 32,742,030.00	2,506	8.17%
11. Finance and Insurance (52)	\$ 24,913,158.00	486	1.47%	\$ 23,151,059.00	525	1.64%	\$ 24,968,007.00	606	1.97%
12. Professional and Technical Services (54)	\$ 41,957,725.00	712	2.15%	\$ 27,678,249.00	574	1.79%	\$ 22,069,785.00	565	1.84%
	<u>\$ 1,325,811,374</u>	<u>33,069</u>	<u>100.00%</u>	<u>\$ 1,189,969,109.00</u>	<u>32,038</u>	<u>100.00%</u>	<u>\$ 1,051,650,833</u>	<u>30,686</u>	<u>100.00%</u>

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

** All data is on calendar year end basis.

COMPLIANCE SECTION

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

Independent Auditors' Report

To the Board of County Commissioners
Cleveland County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cleveland County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Cleveland County basic financial statements, and have issued our report thereon dated November 19, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 19, 2019



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

Independent Auditors' Report

To the Board of County Commissioners
Cleveland County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Cleveland County, North Carolina's, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Cleveland County's major federal programs for the year ended June 30, 2019. Cleveland County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Cleveland County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. 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, 2019.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items [2019-001, 2019-002, 2019-003] that we consider to be a significant deficiency.

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

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

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

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

Whiteville, NC

November 19, 2019



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

Independent Auditors' Report

To the Board of County Commissioners
Cleveland County, North Carolina

Report on Compliance for Each Major State Program

We have audited Cleveland County, North Carolina's, compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Cleveland County's major state programs for the year ended June 30, 2019. Cleveland County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

In our opinion, Cleveland County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

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

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

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

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

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

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

Whiteville, NC

November 19, 2019

Cleveland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

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

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

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

Section II - Financial Statement Findings

None Reported.

Section III - Federal Award Findings and Questioned Costs

Finding 2019-001

US Department of Health and Human Service

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

**SIGNIFICANT DEFICIENCY
ELIGIBILITY**

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

Condition: There were four errors discovered during our procedures that referrals between DSS and Child Support Agencies were not properly made. Three of the four errors indicating DSS failed to make referrals to Child Support Agencies. One applicant received assistance although the Child Support case was indicating non cooperation and no good cause was established.

Questioned Costs: The amounts paid out for the above ineligible participants did not exceed the threshold for a questioned cost determination.

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

Effect: One applicant received assistance for which client was not eligible.

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

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

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

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

Finding 2019-002

US Department of Health and Human Service

Passed through the NC Dept of Health and Human Services

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

CFDA #s: 93.778

**SIGNIFICANT DEFICIENCY
ELIGIBILITY**

Criteria:	In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific income standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or redetermined for benefits.
Condition:	There were ten errors discovered during our procedures that inaccurate information was entered when determining eligibility. Five of the ten errors were due to inaccurate household member information; Five of the ten errors were due to inaccurate income calculation.
Questioned Costs:	There was no affect to eligibility and there were no questioned costs.
Context:	We examined 60 Medicaid applicant from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to the Medicaid administrative cost compliance audit.
Effect:	For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which could affect income. Therefore, a participant could have been approved to receive benefits for which they were not eligible.
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.
Views of responsible officials and planned corrective actions:	The County agrees with the finding. Supervisors will perform second party reviews to ensure proper documentation is contained in files to support eligibility determinations. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations.

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

Finding 2019-003***

US Department of Health and Human Service

Passed through the NC Dept of Health and Human Services

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

CFDA #s: 93.778

**SIGNIFICANT DEFICIENCY
ELIGIBILITY**

Criteria: Medicaid for Aged, Blind and Disabled case records should contain documentation that verifications were done in preparation of the application and these items will agree to reports in the NC FAST system. In this process, the countable resources should be calculated correctly and agree back to the amounts in the NC FAST system. Any items discovered in the verification process should be considered countable or non-countable resources and explained within the documentation.

Condition: There were nine errors discovered during our procedures that resources in the county documentation and those same resources contained in NC FAST were not the same amounts or files containing resources were not properly documented to be considered countable or non-countable. Six of the nine errors for which online verification for resources were incomplete.

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

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

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which could affect countable resource. Therefore, applicants could have received assistance for which they were not eligible.

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

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

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

*** This is a repeat finding.

Section IV - State Award Findings and Questioned Costs

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

CFDA #93.778

SIGNIFICANT DEFICENCY: Finding 2019-001, 2019-002 and 2019-003 also apply to State requirements and State Awards.



Cleveland County

NORTH CAROLINA

Corrective Action Plan
For the Year Ended June 30, 2019

Section II - Financial Statement Findings

None Reported.

Section III - Federal Award Findings and Questioned Costs

Finding 2019-001

Name of Contact Person: Katie Swanson, DSS Director

Corrective Action: Management concurs with the findings and will ensure the following corrections are made and adhered to:

- Workers will complete training on IV-D Non-Coop as a refresher.
- Workers will research all agency records and will utilize OVS to thoroughly evaluate for IV-D cooperation.
- Workers will use documentation template to clearly document in case file if client has or has not cooperated with child support.
- Workers will also check evidence dashboard for accuracy and ensure the OVS was ran for all household members.
- Workers will request Social Security Numbers for all recipients as required by policy and will update evidence dashboard to reflect information received.
- Supervisors will monitor reports for IV-D noncooperation as well as check for SSN on all recipients when completing a second party on a record.

Proposed Completion Date: The proposed corrective action steps are effective immediately and on-going

Finding 2019-002

Name of Contact Person: Katie Swanson, DSS Director

Corrective Action: Management concurs with the findings and will ensure the following corrections are made and adhered to:

- Workers will have refresher training on how to correctly enter income into NCFast using the Income wizard.
- Workers will also check determinations when completing a redetermination to ensure that income and household size are being correctly determined in the system.
- Workers will check member relationships on evidence dashboard to ensure that relationships were correctly entered.
- Caseworkers will use documentation template as a means of documenting household size and countable income used for application and/or redetermination.
- Supervisors will check income and member relationship for accuracy when completing second party reviews on redeterminations/applications.

Proposed Completion Date: The proposed corrective action steps are effective immediately and on-going



Cleveland County

NORTH CAROLINA

Corrective Action Plan
For the Year Ended June 30, 2019

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

Finding 2019-003

Name of Contact Person: Katie Swanson, DSS Director

Corrective Action: Management concurs with the findings and will ensure the following corrections are made and adhered to:

- Workers will complete refresher training on countable resources for Aged, Blind and Disabled
- Workers will utilize the Vehicle verification form to document client's statement of vehicles showing on OVS hit.
- Workers will also utilize the documentation template to clearly document countable resources.
- Workers will be reminded that the evidence dashboard must be updated at every review to include any new or changed resource evidence including updating the value of any countable vehicles as well as OVS and real property check completed and documented.
- Workers will check resource tab on eligibility check in NCFAST to ensure that they system is correctly counting the client's total resources.
- Supervisors will also check these areas when they are completing a second party on a case.

Proposed Completion Date: The proposed corrective action steps are effective immediately and on-going.

Section IV - State Award Findings and Questioned Costs

None Reported.

Cleveland County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2019

Finding: 2018-01

Status: Corrected.

Finding: 2018-02

Status: Repeated as 2019-003.

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number 1(b)	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures 1(c)(d),2	State Expenditures 1(d)	Passed-through to Subrecipients 1(e)	Local Expenditures 1(d)
Federal Awards:						
<u>U.S. Dept. of Agriculture</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Social Services:						
Administration:						
State Administrative Matching Grants for the						
Supplemental Nutrition Assistance Program						
	10.561		\$ 1,157,467	\$ -	\$ -	\$ 1,157,467
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Administration:						
Special Supplemental Nutrition Program for						
Women, Infants, & Children						
	10.557		567,080	-	-	-
Total U.S. Department of Agriculture						
			<u>1,724,547</u>	<u>-</u>	<u>-</u>	<u>1,157,467</u>
<u>U.S. Dept. of Justice</u>						
Edward Byrne Memorial Justice Assistance Grant Program						
	16.738		6,888	-	-	-
Total U.S. Dept. of Justice						
			<u>6,888</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>U. S. Department of Homeland Security</u>						
Passed-through N.C. Dept. of Public Safety:						
Division of Emergency Management:						
Emergency Management Performance						
	97.042		52,899	-	-	-
Homeland Security						
	97.067		16,000	-	-	-
Total U. S. Department of Homeland Security						
			<u>68,899</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Institute of Museum and Library Services</u>						
Passed-through N.C. Dept. of Cultural and Natural Resources						
Division of State Library						
LSTA						
	45.310		8,000	-	-	-
Total Institute of Museum and Library Services						
			<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Health & Human Services</u>						
Temporary Assistance for Needy Families Cluster						
Division of Social Services:						
TANF - Work First						
	93.558		1,623,463	-	-	1,474,780
Division of Public Health						
TANF - Work First						
	93.558		16,569	-	-	-
Total TANF Cluster						
			<u>1,640,032</u>	<u>-</u>	<u>-</u>	<u>1,474,780</u>
AFDC Payments & Penalties						
	93.560		(308)	(84)	-	(85)
<u>Foster Care and Adoption Cluster</u>						
Foster Care - Title IV-E						
	93.658		1,787,372	347,597	-	924,919
Foster Care						
	N/A		166,136	-	-	299,455
Adoption Assistance						
	93.659		11,884	-	-	11,884
Total Foster Care and Adoption Cluster						
			<u>1,965,392</u>	<u>347,597</u>	<u>-</u>	<u>1,236,258</u>
Child Support Enforcement						
	93.563		1,223,507	-	-	630,291
Refugee and Entrant Assistance - Administered						
Total Refugee and Entrant Assistance						
	93.566		(3)	-	-	-
			<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Low-Income Home Energy Assistance:						
Administration						
	93.568		90,899	-	-	-
Energy Assistance Payments						
	93.568		418,800	-	-	-
Crisis Intervention Program						
	93.568		591,111	-	-	-
Total Low-Income Home Energy Assistance						
			<u>1,100,810</u>	<u>-</u>	<u>-</u>	<u>-</u>
Stephanie Tubbs Jones Child Welfare Services Program:						
- Permanency Planning - Families for Kids						
	93.645		29,008	-	-	9,669
Total Stephanie Tubbs Jones Child Welfare Services Program						
			<u>29,008</u>	<u>-</u>	<u>-</u>	<u>9,669</u>
Chafee Foster Care Independence Program						
	93.674		41,008	9,034	-	-

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number 1(b)	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures 1(c)(d),2	State Expenditures 1(d)	Passed-through to Subrecipients 1(e)	Local Expenditures 1(d)
SSBG - Other Service and Training	93.667		\$ 460,308	\$ -	\$ -	\$ 153,436
Division of Aging and Adult Services:						
Division of Social Services:						
SSBG - State In Home Service Fund	93.667		20,541	-	-	2,934
SSBG - State Adult Day Care	93.667		69,568	14,928	-	21,586
Passed-through Isothermal Regional Commission						
Social Service Block Grant (SSBG) - In Home Services	93.667		25,827	738	-	-
Total Social Service Block Grant			<u>576,244</u>	<u>15,666</u>	<u>-</u>	<u>177,956</u>
<u>Administration for Children and Families</u>						
Passed-through the N.C. Dept. of Health and Human Services						
Subsidized Child Care (Note 4)						
<u>Child Care Development Fund Cluster:</u>						
Division of Social Services:						
Child Care Development Fund-Administration	93.596		93,212	-	-	-
Total Child Care Fund Cluster			<u>93,212</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subsidized Child Care			<u>93,212</u>	<u>-</u>	<u>-</u>	<u>-</u>
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Medical Assistance:						
Division of Social Services:						
Administration:						
Medical Assistance Program	93.778		2,772,158	16,535	-	994,843
Total Medical Assistance Program			<u>2,772,158</u>	<u>16,535</u>	<u>-</u>	<u>994,843</u>
Division of Social Services:						
Administration:						
State Children's Insurance Program - N.C. Health Choice	93.767		58,725	-	-	-
Total State Children's Insurance Program - N.C. Health Choice			<u>58,725</u>	<u>-</u>	<u>-</u>	<u>-</u>
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		36,338	-	-	-
Well-Integrated Screening and Evaluation for Women Across the Nation	93.094		1,890	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116		21	-	-	-
Family Planning Services	93.217		50,552	-	-	-
Immunization Grant	93.268		30,388	-	-	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.345		38,510	-	-	-
Well-Integrated Screening and Evaluation for Women Across the Nation (Wisewomen)	93.436		10,075	-	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		39,946	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		20,910	-	-	-
HIV Prevention Activities_Health Department Based	93.940		28,000	-	-	-
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977		100	-	-	-
Maternal and Child Health Services Block Grant	93.994		148,948	39,069	-	-
Total U.S. Dept. of Health and Human Services			<u>9,905,463</u>	<u>427,817</u>	<u>-</u>	<u>4,523,712</u>
<u>U.S. Department of Transportation</u>						
Passed-through N.C. Department of Transportation						
2707D Shelby Bypass	20.205	34497.1.FS6	37,912	9,478	-	-
2707E Shelby Bypass	20.205	34497.1.FS7	33,544	8,386	-	-
Total Shelby Bypass Project			<u>71,456</u>	<u>17,864</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Transportation			<u>71,456</u>	<u>17,864</u>	<u>-</u>	<u>-</u>
Total Federal Awards			<u>\$ 11,785,253</u>	<u>\$ 445,681</u>	<u>\$ -</u>	<u>\$ 5,681,179</u>

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number 1(b)	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures 1(c)(d),2	State Expenditures 1(d)	Passed-through to Subrecipients 1(e)	Local Expenditures 1(d)
State Awards:						
<u>N.C. Dept. of Administration</u>						
Veterans Service			\$ -	\$ 2,216	\$ -	\$ -
Total N.C. Dept. of Administration			-	2,216	-	-
<u>N.C. Dept. of Cultural and Natural Resources</u>						
Division of State Library						
State Aid to Public Libraries			-	140,063	-	-
Total N.C. Dept. of Cultural and Natural Resources			-	140,063	-	-
<u>N.C. Department of Environmental Quality</u>						
Division of Waste Management						
Soil Conservation State Match			-	32,056	-	-
DEA-Off Waste Red Trust Fund			-	60,000	-	-
Electronic Management Program			-	6,215	-	-
DWM-Scrap Tire Program			-	1,482	-	-
Total N.C. Dept. Environmental Quality			-	67,697	-	-
<u>N.C. Dept. of Health and Human Services</u>						
Passed-through Isothermal Regional Commission:						
Division of Aging and Adult Services						
90% State Funds - In Home Support			-	133,975	-	-
Total Division of Aging			-	133,975	-	-
Division of Social Services						
ST Child Welfare/CPS/CS LD			-	88,868	-	-
DCD Smart Start			-	75,582	-	-
AFDC Incent/Prog Integrit			-	1,022	-	-
State Foster Home			-	82,247	-	82,246
Extended FC/Max Non IV-E			-	54,841	-	-
F/C at Risk Maximization			-	5,609	-	2,370
SFHF Maximization			-	193,705	-	193,705
Non-Allocating Reimbursable			-	(23,966)	-	227,984
Work First Non Reimbursable			-	-	-	474,257
County Funded Programs			-	-	-	1,273,864
Total Division of Social Service			-	477,908	-	2,254,426
Division of Public Health						
Food and Lodging Fees			-	27,160	-	-
CHA/CHIP Peer Review			-	149,701	-	-
General Communicable Disease Control			-	5,465	-	-
Nurse Family Partnership			-	240,883	-	-
Child Health			-	10,516	-	-
STD Drugs			-	838	-	-
Breast and Cervical Cancer Control			-	17,850	-	-
TPPI - Adol. Pregnancy Prevention			-	81,840	-	-
Program School Nurse Funding Initiative			-	200,000	-	-
Family Planning - State			-	50,040	-	-
Maternal Health			-	10,676	-	-
Women's Health Service Fund			-	12,775	-	-
TB Control			-	21,097	-	-
Total Division of Public Health			-	828,841	-	-
Total N. C. Department of Health and Human Services			-	1,440,724	-	2,254,426
<u>N.C. Dept. of Public Instruction</u>						
Public School Building Capital Fund - Lottery Proceeds			-	1,055,000	-	-
Total N.C. Dept. of Public Instruction			-	1,055,000	-	-
<u>N.C. Dept. of Public Safety</u>						
Mass Care Support Trailers			-	61,599	-	-
Juvenile Crime Prevention Programs						
JCPC Administration			-	1,400	-	-
Juvenile Medication/Family Centered Treatment/YDI After School Program			-	74,525	74,525	-
Cleveland County School JCPC			-	40,000	40,000	-
Communities in Schools			-	80,848	80,848	-
Roots and Wings			-	88,547	88,547	-
Total Juvenile Crime Prevention Programs			-	285,320	283,920	-
Total N. C. Department of Public Safety			-	346,919	283,920	-

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number 1(b)	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures 1(c)(d),2	State Expenditures 1(d)	Passed-through to Subrecipients 1(e)	Local Expenditures 1(d)
<u>N.C. Dept. of Transportation</u>						
Rural Operating Assistance Program (ROAP) Cluster						
ROAP Elderly and Disabled Transportation Assistance Program		36220.10.8.1	\$ -	\$ 91,558	\$ -	\$ -
ROAP Rural General Public Program		36228.22.8.1	-	114,150	-	-
ROAP Work First Transitional - Employment		36236.11.7.1	-	24,816	-	-
Total ROAP Cluster			-	230,524	-	-
<u>Highway Construction Programs</u>						
Project Grizzly Rdwy Improvement		DOT-18 47336	-	1,056,507	-	-
Cleveland County R-5849		DOT-18 47406.3.1	-	575,000	-	-
Total Highway Construction Programs			-	1,631,507	-	-
<u>Pinnacle Classical Academy</u>						
Total N.C. Dept. of Transportation		DOT-18 44981	-	236,757	-	-
Total State Awards			-	2,098,788	-	-
Total Federal and State Awards			-	5,183,463	283,920	2,254,426
			\$ 11,785,253	\$ 5,629,144	\$ 283,920	\$ 7,935,605

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Cleveland County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Cleveland County, it is not intended to and does not present the financial position, changes in net position or cash flows of Cleveland County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Cluster of Programs

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

Note 5: Benefit Payments Issued by the State

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

Program Title	CFDA No.	Federal	State
Medical Assistance Program	93.778	\$ 130,223,868	\$ 67,150,049
Children's Health Insurance Program	93.767	2,302,714	-
Special Supplemental Nutrition Program for Women Infant and Chil	10.557	1,788,471	-
Food and Nutrition Services	10.561	27,093,340	-
Family Preservation	93.556	76,440	-
IV-E Adopt & Vendor	93.659	891,290	-
Special Children Adoption	93.558	198,400	-
TANF Payments & Penalties	93.558	574,628	-
CWS Adopt, Vendor, Guard	N/A	-	274,622
SAA/SAD HB 1030	N/A	-	40,443
SC/SA Domiciliary Care	N/A	-	908,338