

MCDOWELL COUNTY, NORTH CAROLINA

Independent Auditors' Report, Financial Statements,
Management's Discussion and Analysis,
Supplemental Information and Single Audit Reports
For the Year Ended June 30, 2022

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

MCDOWELL COUNTY, NORTH CAROLINA

County Officials
June 30, 2022

Board of Commissioners

Tony Brown	Chairperson
David Walker	Vice Chairperson
Chris Allison	Member
Patrick Ellis	Member
Brenda Vaughn	Member

Principal Officers

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

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Certified Public Accountants

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Independent Auditors' Report

To the Board of Commissioners of
McDowell County
Marion, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of McDowell County, North Carolina as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise McDowell County, North Carolina's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of McDowell County, North Carolina, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the McDowell County Tourism Development Authority, which represent 100 percent, 100 percent, and 100 percent of the assets, net position, and revenue, respectively, of the discretely presented component unit as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the McDowell County Tourism Development Authority, is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of McDowell County, North Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the McDowell County Tourism Authority were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about McDowell County, North Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 McDowell County, North Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about McDowell County, North Carolina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, the Register of Deeds' Pension Fund's Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and Contributions, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Other Postemployment Benefits' Schedule of Changes in Total OPEB Liability and Related Ratios, on pages 5-14 and 78-84 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise McDowell County, North Carolina's basic financial statements. The accompanying combining and individual major fund financial statements, budgetary schedules, other schedules and schedule of expenditures of federal and State awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2022, on our consideration of McDowell County, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of McDowell County, North Carolina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering McDowell County, North Carolina's internal control over financial reporting and compliance.



Morganton, North Carolina
December 16, 2022

Management's Discussion and Analysis

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

Financial Highlights

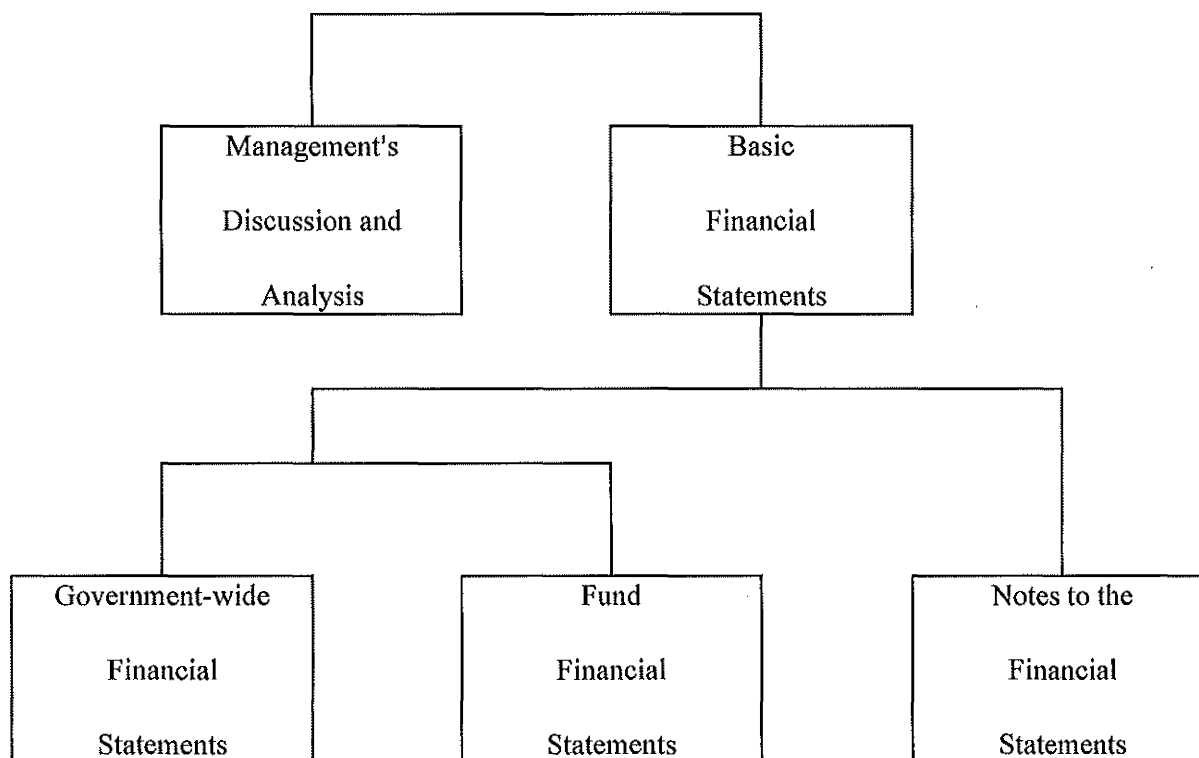
- The assets and deferred outflows of resources of McDowell County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$55,333,443 (net position).
- The government's total net position increased by \$6,287,135, primarily due to management's focus on monitoring spending and maximizing revenue collection.
- As of the close of the current fiscal year, McDowell County's governmental funds reported combined ending fund balances of \$30,236,553, an increase from the prior year. Of this total amount, 28.51% or \$8,620,828 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,696,935 or 17.73% of total General Fund expenditures and transfers out for the fiscal year. Fund balance available for appropriation represents 23.39% of total General Fund expenditures reduced by debt-financing and increased by transfers to other funds.
- McDowell County's total debt under installment purchase obligations decreased by \$1,796,882 during the current fiscal year due to new debt of \$951,209 and debt retirement of \$2,748,091.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Summary-----> Detail

Basic Financial Statements

The first two statements (pages 15 and 16) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short-term and long-term information about the County's financial status.

The next statements (pages 17 through 27) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the Governmental Funds Statements; 2) the Budgetary Comparison Statements; 3) the Proprietary Fund Statements; and 4) the Fiduciary Fund Statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. Immediately following the notes, is the **Required Supplemental Financial Data**. This section contains funding information about the County's pension plans and other postemployment benefits.

Additional supplemental information is provided in the **Combining and Individual Fund Statements and Schedules**. This section provides details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

Government-wide Financial Statements

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

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, human services, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the County directly charges customers to provide. For McDowell County, this includes the waste disposal services and water services offered by the County. Additionally, the County uses the Universal Fund to account for activity related to a former industrial facility, the Universal Building, which includes renovations and lease of space, and the Transportation Fund to account for activity to provide transit services to its citizens. The final category is the component unit. McDowell County Tourism Development Authority is an authority established by a resolution of the McDowell County Board of Commissioners on April 1, 1987. The Authority consists of a nine-member board established to promote tourism in McDowell County. Funding is provided from an occupancy tax on rentals of motel rooms collected by McDowell County and remitted to the Authority. The government-wide financial statements are on pages 15 and 16 of this report.

Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 28 of this report.

Other Information - In addition to the basic financial statements and the accompanying notes, this report includes certain required supplementary information concerning McDowell County's progress in funding its obligation to provide pension benefits and healthcare benefits to its employees. Required supplementary information can be found beginning on page 78 of this report.

Government-Wide Financial Analysis

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

	McDowell County's Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 47,329,788	\$ 39,077,334	\$ 2,500,260	\$ 1,143,410	\$ 49,830,048	\$ 40,220,744
Capital assets	43,627,935	37,860,546	12,050,278	12,640,641	55,678,213	50,501,187
Total assets	90,957,723	76,937,880	14,550,538	13,784,051	105,508,261	90,721,931
Deferred Outflows of Resources	7,938,569	6,039,520	134,242	132,676	8,072,811	6,172,196
Long-term liabilities outstanding	36,325,207	39,122,605	1,228,324	1,734,859	37,553,531	40,857,464
Other liabilities	14,083,777	6,414,995	231,369	254,741	14,315,146	6,669,736
Total liabilities	50,408,984	45,537,600	1,459,693	1,989,600	51,868,677	47,527,200
Deferred Inflows on Resources	4,666,288	363,480	1,712,664	2,686	6,378,952	366,166
Net position:					-	-
Net investment in capital	29,770,319	26,178,986	11,041,894	11,253,419	40,812,213	37,432,405
Restricted	8,590,525	9,870,737	-	-	8,590,525	9,870,737
Unrestricted	5,460,176	1,026,597	470,529	671,022	5,930,705	1,697,619
Total net position	\$ 43,821,020	\$ 37,076,320	\$ 11,512,423	\$ 11,924,441	\$ 55,333,443	\$ 49,000,761

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$55,335,842 as of June 30, 202. The County's net position increased by \$6,287,135 for the fiscal year ended June 30, 2022. One of the largest portions, 73.75%, or \$40,812,213, reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). McDowell County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of McDowell County's net position, \$8,590,525, or 15.52%, represents resources that are subject to external restrictions on how they may be used.

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

- Obligations under installment purchases decreased by \$2,748,091, consisting of new borrowings totaling \$951,209, net of debt service payments totaling \$1,796,882.
- Continued diligence in the collection of property taxes by maintaining a collection percentage of 99.56%.

Following is a comparative summary of changes in net position:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 6,973,932	\$ 7,365,274	\$ 2,214,602	\$ 2,475,070	\$ 9,188,534	\$ 9,840,344
Operating grants and contributions	10,933,472	10,419,613	-	302,620	10,933,472	10,722,233
Capital grants and contributions	2,042,634	6,596,260	-	-	2,042,634	6,596,260
General revenues:						
Property tax	32,055,063	31,416,079	-	-	32,055,063	31,416,079
Other taxes	15,068,773	11,754,685	-	-	15,068,773	11,754,685
Grants and contributions net restricted to specific programs	-	-	-	-	-	-
Other	1,755,338	4,757,859	47,013	61,286	1,802,351	4,819,145
Total revenues	68,829,212	72,309,770	2,261,615	2,838,976	71,090,827	75,148,746
Expenses:						
General government	8,006,748	10,793,398	-	-	8,006,748	10,793,398
Public Safety	20,193,872	17,576,778	-	-	20,193,872	17,576,778
Environmental protection	1,104,136	1,023,924	-	-	1,104,136	1,023,924
Economic and physical developmen	1,852,241	2,908,185	-	-	1,852,241	2,908,185
Human services	13,205,436	12,264,301	-	-	13,205,436	12,264,301
Cultural and recreational	1,892,208	1,491,887	-	-	1,892,208	1,491,887
Education	12,160,916	16,718,604	-	-	12,160,916	16,718,604
Other	698,465	951,830	-	-	698,465	951,830
Interest on long-term debt	677,808	595,632	-	-	677,808	595,632
Transportation	952,047	-	144,498	580,922	1,096,545	580,922
Waste disposal	-	-	3,175,611	2,743,775	3,175,611	2,743,775
Water	-	-	261,928	229,617	261,928	229,617
Universal	-	-	477,778	639,309	477,778	639,309
Total expenses	60,743,877	64,324,539	4,059,815	4,193,623	64,803,692	68,518,162
Increase (decrease) in net position before transfer	8,085,335	7,985,231	(1,798,200)	(1,354,647)	6,287,135	6,630,584
Transfers	(1,340,634)	(1,491,487)	1,340,634	1,491,487	-	-
Increase (decrease) in net position	6,744,701	6,493,744	(457,566)	136,840	6,287,135	6,630,584
Net Position, beginning-as previously reported	37,076,321	30,582,577	11,924,441	11,787,601	49,000,762	42,370,178
Prior period restatement-change in accounting principle	-	54,901	45,548	-	45,548	54,901
Net Position, beginning-as restated	37,076,321	30,637,478	11,969,989	11,787,601	49,046,310	42,425,079
Net Position, ending	\$ 43,821,020	\$ 37,131,222	\$ 11,512,423	\$ 11,924,441	\$ 55,333,443	\$ 49,055,663

Governmental Activities. Governmental activities increased the County's net position by \$6,744,701. Key elements of this increase are as follows:

- Maintenance of the County's high tax collection rate of 99.56%.
- Increase in property tax revenues, local option sales tax revenue, and other taxes and licenses represent approximately \$4.0 million.
- Decrease in expenses of approximately \$3.6 million, primarily due to controlled spending.

Business-type Activities. Business-type activities decreased the County's net position by \$502,847. Key elements of this increase are as follows:

- Transfer of \$1,523,491 from the General Fund.
- Decrease in charges for services by \$260,468, primarily in the Waste Disposal Fund and the Universal Fund.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of McDowell County. At the end of the current fiscal year, McDowell County's fund balance available in the General Fund was \$12,784,412, while total fund balance reached \$18,566,404. The governing body of McDowell County has determined that the County should maintain an available fund balance for the General Fund of at least equal to, or greater than, 18% of the prior year expenditures in case of unforeseen needs or opportunities in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 23.37% of General Fund expenditures reduced by debt-financing and increased by transfers to other funds, while total fund balance represents 33.94% of that same amount.

At June 30, 2022, the governmental funds of McDowell County reported a combined fund balance of \$30,233,430, a .46% decrease from last year. The primary reason for the decrease is the decrease in fund balance of the Schools Capital Projects Fund and the Courthouse Renovation and Addition Capital Project Fund.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$6,381,585, including increases in grant funds and sales and services. Additionally, the budget was amended for transfers from other funds of \$510,240, installment purchase proceeds of \$951,210 and an increase in appropriated fund balance of \$1,244,194.

Proprietary Funds. McDowell County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. At the end of the fiscal year, the Waste Disposal Fund had a net position of \$375,142, with a current year decrease of \$2,623. The Water Fund had a balance of \$6,083,635 due to a current year increase of \$29,196. The Universal Fund had a balance of \$5,053,645 due to a current year decrease of \$156,784. And, the Transportation Fund had a balance of \$-0- due to transferring assets and operations of the Transportation Fund to the General Fund.

Capital Asset and Debt Administration

Capital Assets. McDowell County's capital assets for its governmental and business-type activities as of June 30, 2022 total \$55,678,213 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, infrastructure, vehicles, and construction in progress.

Major capital asset transactions during the year include:

- Improvements to County administration building.
- Shooting range office building.
- Emergency Services Headquarters construction and renovation.
- Expansion of water lines to Stacy Hill area.
- Construction of a public shooting range.
- Purchase of vehicles and equipment for public safety.
- Purchase of buses for transit system.

McDowell County's Capital Assets						
June 30, 2022 and 2021						
Figure 4						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 4,871,066	\$ 4,871,066	\$ 752,250	\$ 752,250	\$ 5,623,316	\$ 5,623,316
Land improvements	4,148,338	1,803,245	72,129	72,465	4,220,467	1,875,710
Buildings	9,521,391	9,514,108	1,689,179	1,736,493	11,210,570	11,250,601
Building improvements	15,251,314	13,827,860	2,876,084	3,091,162	18,127,398	16,919,022
Leasehold improvements	55,579	63,328	-	-	55,579	63,328
Equipment	1,399,053	1,378,335	223,179	266,829	1,622,232	1,645,164
Infrastructure	-	-	6,232,150	6,367,878	6,232,150	6,367,878
Vehicles	2,293,376	1,670,768	131,942	296,482	2,425,318	1,967,250
Construction in progress	6,087,818	4,731,836 ¹	73,364	57,083	6,161,182	4,788,919
Total	<u>\$ 43,627,935</u>	<u>\$ 37,860,546</u>	<u>\$ 12,050,277</u>	<u>\$ 12,640,642</u>	<u>\$ 55,678,212</u>	<u>\$ 50,501,188</u>

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

June 30, 2022 and 2021						
Figure 5						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Direct placement						
installment purchases	\$ 22,694,224	\$ 24,112,267	\$ 1,008,383	\$ 1,387,222	\$ 23,702,607	\$ 25,499,489
payable	<u>\$ 22,694,224</u>	<u>\$ 24,112,267</u>	<u>\$ 1,008,383</u>	<u>\$ 1,387,222</u>	<u>\$ 23,702,607</u>	<u>\$ 25,499,489</u>

McDowell County's total debt decreased by \$1,796,882 during the past fiscal year due to \$951,209 in new borrowings, net of principal payments of \$2,748,091.

Installment purchases payable includes a contract related to the construction of the McDowell County Schools in the amount of \$3,400,000. The contract will be retired with the portion of Article 40 and Article 42 sales tax that is legally restricted for capital improvements to school facilities in McDowell County. Also, on behalf of the McDowell County Schools, the County financed \$5,000,000 in February 2019 for the construction of Old Fort Elementary School with installment purchases payable of \$4,000,000. Installment purchases payable includes a contract for the purchase of the historic McDowell House. This contract will be retired with occupancy tax revenue through the McDowell County Tourism Development Authority. The \$75,000 in McDowell House debt is backed by the full faith and credit of McDowell County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for McDowell County is \$358,605,149 at June 30, 2022. Additional information regarding McDowell County's long-term debt can be found in Note III of the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

McDowell County, like the rest of North Carolina, and the United States, continues to face unprecedented economic times arising out of the global COVID-19 pandemic. The upheaval caused by the phenomenon and the ensuing inflationary pressures have caused disruption to the local economic situation.

The unemployment rate for June was 3.9%, compared to 4.7% for the year prior. This unemployment rate is consistent with the period before the pandemic. Many employers share a common refrain that it is difficult to recruit workers. It is highly likely that part of the problem is related to a mismatch of skills.

The County is working with several companies on economic incentives that have been previously authorized by the Board of Commissioners. These incentives will help local employers expand their workforce and increase the property value of their facilities. The County has worked diligently to diversify the local employer base in order to insulate the community's workforce from shocks of mass layoffs.

Residential sales are starting to slow due to interest rate increases. Home building, especially in the higher tiers, continues to be strong.

Retail sales continue to be strong on the local level. Many shoppers changed shopping habits during the pandemic and shop at local stores instead of in neighboring communities.

Commercial development continues to be steady. Both the Town of Old Fort and the City of Marion continue to experience gains in their downtown areas.

Local tourism establishments have fared very well over the last year as evidenced in the occupancy tax receipts. The visitor spending has a measurable impact on the local lodging facilities as well as our service sectors.

There will be continued uncertainty on the local economy and its impact to the County's budget. It will be prudent for the organization to be conservative in projecting revenues until such time as stability returns.

Summary

Many of McDowell County's businesses, both small and large, weathered the pandemic and are now working through the economic challenges brought about by recovery. There will continue to be uncertainty regarding the economy since there is so much interdependence of the global economy.

Budget Highlights for the Fiscal Year Ending June 30, 2023

The 2022-2023 McDowell County budget was adopted by the Board of Commissioners with a one cent decrease to the property tax rate from 58.75 to 57.75 cents per \$100.

The budget reflects growth in the property tax base due to natural growth, which equates to approximately \$538,000.

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

The fiscal year 2022-2023 budget funding levels for public education for McDowell County Public Schools and McDowell Technical Community College reflect an increase of \$311,100.

There is an increase in funding for public safety of \$1,742,936 for Emergency Management Services debt and new emergency services and sheriff and jail positions.

The County continues to invest in County infrastructure and facilities.

The County also continues to invest in community and economic development which reflects an increase in funding of \$260,898 for increased waste disposal cost, health department operations and shooting range operations.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information, should be directed to the Finance Officer, McDowell County, 69 N. Main Street, Marion, N. C. 28752

BASIC FINANCIAL STATEMENTS

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

MCDOWELL COUNTY, NORTH CAROLINA

Exhibit 1

Statement of Net Position June 30, 2022

	Primary Government			Component Unit
				McDowell County
				Tourism
				Development
				Authority
<u>Assets</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	
	<u>Activities</u>	<u>Activities</u>		
Current assets:				
Cash and investments	\$ 28,616,016	\$ 881,855	\$ 29,497,871	\$ 862,086
Taxes receivables (net)	262,251	-	262,251	-
Other receivables (net)	2,762,886	174,383	2,937,269	-
Lease receivable	26,698	263,611	290,309	-
Accrued interest receivable	146	3,318	3,464	-
Due from other governments	6,277,551	-	6,277,551	122,649
Prepaid items	-	-	-	1,800
Inventories	105,906	-	105,906	-
Total current assets	38,051,454	1,323,167	39,374,621	986,535
Noncurrent assets:				
Restricted cash	8,997,372	51,342	9,048,714	-
Lease receivable, non-current	34,565	1,125,751	1,160,316	-
Net pension asset	67,712	-	67,712	-
Total noncurrent assets	9,099,649	1,177,093	10,276,742	-
Capital assets:				
Land, non-depreciable improvements and construction in progress	10,958,884	784,571	11,743,455	-
Other capital assets, net of depreciation	32,669,051	11,265,707	43,934,758	21,757
Total capital assets	43,627,935	12,050,278	55,678,213	21,757
Right to use assets, net of amortization	178,685	-	178,685	90,614
Total assets	90,957,723	14,550,538	105,508,261	1,098,906
Deferred Outflows of Resources	7,938,569	134,242	8,072,811	47,765
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued expenses	1,863,965	180,027	2,043,992	10,785
Due to other governments	22,415	-	22,415	-
Customer deposits	-	51,342	51,342	-
Liabilities to be paid from restricted assets	12,197,397	-	12,197,397	-
Total current liabilities	14,083,777	231,369	14,315,146	10,785
Long-term liabilities:				
Due within one year	2,667,550	221,718	2,889,268	19,077
Due in more than one year	33,657,657	1,006,606	34,664,263	148,105
Total noncurrent liabilities	36,325,207	1,228,324	37,553,531	167,182
Total liabilities	50,408,984	1,459,693	51,868,677	177,967
Deferred Inflows of Resources	4,666,288	1,712,664	6,378,952	28,546
<u>Net Position</u>				
Net investment in capital assets	29,770,319	11,041,894	40,812,213	21,757
Restricted for:				
Stabilization by State Statute	7,079,823	-	7,079,823	124,449
Register of Deeds	97,493	-	97,493	-
Register of Deeds' Pension Plan	78,727	-	78,727	-
Human services	368,046	-	368,046	-
Cultural and recreational	100,132	-	100,132	-
Economic and physical development	57,229	-	57,229	-
Public safety	736,883	-	736,883	-
General government	72,192	-	72,192	-
Unrestricted	5,460,176	470,529	5,930,705	793,951
Total net position	\$ 43,821,020	\$ 11,512,423	\$ 55,333,444	\$ 940,157

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

MCDOWELL COUNTY, NORTH CAROLINA

Exhibit 2

Statement of Activities For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position			Component Unit McDowell County Tourism Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 8,006,748	\$ 665,959	\$ 2,446,856	\$ 1,659,662	\$ (3,234,271)	\$ -	\$ (3,234,271)	
Public safety	20,193,872	5,537,043	167,249	-	(14,489,580)	-	(14,489,580)	
Transportation	952,047	-	602,532	222,144	(127,371)	-	(127,371)	
Economic and physical development	1,852,241	-	-	79,533	(1,772,708)	-	(1,772,708)	
Environmental protection	1,104,136	-	27,157	-	(1,076,979)	-	(1,076,979)	
Human services	13,205,436	602,459	7,448,276	-	(5,154,701)	-	(5,154,701)	
Cultural and recreational	1,892,208	168,471	241,402	81,295	(1,401,040)	-	(1,401,040)	
Education	12,160,916	-	-	-	(12,160,916)	-	(12,160,916)	
Other	698,465	-	-	-	(698,465)	-	(698,465)	
Interest on long-term debt	677,808	-	-	-	(677,808)	-	(677,808)	
Total governmental activities	<u>60,743,877</u>	<u>6,973,932</u>	<u>10,933,472</u>	<u>2,042,634</u>	<u>(40,793,839)</u>	<u>-</u>	<u>(40,793,839)</u>	
Business-type activities:								
Waste disposal	3,175,611	1,764,036	-	-	-	(1,411,575)	(1,411,575)	
Water	261,928	175,678	-	-	-	(86,250)	(86,250)	
Universal	477,778	274,888	-	-	-	(202,890)	(202,890)	
Transportation	144,498	-	-	-	-	(144,498)	(144,498)	
Total business-type activities	<u>4,059,815</u>	<u>2,214,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,845,213)</u>	<u>(1,845,213)</u>	
Total primary government	<u>\$ 64,803,692</u>	<u>\$ 9,188,534</u>	<u>\$ 10,933,472</u>	<u>\$ 2,042,634</u>	<u>(40,793,839)</u>	<u>(1,845,213)</u>	<u>(42,639,052)</u>	
Component Unit								
McDowell County Tourism Development Authority	<u>\$ 948,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (948,125)</u>
General revenues:								
Taxes:								
Property taxes					32,055,063	-	32,055,063	-
Local option sales tax					12,827,480	-	12,827,480	-
Other taxes and licenses					2,241,293	-	2,241,293	1,133,919
Permits and fees					485,947	-	485,947	-
Unrestricted investment earnings					31,243	47,013	78,256	1,391
Miscellaneous					1,238,148	-	1,238,148	1,110
Transfers					(1,340,634)	1,340,634	-	-
Total general revenues, special items and transfers					<u>47,538,540</u>	<u>1,387,647</u>	<u>48,926,187</u>	<u>1,136,420</u>
Change in net position					<u>6,744,701</u>	<u>(457,566)</u>	<u>6,287,135</u>	<u>188,295</u>
Net position, beginning - as previously reported					<u>37,076,320</u>	<u>11,924,441</u>	<u>49,000,761</u>	<u>751,862</u>
Prior period restatement					-	45,548	45,548	-
Net position, beginning, as restated					<u>37,076,320</u>	<u>11,969,989</u>	<u>49,046,309</u>	<u>751,862</u>
Net position, ending					<u>\$ 43,821,020</u>	<u>\$ 11,512,423</u>	<u>\$ 55,333,444</u>	<u>\$ 940,157</u>

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

MCDOWELL COUNTY, NORTH CAROLINA

Exhibit 3

Balance Sheet Governmental Funds June 30, 2022

	Major Funds			Non-Major Funds	Total
	General	School	American	Other	Total
	Fund	Capital	Rescue Act	Governmental	Governmental
<u>Assets</u>	<u>Fund</u>	<u>Projects Fund</u>	<u>Grant Fund</u>	<u>Funds</u>	<u>Funds</u>
Cash and investments	\$ 12,214,208	\$ 8,597,695	\$ -	\$ 6,900,889	\$ 27,712,792
Restricted cash	1,560,470	-	7,291,410	145,492	8,997,372
Taxes receivable - net	212,474	-	-	35,712	248,186
Accounts receivable - other government	4,881,678	1,008,504	-	387,370	6,277,551
Accounts receivable - EMS (net)	1,537,514	-	-	-	1,537,514
Accounts receivable - other	583,741	-	-	-	583,741
Leases receivable	61,264	-	-	-	61,264
Accrued interest receivable	146	-	-	-	146
Inventories	105,906	-	-	-	105,906
Due from other funds	258,328	-	-	-	258,328
Total assets	<u>\$ 21,415,728</u>	<u>\$ 9,606,198</u>	<u>\$ 7,291,410</u>	<u>\$ 7,469,463</u>	<u>\$ 45,782,799</u>
<u>Liabilities</u>					
Accounts payable and accrued liabilities	\$ 782,924	\$ 81,040	\$ -	\$ 105,154	\$ 969,118
Due to other governments	-	-	-	22,415	22,415
Due to other funds	-	-	-	258,328	258,328
Unearned revenue	-	-	7,283,317	4,914,080	12,197,397
Total liabilities	<u>782,924</u>	<u>81,040</u>	<u>7,283,317</u>	<u>5,299,977</u>	<u>13,447,258</u>
<u>Deferred Inflows of Resources</u>	<u>2,063,276</u>	<u>-</u>	<u>-</u>	<u>35,712</u>	<u>2,098,988</u>
<u>Fund Balances</u>					
Nonspendable:					
Inventories	105,906	-	-	-	105,906
Leases	3,124	-	-	-	3,124
Restricted:					
Stabilization by State Statute	5,676,086	1,008,504	-	395,233	7,079,823
Register of Deeds	97,493	-	-	-	97,493
General government	64,099	-	8,093	-	72,192
Public Safety	450,057	-	-	286,826	736,883
Human Services	308,885	-	-	59,161	368,046
Cultural and recreational	100,132	-	-	-	100,132
Economic and physical development	57,229	-	-	-	57,229
Committed:					
Tax revaluation	123,862	-	-	-	123,862
Assigned:					
Subsequent year's expenditures	709,300	-	-	-	709,300
Debt service	-	-	-	9	9
General government	-	8,516,655	-	1,723,854	10,240,509
Public safety	1,176,420	-	-	-	1,176,420
Unassigned	9,696,935	-	-	(331,309)	9,365,626
Total fund balances	<u>18,569,528</u>	<u>9,525,159</u>	<u>8,093</u>	<u>2,133,774</u>	<u>30,236,553</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 21,415,728</u>	<u>\$ 9,606,198</u>	<u>\$ 7,291,410</u>	<u>\$ 7,469,463</u>	<u>\$ 45,782,799</u>

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

MCDOWELL COUNTY, NORTH CAROLINA**Exhibit 4****Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2022**

Total governmental fund balances	\$ 30,236,553
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	43,627,935
Right to use leased asset capital outlay expenditures which were capitalized	320,930
Amortization expense for intangible assets	(142,245)
Other long-term assets, primarily interest receivable from taxes are not available to pay for current period expenditures and are therefore deferred	14,065
Net pension asset	67,712
Deferred outflows of resources related to pensions are not reported in the funds	5,136,298
Deferred outflows of resources related to OPEB are not reported in the funds	2,802,271
Deferred inflows of resources for taxes and other receivables	1,852,337
Total pension liability	(1,421,640)
Net pension liability	(3,023,809)
Net OPEB liability	(7,871,192)
Deferred inflows of resources related to pensions are not reported in the funds	(4,385,302)
Deferred inflows of resources related to OPEB are not reported in the funds	(34,335)
An internal service fund is used by management to charge the cost of health insurance to individual funds and departments within the funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	850,629
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period, and therefore, are not reported in the funds.	(24,206,789)
Net position of governmental activities.	<u>\$ 43,823,418</u>
<i>(The accompanying notes are an integral part of the financial statements.)</i>	

MCDOWELL COUNTY, NORTH CAROLINA

Exhibit 5

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2022

	Major Funds			Non-Major Funds	Total
	General	School	American	Other	Total
	Fund	Capital	Rescue Act	Governmental	Governmental
	Fund	Projects Fund	Grant Fund	Funds	Funds
Revenues:					
Ad valorem taxes	\$ 27,526,034	\$ -	\$ -	\$ 4,641,979	\$ 32,168,013
Local option sales taxes	9,120,631	3,706,849	-	-	12,827,480
Other taxes and licenses	2,241,293	-	-	-	2,241,293
Unrestricted intergovernmental revenues	302,191	-	-	-	302,191
Restricted intergovernmental revenues	8,937,408	-	1,604,250	2,434,448	12,976,106
Permits and fees	478,666	-	-	7,281	485,947
Sales and services	6,289,375	-	-	382,367	6,671,742
Investment earnings	9,022	13,544	8,058	619	31,243
Miscellaneous	1,053,608	116,256	-	30,442	1,200,306
Total revenues	<u>55,958,227</u>	<u>3,836,649</u>	<u>1,612,308</u>	<u>7,497,136</u>	<u>68,904,320</u>
Expenditures:					
Current:					
General government	6,552,630	-	901,698	481,360	7,935,688
Public safety	14,976,151	-	-	4,918,651	19,894,802
Environmental protection	1,033,338	-	-	-	1,033,338
Economic and physical development	1,762,521	-	-	59,066	1,821,587
Human Services	12,581,898	-	164,000	164,494	12,910,392
Cultural and recreational	1,927,083	-	-	-	1,927,083
Transit	884,257	-	-	-	884,257
Miscellaneous	698,465	-	-	-	698,465
Intergovernmental:					
Education	10,988,371	-	-	-	10,988,371
Capital outlay	-	1,172,545	-	6,430,770	7,603,315
Debt service	1,794,667	-	-	1,192,983	2,987,650
Total expenditures	<u>53,199,381</u>	<u>1,172,545</u>	<u>1,065,698</u>	<u>13,247,324</u>	<u>68,684,948</u>
Excess revenues over (under) expenditures	<u>2,758,846</u>	<u>2,664,104</u>	<u>546,610</u>	<u>(5,750,188)</u>	<u>219,372</u>
Other Financing Sources (Uses):					
Transfers to other funds	(2,486,499)	(1,152,969)	(538,552)	(66,240)	(4,244,260)
Transfers from other funds	690,559	-	-	2,213,067	2,903,626
Installment purchase obligations issued	951,209	-	-	-	951,209
Lease liabilities issued	32,666	-	-	-	32,666
Total other financing sources (uses)	<u>(812,065)</u>	<u>(1,152,969)</u>	<u>(538,552)</u>	<u>2,146,827</u>	<u>(356,759)</u>
Net change in fund balances	1,946,781	1,511,135	8,058	(3,603,361)	(137,387)
Fund balances, beginning	<u>16,622,747</u>	<u>8,014,024</u>	<u>35</u>	<u>5,737,131</u>	<u>30,373,937</u>
Fund balances, ending	<u>\$ 18,569,528</u>	<u>\$ 9,525,159</u>	<u>\$ 8,093</u>	<u>\$ 2,133,770</u>	<u>\$ 30,236,553</u>

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

MCDOWELL COUNTY, NORTH CAROLINA**Exhibit 6****Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
June 30, 2022**

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

Net changes in fund balances - total governmental funds \$ (137,387)

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense. This is the amount by which
capital additions exceeded depreciation in the current period. 5,767,389

Contributions to the pension plans in the current fiscal year are not
included on the Statement of Activities 1,777,811

Contributions to the OPEB plan are deferred outflows of resources on the
Statement of Net Position 145,910

Benefit payments and administration cost for LEOSSA are deferred outflows of
resources on the Statement of Net Position 44,465

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenues in the funds 1,686,584

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal of long-term debt
consumes the current financial resources of governmental funds. Neither
transaction has any effect on net position. Also, governmental funds report the
effect of issuance costs, premiums, discounts and similar items when debt is first
issued, whereas these amounts are deferred and amortized in the Statement of
Activities. This amount is the net effect of these differences in the treatment of
long-term debt and related items. 1,418,043

Net income of internal service fund, determined to be a government-type activity 279,047

Some expenses reported in the statement of activities do not require the use of
current financial resources and, therefore, are not reported as expenditures in
governmental funds. (4,234,763)

Total changes in net position of governmental activities \$ 6,747,099

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

MCDOWELL COUNTY, NORTH CAROLINA

Exhibit 7

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund For the Year Ended June 30, 2022

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 26,651,933	\$ 27,447,133	\$ 27,526,034	\$ 78,901
Local option sales taxes	8,269,336	8,958,320	9,120,631	162,311
Other taxes and licenses	1,411,500	2,265,000	2,241,293	(23,707)
Unrestricted intergovernmental	275,000	275,000	302,191	27,191
Restricted intergovernmental	7,134,097	9,715,214	8,937,408	(777,806)
Permits and fees	375,150	461,904	478,666	16,762
Sales and services	5,103,960	5,466,102	6,289,375	823,273
Investment earnings	12,000	12,000	8,815	(3,185)
Miscellaneous	78,800	1,092,688	1,053,608	(39,080)
Total revenues	<u>49,311,776</u>	<u>55,693,361</u>	<u>55,958,021</u>	<u>264,660</u>
Expenditures:				
Current:				
General government	6,036,532	6,726,017	6,449,430	276,587
Public safety	13,320,689	16,118,731	14,976,151	1,142,580
Environmental protection	779,080	1,101,578	1,033,338	68,240
Economic and physical development	1,176,779	1,855,092	1,762,521	92,571
Human Services	11,761,162	13,708,000	12,581,898	1,126,102
Cultural and recreational	1,678,360	2,111,187	1,927,083	184,104
Transit	-	915,631	884,257	31,374
Miscellaneous	98,900	740,019	698,465	41,554
Intergovernmental:				
Education	11,008,237	11,008,237	10,988,371	19,866
Debt service	796,609	1,814,373	1,794,667	19,706
Total expenditures	<u>46,656,348</u>	<u>56,098,865</u>	<u>53,096,183</u>	<u>3,002,683</u>
Revenues over (under) expenditures	<u>2,655,428</u>	<u>(405,504)</u>	<u>2,861,839</u>	<u>3,267,343</u>
Other Financing Sources (Uses):				
Transfers to other funds	(3,072,288)	(2,717,000)	(2,689,499)	27,501
Transfers from other funds	-	510,240	690,559	180,319
Installment purchase obligations issued	-	951,210	951,209	(1)
Lease liabilities issued	-	-	32,666	32,666
Appropriated fund balance	416,860	1,661,054	-	(1,661,054)
Total other financing sources (uses)	<u>(2,655,428)</u>	<u>405,504</u>	<u>(1,015,065)</u>	<u>(1,420,569)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,846,774</u>	<u>\$ 1,846,773</u>
Fund balance, beginning			<u>16,598,892</u>	
Fund balance, ending			18,445,666	

A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:

Investment earnings	207
Expenditures	(103,200)
Transfer from the General Fund	203,000
Fund balance, beginning	23,855
Fund balance, ending	<u>\$ 18,569,528</u>

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

MCDOWELL COUNTY, NORTH CAROLINA

Exhibit 8

**Statement of Net Position
Proprietary Funds
June 30, 2022**

	Enterprise Funds					Internal Service Fund
	Waste Disposal Fund	Water Fund	Universal Fund	Transportation Fund	Total	Self Insurance Fund
<u>Assets</u>						
Current assets:						
Cash	\$ 176,666	\$ 191,155	\$ 514,034	\$ -	\$ 881,855	\$ 903,224
Accounts receivable, net	156,198	15,787	2,398	-	174,383	641,631
Accrued interest receivable-leases	-	-	3,318	-	3,318	-
Lease receivable	-	-	263,611	-	263,611	-
Total current assets	<u>332,865</u>	<u>206,941</u>	<u>783,361</u>	<u>-</u>	<u>1,323,167</u>	<u>1,544,855</u>
Noncurrent assets:						
Restricted cash	-	27,225	24,117	-	51,342	-
Lease receivable, non-current	-	-	1,125,751	-	1,125,751	-
Total noncurrent assets	<u>-</u>	<u>27,225</u>	<u>1,149,868</u>	<u>-</u>	<u>1,177,093</u>	<u>-</u>
Capital assets:						
Land and construction in process	-	11,505	773,066	-	784,571	-
Other capital assets, net of depreciation	372,621	5,872,213	5,020,872	-	11,265,707	-
Total capital assets	<u>372,621</u>	<u>5,883,718</u>	<u>5,793,938</u>	<u>-</u>	<u>12,050,278</u>	<u>-</u>
Total non current assets	<u>372,621</u>	<u>5,910,943</u>	<u>6,943,806</u>	<u>-</u>	<u>13,227,371</u>	<u>-</u>
Total assets	<u>705,486</u>	<u>6,117,884</u>	<u>7,727,167</u>	<u>-</u>	<u>14,550,537</u>	<u>1,544,855</u>
Deferred Outflows of Resources	<u>134,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,242</u>	<u>-</u>
<u>Liabilities</u>						
Current liabilities:						
Accounts payable/ accrued liabilities	134,958	7,025	38,044	-	180,027	694,226
Customer deposits	-	27,225	24,117	-	51,342	-
Current portion of long-term debt	25,051	-	196,667	-	221,718	-
Total current liabilities	<u>160,009</u>	<u>34,250</u>	<u>258,827</u>	<u>-</u>	<u>453,088</u>	<u>694,226</u>
Noncurrent liabilities:						
Compensated absences payable	5,014	-	-	-	5,014	-
Net pension liability	58,565	-	-	-	58,565	-
Total OPEB liability	126,361	-	-	-	126,361	-
Accrued landfill closure and postclosure care cost	30,000	-	-	-	30,000	-
Noncurrent portion of long-term debt	-	-	786,666	-	786,666	-
Total noncurrent liabilities	<u>219,940</u>	<u>-</u>	<u>786,666</u>	<u>-</u>	<u>1,006,606</u>	<u>-</u>
Total liabilities	<u>379,949</u>	<u>34,250</u>	<u>1,045,493</u>	<u>-</u>	<u>1,459,694</u>	<u>694,226</u>
Deferred Inflows of Resources	<u>84,636</u>	<u>-</u>	<u>1,628,028</u>	<u>-</u>	<u>1,712,664</u>	<u>-</u>
<u>Net Position</u>						
Net investment in capital assets	347,570	5,883,718	4,810,605	-	11,041,894	-
Unrestricted	27,572	199,917	243,040	-	470,529	850,629
Total net position	<u>\$ 375,142</u>	<u>\$ 6,083,635</u>	<u>\$ 5,053,645</u>	<u>\$ -</u>	<u>\$11,512,423</u>	<u>\$ 850,629</u>

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

MCDOWELL COUNTY, NORTH CAROLINA

Exhibit 9

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022**

	Enterprise Funds					Internal Service Fund
	Waste Disposal Fund	Water Fund	Universal Fund	Transportation Fund	Total	Self Insurance Fund
Operating Revenues:						
Charges for services	1,749,036	175,678	274,888	-	2,199,602	7,250,403
Other operating revenues	15,000	-	-	-	15,000	-
Total operating revenues	<u>1,764,036</u>	<u>175,678</u>	<u>274,888</u>	<u>-</u>	<u>2,214,603</u>	<u>7,250,403</u>
Operating Expenses:						
Salaries and benefits	274,885	-	-	-	274,885	-
Operating expenses	2,836,778	114,452	120,024	-	3,071,255	6,971,356
Depreciation	61,685	145,140	310,965	-	517,790	-
Total operating expenses	<u>3,173,348</u>	<u>259,592</u>	<u>430,989</u>	<u>-</u>	<u>3,863,929</u>	<u>6,971,356</u>
Operating income (loss)	<u>(1,409,312)</u>	<u>(83,914)</u>	<u>(156,101)</u>	<u>-</u>	<u>(1,649,326)</u>	<u>279,047</u>
Nonoperating Revenues (Expenses):						
Investment earnings	502	405	46,105	-	47,013	-
Interest expense	(2,263)	(2,336)	(46,789)	-	(51,388)	-
Gain(Loss) on disposal	-	-	-	(144,498)	(144,498)	-
Total nonoperating revenues (expense)	<u>(1,762)</u>	<u>(1,931)</u>	<u>(683)</u>	<u>(144,498)</u>	<u>(148,873)</u>	<u>-</u>
Total income (loss) before contributions and transfers	<u>(1,411,074)</u>	<u>(85,844)</u>	<u>(156,784)</u>	<u>(144,498)</u>	<u>(1,798,200)</u>	<u>279,047</u>
Transfer from other funds	1,408,451	115,040	-	-	1,523,491	-
Transfer to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(182,858)</u>	<u>(182,858)</u>	<u>-</u>
Change in net position	<u>(2,623)</u>	<u>29,196</u>	<u>(156,784)</u>	<u>(327,356)</u>	<u>(457,566)</u>	<u>279,047</u>
Net position, beginning - as previously reported	377,765	6,054,439	5,210,429	281,808	11,924,440	571,582
Prior period restatement	-	-	-	45,548	45,548	-
Net position, beginning, restated	<u>377,765</u>	<u>6,054,439</u>	<u>5,210,429</u>	<u>327,356</u>	<u>11,969,988</u>	<u>571,582</u>
Net position, ending	<u>\$ 375,142</u>	<u>\$ 6,083,635</u>	<u>\$ 5,053,645</u>	<u>\$ -</u>	<u>\$ 11,512,423</u>	<u>\$ 850,629</u>

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

MCDOWELL COUNTY, NORTH CAROLINA

Exhibit 10
Page 1 of 2

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds					Internal Service Fund
	Waste Disposal Fund	Water Fund	Universal Fund	Transportation Fund	Total	Self Insurance Fund
Cash Flows From Operating Activities:						
Cash received from customers	\$ 1,751,735	\$ 173,528	\$ 510,195	\$ 89,189	\$ 2,524,647	\$ 6,635,867
Cash paid for goods and services	(2,878,297)	(112,537)	(96,281)	(6,768)	(3,093,883)	(6,697,697)
Cash paid to or on behalf of employees	(276,650)	-	-	-	(276,650)	-
Customer deposits received	-	1,924	-	-	1,924	-
Net cash provided (used) by operating activities	<u>(1,403,212)</u>	<u>62,915</u>	<u>413,914</u>	<u>82,421</u>	<u>(843,962)</u>	<u>(61,830)</u>
Cash Flows From Noncapital Financing Activities:						
Transfers from other funds	1,408,451	115,040	-	-	1,523,491	-
Transfers to other funds	-	-	-	(182,858)	(182,858)	-
Net cash provided (used) by noncapital activities	<u>1,408,451</u>	<u>115,040</u>	<u>-</u>	<u>(182,858)</u>	<u>1,340,633</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:						
Purchase of property and equipment	(16,200)	(20,550)	(35,175)	-	(71,925)	-
Repayment of long-term debt	(69,672)	(112,500)	(196,667)	-	(378,839)	-
Interest paid	(2,776)	(2,540)	(48,739)	-	(54,055)	-
Net cash provided (used) for capital and related financing activities	<u>(88,648)</u>	<u>(135,590)</u>	<u>(280,581)</u>	<u>-</u>	<u>(504,819)</u>	<u>-</u>
Cash Flows from Investing Activities:						
Investment earnings	502	405	46,105	-	47,012	-
Net cash provided (used) by investing activities	<u>502</u>	<u>405</u>	<u>46,105</u>	<u>-</u>	<u>47,012</u>	<u>-</u>
Net increase(decrease) in cash and cash equivalents	(82,907)	42,770	179,438	(100,437)	38,864	(61,830)
Cash and cash equivalents at beginning of year	259,573	175,609	358,713	100,437	894,332	965,054
Cash and cash equivalents at end of year	<u>\$ 176,666</u>	<u>\$ 218,380</u>	<u>\$ 538,151</u>	<u>\$ -</u>	<u>\$ 933,196</u>	<u>\$ 903,224</u>

cont.

MCDOWELL COUNTY, NORTH CAROLINA

Exhibit 10, cont.

Page 2 of 2

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022**

	Enterprise Funds					Internal Service Fund
	Waste Disposal Fund	Water Fund	Universal Fund	Transportation Fund	Total	Self Insurance Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ (1,409,312)	\$ (83,914)	\$ (156,101)	\$ -	\$ (1,649,327)	\$ 279,047
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	61,685	145,140	310,965	-	517,790	-
Provision for uncollectible accounts	(10,558)	-	-	-	(10,558)	-
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(1,743)	(2,150)	(43)	89,189	85,253	(614,536)
(Increase) decrease in accrued interest receivable - lease	-	-	(3,318)	-	(3,318)	(614,536)
(Increase) decrease in lease receivable	-	-	(1,389,362)	-	(1,389,362)	(614,536)
(Increase) decrease in deferred outflows of resources - pensions	(16,042)	-	-	-	(16,042)	-
(Increase) decrease in deferred outflows of resources - OPEB	(16,474)	-	-	-	(16,474)	-
Increase (decrease) in deferred inflows of resources- pensions	83,438	-	-	-	83,438	-
Increase (decrease) in deferred inflows of resources - OPEB	(946)	-	-	-	(946)	-
Increase (decrease) in net pension liability	(76,166)	-	1,628,028	-	1,551,862	-
Increase (decrease) in accounts payable and other accruals	(41,518)	1,915	23,743	(6,768)	(22,628)	273,659
Increase (decrease) in customer deposits	-	1,924	-	-	1,924	-
Increase (decrease) in compensated absences payable	(9,574)	-	-	-	(9,574)	-
Increase (decrease) in OPEB liability	33,999	-	-	-	33,999	-
Total adjustments	6,101	146,829	570,013	82,421	805,364	(1,569,949)
Net cash provided (used) by operating activities	\$ (1,403,212)	\$ 62,915	\$ 413,914	\$ 82,421	\$ (843,963)	\$ (1,290,902)

**Supplemental Schedule of Noncash Capital and Related
Financing Activities:**

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

MCDOWELL COUNTY, NORTH CAROLINA**Exhibit 11****Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2022**

	<u>Custodial Funds</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 182,254
Taxes receivable for other governments, net	27,333
Sales and use tax receivable for other governments	<u>371,610</u>
Total assets	<u>581,196</u>
<u>Liabilities and Net Position</u>	
Liabilities:	
Accounts payable and other liabilities	3,822
Due to other governments	<u>400,395</u>
Total liabilities	<u>404,217</u>
<u>Net Position</u>	
Restricted for:	
Individuals, organizations, and other governments	<u>\$ 176,979</u>

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

MCDOWELL COUNTY, NORTH CAROLINA**Exhibit 12****Statement of Changes in Fiduciary Net Position
Custodial Funds
June 30, 2022**

	<u>Custodial Funds</u>
<u>Additions</u>	
Ad valorem taxes for other governments	\$ 311,799
Collection on behalf of inmates	396,972
Sales and use taxes for other governments	1,370,057
Billing and collections for other governments	4,816,844
Collection of confiscated funds	47,026
Receipt of assets that will be held in a custodial capacity for others	<u>35,309</u>
Total additions	<u>6,978,007</u>
<u>Deductions</u>	
Tax distributions to other governments	311,799
Payments on behalf of inmates	387,054
Payments of sales and use tax to other governments	1,372,116
Payments of billing and collections to other governments	4,816,844
Payment of bond deposits to developers	-
Payment of confiscated funds	17,256
Payments in accordance with custodial agreements	<u>36,951</u>
Total deductions	<u>6,942,019</u>
Net increase (decrease) in fiduciary net position	35,989
Net position, beginning, as previously reported	<u>140,990</u>
Net position, beginning	<u>140,990</u>
Net position, ending	<u><u>\$ 176,979</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

MCDOWELL COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2022

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

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

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

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

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

The County reports the following major governmental funds:

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

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

American Rescue Plan Fund - The County uses this fund to account for grant funding under the American Rescue Plan Act (ARPA) to address a public need that has been created, or exaggerated by, the COVID-19 pandemic.

The County reports the following major enterprise funds:

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

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

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

The County reports the following fund types:

Custodial Funds - Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities with the County but that are not revenues to the County; the Jail Inmate Pay Fund, which holds cash deposits made to inmates as payment for work performed while incarcerated, as well as cash collections for the benefit of inmates from their friends and families; the Sales and Use Tax Fund, which accounts for sales and use taxes that are collected by the County for other governments but that are not revenues to the County; the Rescue Squad Billing and Department of Motor Vehicle Funds, which accounts for the billing and collections by the County for other governments but that are not revenues to the County; the Sheriff's Investigative Fund, which accounts for the collection of confiscated funds by the County during an investigation, which are not revenues to the County; the Deposit and Custodial Trust Fund, which accounts for bond deposits received from property developers for roads/paving and for the receipt of assets that will be held in a custodial capacity for others.

Non-major Funds - The County maintains seven legally budgeted non-major special funds. The Fire and Rescue Districts Fund, the Emergency Telephone System Fund, the Coronavirus Relief Fund, Opioid Prevention Fund, the DSS Representative Payee Fund, the Deed of Trust Fund, and the Fines and Forfeitures Fund are reported as non-major special revenue funds. The Debt Service Fund is a non-major fund. All capital project funds are reported as non-major capital project funds, except for the School Capital Projects Fund and the American Rescue Act Grant Fund.

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements - The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus.

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

C. Budgetary Data

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

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

Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$3,000. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

The investments of the County and the Authority are reported at fair value. The North Carolina Capital Management Trust (NCCMT), which consists of two SEC-registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAm by S&P and Aamf by Moody Investor Services. The second fund, the Term Portfolio, is a short-term bond fund investing in treasuries, government agencies, and money market instruments allowed under G.S. 159-30. The Term Portfolio has no rating. Both the Government Portfolio and the Term Portfolio are reported at fair value.

2. Cash and Cash Equivalents

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

3. Restricted Cash

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

Governmental Activities:

General Fund	Tax revaluation	\$ 123,862
General Fund	Unexpended debt proceeds	1,436,608
Opioid Prevention Fund	Unexpended settlement proceeds	145,492
ARPA Fund	Unassigned proceeds	7,291,410
Total governmental activities		<u>8,997,372</u>

Business-type Activities:

Universal Fund	Customer deposits	24,117
Water Fund	Customer deposits	27,225
Total business-type activities		<u>51,342</u>

Total restricted cash		<u>\$ 9,048,714</u>
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4. Ad Valorem Taxes Receivable

In accordance with State law (G.S. 105-347 and G.S. 159-13 (a)), the County levies ad valorem taxes on property, other than motor vehicles, on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2021. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Lease Receivable

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

6. 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.

7. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items for the County's Governmental Funds are treated as using the Consumption Method.

8. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The County has established a minimum capitalization policy of \$5,000 for all categories of capital assets. The cost of normal maintenance and repairs that do not add to the value of the assets, or materially extend assets' lives, are not capitalized.

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

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

	Years
Buildings	50
Infrastructure	50
Land and building improvements	25
Furniture and equipment	3-10
Vehicles	4-10

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

	Years
Building improvements	15
Furniture and fixtures	10
Equipment	5

9. Right to use assets

The County has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion - pension related deferrals and contributions made to the OPEB or pension plans in the current fiscal year.

In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has the following items that meet the criterion for this category - prepaid taxes, property taxes and special assessments receivable, leases, and other OPEB or pension related deferrals.

11. Long-Term Obligations

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

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

12. Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave, with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

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

13. Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocated the funds as follows:

- 15% directly to the State ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 5% to a County Incentive Fund.

The County received \$145,492 as part of this settlement in Fiscal Year 2022. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30th, 2022. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

14. Reimbursement for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The County was allocated \$8,887,567 of fiscal recovery funds to be paid in two equal installments. The first installment of \$4,443,784 was received in July 2021. The second installment will be received in July 2022. County staff and the Board of Commissioners have elected to use the ARPA Funds to pay for incentives for employees to get vaccinated, various compensation payouts including dedicated employees, surge pay, infrastructure and revenue replacement.

15. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Leases - Portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

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

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

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

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

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

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

Restricted for Human Services - The portion of fund balance that can only be used to benefit beneficiaries under the social security's representative payee program.

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

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

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

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

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

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

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

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

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

McDowell County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: installment purchase obligation proceeds, federal funds, State funds, local, non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County.

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

16. Defined Benefit Cost Sharing Plans and Other OPEB Plans

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

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The net adjustment of \$13,586,865 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are, therefore, not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 69,638,188
Less accumulated depreciation	(26,010,253)
Net capital assets	43,627,935
Net pension asset	67,712
Accrued interest receivable and other long-term receivables, less the amount claimed as unearned revenue in the government-wide statements, as these funds are not available in the fund statements	14,065
Deferred outflows of resources related to pensions and OPEB are not reported in the fund statements	7,938,569
Liabilities for deferred inflows of resources reported in the fund statements, but not in the government-wide.	1,852,337
Deferred inflows of resources related to pensions are not reported in the fund statements	(4,385,302)
Deferred inflows of resources related to OPEB are not reported in the fund statements	(34,335)
Assets, net of liabilities, of the Internal Service Fund, included in the proprietary funds for fund financial statements and deemed to be governmental activity in the government-wide	850,629
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay, and are therefore not recorded in the fund statements:	
Installment purchase obligations and notes payable	(22,694,224)
Compensated absences	(1,133,573)
Other post-employment benefits	(7,871,192)
Net pension liability	(3,023,809)
Total pension liability	(1,421,640)
Other long-term liabilities	(200,307)
Total adjustment	<u>\$ 13,586,865</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances — total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$6,884,486 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements, but capitalized as assets in the government-wide statements.	\$ 8,048,263
Disposal of capital outlay, net of sales and depreciation	(9,663)
Depreciation expense, the allocation of those assets over their useful lives, which is recorded on the statement of activities, but not in the fund statements.	(2,271,211)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(951,209)
Principal payments on debt owed are recorded as a use of funds on the fund statements, but, again, affect only the statement of net position in the government-wide statements	2,369,252
Contributions to the pension plans in the current fiscal year are not included on the Statement of Activities	1,777,811
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	44,465
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position	145,910
Interest expense accrued in the government-wide statements	(200,307)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Differences in compensated absences, accrued in the government-wide statements, but not in the fund statements	(90,670)
Pension Expense	(1,320,512)
OPEB expense	(1,178,607)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in fund statements:	
Decrease in long-term receivables, including interest receivable on delinquent taxes receivable	(33,351)
Increase in deferred inflows of resources	244,788
Other changes	30,480
Net income (loss) of internal service fund operated as a proprietary fund, but reported as a governmental type activity in the government-wide statements	279,047
Total adjustment	<u>\$ 6,884,486</u>

II. Stewardship, Compliance and Accountability

None.

III. Detail Notes on All Funds

A. Assets

1. Deposits

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

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

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

At June 30, 2022, the County's deposits had a carrying amount of \$20,376,339 and a bank balance of \$21,712,391. Of the bank balance, \$1,155,778 was covered by federal depository insurance, and \$14,305,161 in interest bearing deposits and \$6,251,452 in non-interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2022, the County had \$8,012 cash on hand.

At June 30, 2022, the Authority's deposits had a carrying amount of \$861,712. The Authority maintains a petty cash fund of \$50.

2. Investments

At June 30, 2022, the County's investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value at 6/30/2022</u>	<u>Less Than 6 Months Maturity</u>	<u>Rating</u>
N. C. Capital Management Trust - Government Portfolio	Fair Value Level 1	<u>\$18,344,490</u>	N/A	AAAm
Total		<u>\$18,344,490</u>		

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

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

Level of fair value hierarchy: Level 1: Debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

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

Credit Risk. The County has not adopted a formal credit risk policy. The County's investment in the North Carolina Capital Management Trust Government Portfolio carried a credit rating of AAA by Standard and Poor's as of June 30, 2022.

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

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

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

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

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

<u>Year Levied</u>	<u>Taxes</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 392,503	\$ 96,459	\$ 488,962
2020	516,307	80,178	596,485
2021	507,606	33,049	540,655
2022	509,914	-	509,914
Total	<u>\$ 1,926,330</u>	<u>\$ 209,686</u>	<u>\$ 2,136,016</u>

4. Receivables

Receivables at the government-wide level at June 30, 2022 were as follows:

	<u>Taxes and Related Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Emergency Medical Service Accounts</u>	<u>Lease Receivables</u>	<u>Other Accounts</u>	<u>Total</u>
Governmental Activities:						
General	\$ 441,903	\$ 4,881,678	\$ 6,506,688	\$ 61,263	\$ 1,225,372	\$ 13,116,904
Other governmental	66,684	1,395,873	-	-	-	1,462,557
Total receivables	508,587	6,277,551	6,506,688	61,263	1,225,372	14,579,461
Allowance for doubtful accounts	(246,337)	-	(4,969,173)	-	-	(5,215,510)
Total governmental activities	<u>\$ 262,250</u>	<u>\$ 6,277,551</u>	<u>\$ 1,537,515</u>	<u>\$ 61,263</u>	<u>\$ 1,225,372</u>	<u>\$ 9,363,951</u>
Business-type Activities:						
Waste disposal	\$ -	\$ -	\$ -	\$ -	\$ 171,709	\$ 171,709
Water	-	-	-	-	15,787	15,787
Universal	-	-	-	1,389,362	2,398	1,391,760
Transportation	-	-	-	-	-	-
Total receivables	-	-	-	1,389,362	189,894	\$ 1,579,256
Allowance for doubtful accounts	-	-	-	-	(15,510)	-
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,389,362</u>	<u>\$ 174,384</u>	<u>\$ 1,579,256</u>

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

Local option sales tax	\$ 3,437,192
State and federal assistance	2,840,359
Other	-
Total	\$ 6,277,551

5. Lease Receivables

The County has entered into several rental agreements and a couple of other equipment agreements in which the County is the lessor. There are no variable components in any of the leases. Each lease is measured at the present value of the future minimum rent payments expected to be received during the lease term.

For the County, the future minimum lease receipts as of June 30, 2022, including interest revenues are as follows:

<u>Year ending June 30:</u>	Governmental Activities	
	Principal	Interest
2023	\$ 26,698	\$ 1,412
2024	27,956	589
2025	6,609	17
2026	-	-
2027	-	-
2028-2032	-	-
Total	\$ 61,263	\$ 2,018

<u>Year ending June 30:</u>	Business-type Activities	
	Principal	Interest
2023	\$ 263,611	\$ 37,482
2024	236,665	29,808
2025	208,531	23,323
2026	213,872	16,988
2027	220,377	10,467
2028-2032	246,306	3,757
Total	\$ 1,389,362	\$ 121,825

6. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 4,871,066	\$ -	\$ -	\$ 4,871,066
Construction in progress	4,731,836	6,049,069	4,693,087	6,087,818
Total capital assets not being depreciated	<u>9,602,902</u>	<u>6,049,069</u>	<u>4,693,087</u>	<u>10,958,884</u>
Capital assets being depreciated:				
Building improvements	16,622,901	2,147,221	-	18,770,122
Buildings	21,195,712	382,734	-	21,578,446
Leasehold improvements	77,486	-	-	77,486
Equipment	5,528,773	343,281	323,125	5,548,929
Land improvements	3,063,663	2,484,994	-	5,548,657
Vehicles	5,788,332	1,382,686	15,353	7,155,665
Total capital assets being depreciated	<u>52,276,866</u>	<u>6,740,916</u>	<u>338,478</u>	<u>58,679,305</u>
Less accumulated depreciation for:				
Building improvements	2,795,041	723,767	-	3,518,808
Buildings	11,681,604	375,451	-	12,057,055
Leasehold improvements	14,158	7,749	-	21,907
Equipment	4,150,438	312,900	313,462	4,149,876
Land improvements	1,260,417	139,902	-	1,400,319
Vehicles	4,117,564	760,078	15,353	4,862,289
Total accumulated depreciation	<u>24,019,222</u>	<u>2,319,847</u>	<u>328,815</u>	<u>26,010,254</u>
Total capital assets being depreciated, net	<u>28,257,644</u>			<u>32,669,051</u>
Governmental activities capital assets, net	<u>\$ 37,860,546</u>			<u>\$ 43,627,935</u>

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

General government	\$ 726,800
Public safety	957,334
Economic and physical development	36,988
Environmental protection	82,573
Human services	191,343
Cultural and recreational	208,383
Transportation	67,790
Total depreciation expense	<u>\$ 2,271,211</u>

Business-type Activities:	Balance	Increases	Decreases	Balance
Universal:				
Capital assets not being depreciated				
Land	\$ 752,250	\$ -	\$ -	\$ 752,250
Construction in progress	45,578	13,131	-	58,709
Total capital assets not being depreciated	797,828	13,131	-	810,959
Capital assets being depreciated:				
Building	2,070,246	-	-	2,070,246
Building improvements	4,811,597	22,044	-	4,833,641
Equipment	249,869	-	-	249,869
Infrastructure	399,448	-	-	399,448
Land improvements	89,500	-	-	89,500
Total capital assets being depreciated	7,620,660	22,044	-	7,642,704
Less accumulated depreciation for:				
Building	382,996	41,405	-	424,401
Building improvements	1,720,435	237,122	-	1,957,557
Equipment	181,644	15,499	-	197,143
Infrastructure	28,373	7,989	-	36,362
Land improvements	35,312	8,950	-	44,262
Total accumulated depreciation	2,348,760	310,965	-	2,659,725
Total capital assets being depreciated, net	5,271,900			4,982,979
Total capital assets, net - Universal	6,069,728			5,793,938
Waste Disposal:				
Capital assets being depreciated:				
Building	263,006	-	-	263,006
Equipment	500,722	-	-	500,722
Land improvements	206,344	16,200	-	222,544
Vehicles	678,183	-	-	678,183
Total capital assets being depreciated	1,648,255	16,200	-	1,664,455
Less accumulated depreciation for:				
Building	213,763	5,909	-	219,672
Equipment	302,119	28,150	-	330,269
Land improvements	188,067	7,585	-	195,652
Vehicles	526,199	20,042	-	546,241
Total accumulated depreciation	1,230,148	61,686	-	1,291,834
Total capital assets, net - Waste disposal	418,106			372,621
Water:				
Capital assets not being depreciated				
Construction in progress	11,505	3,150	-	14,655
Total capital assets not being depreciated	11,505	3,150	-	14,655
Capital assets being depreciated:				
Equipment	1,144	-	-	1,144
Infrastructure	7,245,930	17,400	-	7,263,330
Total capital assets being depreciated	7,247,074	17,400	-	7,264,474
Less accumulated depreciation for:				
Equipment	1,144	-	-	1,144
Infrastructure	1,249,127	145,140	-	1,394,267
Total accumulated depreciation	1,250,271	145,140	-	1,395,411
Total capital assets being depreciated, net	5,996,803			5,869,063
Total capital assets, net - Water	6,008,308			5,883,718

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities (continued):				
Transportation:				
Capital assets being depreciated:				
Vehicles	\$ 193,133	\$ -	\$ 193,133	\$ -
Total capital assets being depreciated	193,133	-	193,133	-
Less accumulated depreciation for:				
Vehicles	48,635	-	48,635	-
Total accumulated depreciation	48,635	-	48,635	-
Total capital assets being depreciated, net - Transportation	144,498			-
Business-type activities capital assets, net	<u>\$ 12,640,641</u>			<u>\$ 12,050,277</u>

Discretely presented component unit

Capital asset activity for the Authority for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Building improvements	\$ 11,028	\$ -	\$ -	\$ 11,028
Equipment	27,772	7,750	-	35,522
Furniture and fixtures	342	-	-	342
Total capital assets being depreciated	39,142	7,750	-	46,892
Less accumulated depreciation for:				
Building improvements	4,533	735	-	5,268
Equipment	16,741	2,784	-	19,525
Furniture and fixtures	342	-	-	342
Total accumulated depreciation	21,616	3,519	-	25,135
Governmental activity, capital assets - net	<u>\$ 17,526</u>			<u>\$ 21,757</u>

7. Right to Use Leased Assets

The County has recorded two right to use lease assets. The assets are right to use assets for leased building and lease equipment. The related leases are discussed in the Leases subsection of the Long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Primary Government for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Right to use assets:				
Leased building	\$ 181,938	\$ -	\$ -	\$ 181,938
Leased equipment	150,681	40,116	51,805	138,992
Total right to use assets	332,619	40,116	51,805	320,930
Less accumulated amortization for:				
Leased building	35,439	42,872	-	78,311
Leased equipment	62,815	52,924	51,805	63,934
Total accumulated amortization	98,254	95,796	51,805	142,245
Right to use assets, net	<u>\$ 234,365</u>	<u>\$ (55,680)</u>	<u>\$ -</u>	<u>\$ 178,685</u>

The TDA has recorded one right to use leased asset. The asset is a right to use assets leased office facilities. The related leases are discussed in the Leases subsection of the Long-term obligations section of this note. The right to use lease assets is amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Right to use asset:				
Building lease	\$ -	\$ 95,383	\$ -	\$ 95,383
Total right to use assets	-	95,383	-	95,383
Less accumulated amortization for:				
Building lease	-	4,769	-	4,769
Total accumulated amortization	-	4,769	-	4,769
Right to use assets, net	\$ -	\$ 90,614	\$ -	\$ 90,614

8. Construction Commitments

The government has two active construction projects as of June 30, 2022. At June 30, 2022, the government's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
North Main Street Project	\$ 2,040,314	\$ 74,008
Shooting Range Project	2,693,951	28,585
	<u>\$ 4,734,265</u>	<u>\$ 102,593</u>

B. **Liabilities**

1. Payables

Payables at the government-wide level at June 30, 2022 were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental Activities:					
General	\$ 767,867	\$ 15,057	\$ 200,307	\$ -	\$ 983,231
Other governmental	12,406,006	694,226	-	-	13,100,232
Total governmental activities	<u>\$ 13,173,873</u>	<u>\$ 709,283</u>	<u>\$ 200,307</u>	<u>\$ -</u>	<u>\$ 14,083,463</u>
Business-type Activities:					
Waste Disposal	\$ 134,736	\$ -	\$ 223	\$ -	\$ 134,959
Water	7,025	-	-	27,225	34,250
Universal	28,289	-	9,754	24,117	62,160
Transportation	-	-	-	-	-
Total business-type activities	<u>\$ 170,050</u>	<u>\$ -</u>	<u>\$ 9,977</u>	<u>\$ 51,342</u>	<u>\$ 231,369</u>

2. Pension Plan Obligations

a. Local Government Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2022, was 12.4% of compensation for law enforcement officers and 11.42% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,807,690 for the year ended June 30, 2022.

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, 2022, the County reported a liability of \$3,082,375 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2022, the County's proportion was 0.201% (measured as of June 30, 2021), which was an increase of 0.003% from its proportion as of June 30, 2021 (measured as of June 30, 2020). For the year ended June 30, 2022, the County recognized pension expense of \$1,346,088. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 980,614	\$ -
Changes of assumptions	1,936,519	-
Net difference between projected and actual earnings on pension plan investments	-	4,403,787
Changes in proportion, and differences between, the County contributions and proportionate share of contributions	42,418	21,661
County contributions subsequent to the measurement date	1,807,690	-
Total	\$ 4,767,241	\$ 4,425,448

\$1,807,690, 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, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2023	\$ 290,461
2024	(88,941)
2025	(319,931)
2026	(1,347,586)
2027	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2020 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent), or 1-percentage-point higher (7.50 percent) than the current value:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
County's proportionate share of the net pension liability	<u>\$11,965,522</u>	<u>\$3,082,375</u>	<u>\$4,227,939</u>

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

b. Law Enforcement Officers' Special Separation Allowance

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

At the December 31, 2020 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>48</u>
Total	<u>55</u>

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

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

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2020 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2021.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

Mortality rates are based on the Pub - 2010 amount - Weighted Tables with adjustments for mortality improvements using Scale MP-2019.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established, and may be amended by, the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$87,396 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, 2022, the County reported a total pension liability of \$1,421,640. The total pension liability was measured as of December 31, 2021, based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$213,412.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 128,183	\$ 1,166
Changes of assumptions	272,327	40,448
County benefit payments and administrative expenditures paid subsequent to the measurement date	44,465	-
Total	\$ 444,975	\$ 41,614

The County paid \$43,698 in benefit payments and \$767 in administrative expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2023	\$ 87,923
2024	82,416
2025	80,627
2026	78,182
2027	28,826
Thereafter	922

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 2.25 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 (1.25 percent), or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	<u>\$1,548,540</u>	<u>\$1,421,640</u>	<u>\$1,305,784</u>

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

Beginning balance	\$ 1,313,451
Service cost	90,729
Interest on the total pension liability	24,506
Difference between expected and actual experience in the measurement of the total pension liability	119,728
Changes of assumptions and other inputs	(39,378)
Benefit payments	<u>(87,396)</u>
Ending balance of the total pension liability	<u>\$ 1,421,640</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 1.93 percent at December 31, 2020 to 2.25 percent at December 31, 2021.

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

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the County to contribute, each month, an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Additionally, the County has approved the contribution of 2%, per pay period. The law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022 were \$235,393 which consisted of \$173,624 from the County and \$61,769 from the law enforcement officers.

d. Deferred Compensation Plan

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

For all employees eligible to participate in either the 457 or 401(k) plan, the County has approved a contribution of a fixed amount of 2%, per pay period. For the year ended June 30, 2022, contributions of \$155,564 were made to the Section 457 plan, which consisted of \$97,859 from the County and \$57,705 from employees. For the year ended June 30, 2022, contributions of \$246,406 were made to the 401(k) plan, which consisted of \$136,597 from the County and \$109,809 from employees.

e. Registers of Deeds' Supplemental Pension Fund

Plan Description. McDowell County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, defined benefit plan administered by the North Carolina Department of the State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent, locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, and one appointed by the State House of Representatives and the State Treasurer and the State Superintendent, who serve as ex-officio members. The Register of Deeds' Supplemental Pension Fund is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Register 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 online 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 \$4,467 for the year ended June 30, 2022.

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

At June 30, 2022, the County reported an asset of \$67,712 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension asset was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2021, the County's proportion was 0.352%, which was a decrease of 0.01752% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense of \$4,821. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 722	\$ 821
Changes of assumptions	4,938	-
Net difference between projected and actual earnings on pension plan investments	-	208
Changes in proportion, and differences between, the County contributions and proportionate share of contributions	3,211	1,294
County contributions subsequent to the measurement date	4,467	-
Total	\$ 13,338	\$ 2,323

\$4,467, reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date, will be recognized as an increase of the net pension asset in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2023	\$ 2,637
2024	2,490
2025	(159)
2026	1,579
2027	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2020 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, 2020 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, 2022 is 1.4%. The information above is based on 30-year expectations developed with the consulting actuary for the 2022 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 3.00%. 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 3.00 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 (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	<u>\$(53,784)</u>	<u>\$(67,712)</u>	<u>\$(79,417)</u>

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

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

The net pension liability for LGERS and ROD was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of December 31, 2021, with an actuarial valuation date of December 31, 2020. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	\$ 3,082,375	\$ (67,712)	\$ -	\$ 3,014,663
Proportion of the Net Pension Liability (Asset)	0.201%	(0.352%)	n/a	
Total Pension Liability	\$ -	\$ -	\$ 1,421,640	\$ 1,421,640
Pension Expense	\$ 1,346,088	\$ 4,821	\$ 213,412	\$ 1,564,321

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 980,614	\$ 722	\$ 128,183	\$ 1,109,519
Changes of assumptions	1,936,519	4,938	272,327	2,213,784
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion, and differences between, County contributions and proportionate share of contributions	42,418	3,211		45,629
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	1,807,690	4,467	44,465	1,856,622
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	-	821	1,166	1,987
Changes of assumptions	-	-	40,448	40,448
Net difference between projected and actual earnings on pension plan investments	4,403,787	208	-	4,403,995
Changes in proportion, and differences between, County contributions and proportionate share of contributions	21,661	1,294	-	22,955

g. Other Post-employment Benefits

Health Care Benefits

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

Membership of the plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	16
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>81</u>
Total	<u>97</u>

Total OPEB Liability

The County's total OPEB liability of \$7,997,553 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases:	
General employees	3.25% - 8.41%
Law enforcement officers	3.25% - 7.90%
Discount rate	2.16 percent
Healthcare cost trend rate	7.0% for 2021, decreasing to an ultimate rate of 4.5% by 2031

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

Changes in the Total OPEB Liability

Balance at July 1, 2020	\$ 5,845,732
Changes for the year:	
Service cost	158,264
Interest	131,185
Change of benefit terms	-
Differences between expected and actual experience	604,317
Changes of assumptions or other inputs	1,394,850
Benefit payments	(136,795)
Net Changes	<u>2,151,821</u>
Balance at June 30, 2021	<u>\$ 7,997,553</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

Mortality rates were based on the Pub-2010 Mortality Tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability, incidence, withdrawal, and salary increases used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS.

The remaining actuarial assumptions used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.
Sensitivity of the total OPEB liability to changes in the discount rates.

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	1% Decrease <u>(1.16%)</u>	Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
Total OPEB liability	<u>\$8,767,850</u>	<u>\$7,997,553</u>	<u>\$7,306,684</u>

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

	1% Decrease	Discount Rate	1% Increase
Total pension liability	<u>\$7,186,761</u>	<u>\$7,997,553</u>	<u>\$8,932,082</u>

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$1,197,528. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,162,934	\$ 352
Changes of assumptions	1,536,071	34,536
Benefit payments and administrative costs made subsequent to the measurement date	148,252	-
	<u>\$ 2,847,257</u>	<u>\$ 34,888</u>

\$148,252, reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date, will be recognized as a decrease in the total pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2023	\$ 937,936
2024	898,423
2025	566,995
2026	260,763
2027	-
Thereafter	-

h. Other Employment Benefits

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

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

For the fiscal year ended June 30, 2022, the County made contributions to the State for death benefits of \$12,815. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.07% and 0.14% of covered payroll, respectively.

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

3. Deferred Outflows/Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension/OPEB - difference between expected and actual experience	\$ 2,272,453	\$ 2,339
Pensions - net difference between projected and actual investment earnings	-	-
Pensions - changes in proportion, and differences between, employer contributions and proportionate share of contributions	45,629	22,955
Pensions/OPEB - changes in assumptions	3,749,855	74,984
Contributions to pension plan subsequent to the measurement date (LGERS, ROD)	1,812,157	-
Benefit payments for the OPEB plan paid subsequent to the measurement date	148,252	-
Benefit payments/administrative costs paid subsequent to the measurement date (LEOSSA)	44,465	-
Pensions - net difference between projected and actual on pension plan investment earnings	-	4,403,995
Prepaid taxes not yet earned	-	188,365
Leases receivable (General Fund)	-	58,286
Total	<u>\$ 8,072,811</u>	<u>\$ 4,750,924</u>
Prepaid taxes not yet earned (General)	\$ -	\$ 188,365
Taxes receivable, net (General)	-	212,474
Taxes receivable, net (Special Revenue)	-	35,712
Other receivables (General)	-	447,375
EMS receivables (General)	-	1,156,776
Leases receivable (General)	-	58,286
Total	<u>\$ -</u>	<u>\$ 2,098,988</u>

4. Risk Management

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

The County carries flood insurance on two County properties located in designated flood plain areas, the Old Fort Library and the McDowell House. Coverage is purchased from a commercial carrier in the amount of \$500,000 for the Old Fort library building and \$481,600 for the McDowell House building. In accordance with G.S. 159-29, the County's employees that have access to \$100, or more, at any given time, of the County's funds are performance bonded through a commercial surety bond in the following amounts: Finance Officer, \$50,000; DSS Director, \$50,000; Tax Collectors (5), \$15,000 each; DMV Clerks (3), \$15,000 each; Tax Assessor, \$15,000; Sheriff, \$25,000, and Register of Deeds, \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$20,000. The Finance Officer of the County also serves as the Finance Officer of the Authority. In accordance with G.S. 159-29, the Finance Officer of the Authority should be covered under a separate performance bond, in addition to bonding under the County's performance bond and blanket bond. The Authority has an individual bond for the Finance Office of \$50,000.

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

The McDowell County Health Care Benefit Plan is a self-funded program. It provides coverage to employees, retirees, covered dependents and eligible former employees. The total cost of health care coverage, including premiums for stop-loss coverage, administrative fees and claims paid, less amounts withheld from employees and reimbursed under stop-loss coverage, totaled \$4,828,385 for the year ended June 30, 2022. The County purchases specific stop-loss coverage to limit its annual loss, per person, to \$90,000. The cost for health care excess coverage premiums in the fiscal year 2021-2022 was \$706,060. The County accounts for the self-funded Health Care Benefit Plan in the Internal Service Fund.

5. Closure and Post closure Care Costs

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

6. Contingent Liabilities

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

Long-term Obligations

Leases

The County has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87, and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The County's leases are primarily copier equipment leases, in addition to a couple of building leases. As a result of the leases, the County has recorded a right to use asset with a net book value of \$178,685.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 76,426	\$ 4,215
2024	66,372	2,045
2025	32,443	467
2026	4,807	78
2027	721	4
Total	<u>\$ 180,769</u>	<u>\$ 6,809</u>

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

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

Details of the installment purchase obligations related to these projects are as follows:

McDowell County Board of Education

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

\$ 3,400,000

McDowell County Board of Education

Direct placement installment purchase contract, executed in February 2019 for \$5,500,000, payable in 30 semi-annual installments of \$167,667, plus interest at 3.65%, for addition to the Old Fort Elementary School. The property is pledged as collateral for the debt while the debt is outstanding

4,000,000

\$ 7,400,000

For McDowell County, the future minimum payments as of June 30, 2022, including interest, are as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 900,000	\$ 226,540
2024	900,000	200,009
2025	900,000	173,478
2026	900,000	146,948
2027	900,000	120,417
2028-2032	2,233,333	303,491
2033-2037	666,667	30,788
Total	<u>\$ 7,400,000</u>	<u>\$ 1,201,671</u>

Installment Purchases - Other

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

Governmental Activities:

Direct placement installment purchase contract, executed in April 2008 for \$965,663, payable in 30 semi-annual installments of \$32,189, plus interest at 3.51%, to construct a Nutrition Center in the Old Fort area. The property is pledged as collateral for the debt while the debt is outstanding	\$ 64,377
Direct placement installment purchase contract, executed in January 2008 for \$562,500, payable in 30 semi-annual installments of \$18,750, plus interest at 3.83%, to finance the purchase of the McDowell House. The property is pledged as collateral for the debt while the debt is outstanding. See note G.	37,500
Direct placement installment purchase contract, executed in December 2008 for \$1,056,000, payable in 30 semi-annual principal payments of \$35,200, plus interest at 4.19%, for improvements to Baldwin Avenue property.	105,600
Direct placement installment purchase contract, executed in November 2019 for \$187,221, payable in 8 semi-annual installments of \$24,640, plus interest at 2.32%, secured by vehicles purchased.	72,240
Direct placement installment purchase contract, executed in May 2020 for \$436,744, payable in 8 semi-annual installments of \$56,733, plus interest at 1.672%, secured by vehicles purchased.	222,200
Direct placement installment purchase contract, executed in July 2020 for \$7,524,300, payable in 40 semi-annual installments of \$188,108, plus interest at 2.63%, secured by EMS facility.	7,524,300
Direct placement installment purchase contract, executed in March 2021 for \$206,222, payable in 8 semi-annual installments of \$51,556, plus interest at 1.28%, secured by equipment.	155,649
Direct placement installment purchase contract, executed in October 2021 for \$79,792, payable in 8 semi-annual installments of \$10,336, plus interest at 1.60%, secured by vehicles purchased.	70,094

Governmental Activities (continued):

Direct placement installment purchase contract, executed in August 2021 for \$165,689, payable in 8 semi-annual installments of \$21,307, plus interest at 1.27%, secured by vehicles purchased.	145,434
Direct placement installment purchase contract, executed in May 2022 for \$323,262, payable in 8 semi-annual installments of \$42,910, plus interest at 2.71%, secured by vehicles purchased.	323,262
Direct placement installment purchase contract, executed in August 2021 for \$71,255, payable in 8 semi-annual installments of \$9,163, plus interest at 1.27%, secured by vehicles purchased.	62,545
Direct placement installment purchase contract, executed in May 2022 for \$311,210, payable in 8 semi-annual installments of \$42,491, plus interest at 2.91%, secured by vehicles purchased.	311,209
Direct placement installment purchase contract, executed in April 2021 for \$523,285, payable in 8 semi-annual installments of \$130,821, plus interest at 1.20%, secured by vehicles purchased.	394,802
Direct placement installment purchase contract, executed in June 2015 for \$2,704,802, payable in 30 semi-annual installments of \$90,160, plus interest at 2.62%, secured by the jail facility/property.	1,442,561
Direct placement installment purchase contract, executed in April 2018 for \$5,654,000, payable in 30 semi-annual installments of \$188,467, plus interest at 3.60%, secured real property.	4,146,267
Direct placement installment purchase contract, executed in October 2018 for \$79,930, payable in 8 semi-annual installments of \$10,663, plus interest at 2.90%, secured vehicles purchased.	10,435
Direct placement installment purchase contract, executed in April 2019 for \$663,731, payable in 8 semi-annual installments of \$88,105, plus interest at 2.71%, secured by vehicles purchased.	172,692
	<u>\$ 15,261,167</u>

Business-Type Activities

Direct placement installment purchase contract, executed in March 2012 for \$1,475,000, payable in 30 semi-annual installments of \$49,167, plus interest at 3.39%, secured by real property.	\$ 491,667
Direct placement installment purchase contract, executed in March 2012 for \$1,475,000, payable in 30 semi-annual installments of \$49,167, plus interest at 5.23%, secured by real property.	491,667
Direct placement installment purchase contract, executed in September 2018 for \$200,418, payable in 8 semi-annual installments of \$25,052, plus interest at 2.90%, secured by equipment purchased.	25,051
	<u>\$ 1,008,385</u>

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

<u>Year ending June 30:</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,691,124	\$ 421,641
2024	1,565,860	375,129
2025	1,402,012	335,655
2026	1,181,116	299,025
2027	975,270	265,974
2028-2032	4,515,711	897,636
2033-2037	2,467,016	353,735
2038-2042	1,463,058	76,957
Total	<u>\$ 15,261,167</u>	<u>\$ 3,025,752</u>

<u>Year ending June 30:</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 221,719	\$ 40,634
2024	196,667	31,786
2025	196,667	23,310
2026	196,667	14,834
2027	196,666	6,357
2028-2032	-	-
Total	<u>\$ 1,008,386</u>	<u>\$ 116,921</u>

Debt Related to Capital Activities

Of the total Governmental Activities debt listed, \$15,261,167 relates to assets to which the County holds title. Unspent restricted cash related to this debt amounts to \$1,436,608

Long-Term Obligations - Summary

At June 30, 2022, McDowell County had a legal debt margin of \$381,266,315. A summary of all long-term debt obligations presented in the government-wide statement of activities is as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balance
Governmental Activities:					
Direct placement installment purchases, including amortized call premium	\$ 24,112,267	\$ 951,209	\$ 2,369,252	\$ 22,694,224	\$ 2,591,124
Lease liabilities	233,649	32,666	85,546	180,769	76,426
Total pension liability (LEOSSA)	1,313,451	108,189	-	1,421,640	-
Compensated absences	1,042,903	958,085	867,415	1,133,573	-
Net pension liability (LGERS)	6,900,614	-	3,876,805	3,023,809	-
Net OPEB liability	5,753,370	2,117,822	-	7,871,192	-
Total governmental activities	<u>\$ 39,356,254</u>	<u>\$ 4,167,971</u>	<u>\$ 7,199,018</u>	<u>\$ 36,325,207</u>	<u>\$ 2,667,550</u>
Business-type Activities:					
Waste Disposal Fund					
Direct placement installment purchases	94,723	-	69,672	25,051	25,051
Compensated absences	14,588	12	9,586	5,014	-
Net pension liability (LGERS)	134,731	-	76,166	58,565	-
Net OPEB liability	92,362	33,999	-	126,361	-
Accrued landfill closure and post-closure care costs	30,000	-	-	30,000	-
Total Waste Disposal Fund	<u>366,404</u>	<u>34,011</u>	<u>155,424</u>	<u>244,991</u>	<u>25,051</u>
Water Fund					
Direct placement installment purchases	112,500	-	112,500	-	-
Total Water Fund	<u>112,500</u>	<u>-</u>	<u>112,500</u>	<u>-</u>	<u>-</u>
Universal Fund					
Direct placement installment purchases	1,179,999	-	196,667	983,332	196,667
Total Universal Fund	<u>1,179,999</u>	<u>-</u>	<u>196,667</u>	<u>983,332</u>	<u>196,667</u>
Transportation Fund					
Compensated absences	20,194	-	20,194	-	-
Net pension liability (LGERS)	55,762	-	55,762	-	-
Total Transportation Fund	<u>75,956</u>	<u>-</u>	<u>75,956</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ 1,734,859</u>	<u>\$ 34,011</u>	<u>\$ 540,547</u>	<u>\$ 1,228,323</u>	<u>\$ 221,718</u>

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

The following is a summary of changes in the Authority's long-term obligations for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balance
Compensated absences	5,736	-	623	5,113	-
Lease payable	-	95,383	4,225	91,158	-
Other post-employment benefits	40,660	10,524	-	51,184	-
Net pension liability	49,638	-	29,911	19,727	-
Total governmental activities	<u>\$ 96,034</u>	<u>\$ 105,907</u>	<u>\$ 34,759</u>	<u>\$ 167,182</u>	<u>\$ -</u>

Healthcare Benefits

The calculation of unpaid healthcare claims liability reported in the Self-Insurance Fund is based on management's experience and actual claims incurred prior to June 30, 2022 and reported for subsequent reimbursement.

Interfund Balances and Activity:

At June 30, 2022, interfund balances and activity are as follows:

<u>Receivable To</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	Catawba Falls Trail Improvements Project	\$ 100,000
General Fund	Shooting Range	7,544
General Fund	Coronavirus Special Revenue Fund	36,612
General Fund	Universal Park Project	1,862
General Fund	Nebo Water System Expansion	112,310
		<u>\$ 258,328</u>

The payables to the General Fund represent project expenditures incurred near year end. All interfund balances will be paid during the year ending June 30, 2022.

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

Transfer from the General Fund to the North Main Street Project Fund to support the costs of construction not recovered by funds other than the General Fund.	\$ 141,240
Transfer to the General Fund from the American Rescue Plan (ARPA) for revenue replacement.	441,461
Transfer to the Stacy Hill Water Line Project from the American Rescue Plan (ARPA) to provide resources for the project.	97,091
Transfer from the General Fund to the Waste Disposal Fund to support the cost of services not recovered by user charges.	1,408,451
Transfer from the School Capital Projects Fund to the Debt Service Fund to provide resources for the retirement of debt obligations of funds other than the General Fund.	1,152,969
Transfer to the General Fund from the Courthouse Renovation and Addition Project to provide resources for the project.	66,240
Transfer from the General Fund to the Nebo Water Fund to support debt not recovered by user charges.	115,040
Transfer from the General Fund to the Emergency Telephone System Fund to cover disallowed costs by the 911 Board.	1,768
Transfer to the General Fund from the Transportation Fund to close Enterprise Fund	182,858
Transfer from the General Fund to the Shooting Range Project	20,000
Transfer from the General Fund to the Fonta Flora	800,000
Total	<u>\$ 4,427,118</u>

Net Investments in Capital Assets:

At June 30, 2022, net investment in capital assets is calculated as follows:

	Governmental Activities	Business-Type Activities
Capital assets, net of depreciation	\$ 43,627,935	\$ 12,050,277
Direct placements installment purchases excluding McDowell County Schools and McDowell County Technical Community College debt	(15,294,224)	(1,008,383)
Unexpected debt proceeds	<u>1,436,608</u>	<u>-</u>
Net investment in capital assets	<u>\$ 29,770,319</u>	<u>\$ 11,041,894</u>

Fund Balance:

McDowell County has a revenue spending policy that is followed for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: installment purchase obligation proceeds, federal funds, State funds, local, non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County.

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

Total fund balance - General Fund	\$ 18,566,404
Less:	
Inventories	105,906
Leases	3,124
Stabilization by State Statute	5,676,086
PEG channel	59,389
Register of Deeds	97,493
Asset forfeiture	175,314
Social Services	184,725
Senior Center	124,160
Cooperative extension	57,229
Tax revaluation	123,862
Jail	1,176,420
EMS	171,118
Fire	103,625
Library	100,132
Clerk of Court	4,710
Recreation	-
Appropriated Fund Balance in 2023 budget	709,300
Remaining fund balance	<u>\$ 9,693,811</u>

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

IV. Joint Ventures

McDowell Technical Community College

The County, in conjunction with the State of North Carolina and the McDowell County Board of Education, participates in a joint venture to operate the McDowell Technical Community College. Each of the three participants appoints four members of the thirteen-member Board of Trustees of the Community College. The president of the Community College's student government serves as ex-officio, nonvoting member of the Community College's Board of Trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The last general obligation bond issue for this purpose was retired during the June 30, 2000, fiscal year. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$1,157,000 and \$148,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2022. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 54 College Drive, Marion, North Carolina 28752.

During the year ended June 30, 2008, the County entered into an installment purchase agreement in order to provide capital improvements to the McDowell Tech Baldwin Avenue Facility property. The improvements were completed during the year ended June 30, 2010. The County leases space to be used in various economic development programs. The County owns the property throughout the service of the debt. Upon retirement of the debt, ownership of the property reverts back to McDowell Technical Community College. The County's debt service payments on this debt amounted to \$77,037 for the year ended June 30, 2022.

McDowell House

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

V. Jointly Governed Organizations

McDowell County maintains an affiliation with Vaya Health for the provision of mental health, developmental disabilities and substance abuse services. McDowell County appoints one County commissioner and one at-large member to serve on the board. The remaining members are appointed in the same manner by the other fourteen counties (Alexander, Alleghany, Ashe, Avery, Caldwell, Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain, Watauga, and Wilkes) who participate. In addition, the County has made a financial commitment to Vaya Health. For the year ended June 30, 2022, the County contributed \$67,856 to the general operations of Vaya Health.

The Board of Trustees of the McDowell County Health Department is comprised of fifteen members. McDowell County appoints one County commissioner and four others to serve on the board. The remaining members are appointed in the same manner by Rutherford County who jointly govern the Health Department. In addition, the County has made a financial commitment to the Health Department. For the year ended June 30, 2022, the County contributed \$547,500 to the general operations of the Health Department.

The Board of Directors of McDowell Economic Development Association (MEDA), a 501(c)(3) organization, is comprised of twenty directors. McDowell County appoints three directors to serve on the board. The remaining directors are appointed as follows: one by the City of Marion, one by the Town of Old Fort, one by the McDowell County Chamber of Commerce, one by the McDowell Technical Community College, and one by the McDowell County Board of Education. This board then elects seven additional directors from members of MEDA. Five ex-officio members are comprised of the County manager, the County attorney, the Director of the Isothermal Planning and Development Commission, the Director of the Small Business Center and the Director of the McDowell County Chamber of Commerce. In addition, the County has made a financial commitment to MEDA. For the year ended June 30, 2022, the County contributed \$153,500 to the general operations of MEDA, including personnel costs.

The County, in conjunction with three other counties and twenty municipalities, established the Foothills Regional Commission. The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The County paid \$36,726 in annual allocation to the Commission during the fiscal year ended June 30, 2022.

VI. Benefit Payments Issued by the State

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

	Federal	State
SNAP: Supplemental Nutrition Assistance	\$ 26,527,525	\$ -
Temporary Assistance for Needy Families	214,038	
Medicaid	92,009,798	34,420,032
N.C. Health Choice	827,355	185,302
State/County Special Assistance to Adults	-	339,414
Foster Care Adoption Assistance	773,042	158,773
Child Welfare Services Adoption Subsidy	-	253,260
Total	\$ 120,351,758	\$ 35,356,781

VII. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Industrial Recruitment and Economic Development Incentives

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

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

During the year ended June 30, 2022, payments of \$7,000 were made under the economic development incentive agreements described above. Potential future installment payments of one active agreement amounts to \$105,000 for the year ending June 30, 2023. One active agreement is in place that provides for reduced rental payments for space at the Universal Building.

Interlocal Agreement to Purchase a Historic Property

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

The total semi-annual payment is equal to the principal portion of \$18,750, plus the interest computed at 3.83% on the unpaid balance of \$32,500, as of June 30, 2022. See related Note III for the installment purchase recorded under governmental activities.

VIII. Cafeteria Plan

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

IX. Concentration of Credit Risk

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

The Waste Disposal Enterprise Fund has one major customer, a commercial waste disposal carrier, accounting for approximately 54% of waste disposal revenue. Sales to this customer amounted to \$635,246 for the year ended June 30, 2022, with an account receivable balance of \$70,613 at June 30, 2022.

X. Use of Estimates

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

XI. Subsequent Events

Management has evaluated subsequent events through December 16, 2022, the date on which the financial statements were available to be issued, and concluded that the following subsequent event has occurred that would require recognition or disclosure in these financial statements:

COVID-19 Pandemic

The spread of the Coronavirus Disease (COVID-19) has been deemed a worldwide pandemic. The COVID-19 pandemic has had significant effects on global economic markets, supply chains, businesses, and communities. Any fluctuations impacting McDowell County are not reflected in the financial statements for the year ended June 30, 2022, since the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 16, 2022.

XII. Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, effective July 1, 2021. GASB 87 eliminates existing lease accounting and reporting guidance, including the “capital” versus “operating” lease criteria, that has been used to categorize leases. Under the new guidance, a lease is defined as “a contract that conveys control of the “right to use” another entity’s nonfinancial asset for a period of time in an exchange or exchange-like transaction. Lease contracts convey the “right to use” which is an underlying nonfinancial intangible asset, rather than the actual asset itself, to the lessee. The County has implemented the guidance starting fiscal year ending June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

This section contains additional information required by generally accepted accounting principles

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

Schedule 1-1

**Schedule of County's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Local Governmental Employees' Retirement System
Last Nine Fiscal Years***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.201%	0.198%	0.199%	0.192%	0.187%	0.183%	0.181%	0.178%	0.168%
County's proportionate share of the net pension liability (asset) (\$)	\$ 3,082,375	\$ 7,091,107	\$ 5,444,093	\$ 4,544,933	\$ 2,859,134	\$ 3,876,689	\$ 810,342	\$(1,050,472)	\$ 2,031,072
County's covered payroll	\$15,686,213	\$14,557,440	\$13,478,464	\$12,360,737	\$11,813,800	\$11,180,150	\$10,878,319	\$10,543,704	\$10,231,851
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	19.65%	48.71%	40.39%	36.77%	24.20%	34.68%	7.45%	(9.96)%	19.85%
Plan fiduciary net position as a percentage of the total pension liability	92.0%	94.18%	91.47%	98.09%	98.79%	102.64%	94.35%	98.22%	98.22%

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,807,690	\$ 1,501,735	\$ 1,231,374	\$ 978,504	\$ 908,402	\$ 825,323	\$ 740,011	\$ 746,980	\$ 722,743
Contributions in relation to the contractually required contrib	<u>1,807,690</u>	<u>1,501,735</u>	<u>1,231,374</u>	<u>978,504</u>	<u>908,402</u>	<u>825,323</u>	<u>740,011</u>	<u>746,980</u>	<u>722,743</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$15,686,213	\$14,557,440	\$13,478,464	\$12,360,737	\$11,813,800	\$11,180,150	\$10,878,319	\$10,543,704	\$10,231,851
Contributions as a percentage of covered payroll	11.52%	10.32%	9.14%	7.92%	7.69%	7.38%	6.8%	7.08%	7.06%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.352%	0.370%	0.350%	0.366%	0.406%%	0.401%	0.380%	0.384%	0.374%
County's proportionate share of the net pension liability (asset) (\$)	\$ (67,712)	\$ (84,785)	\$ (69,000)	\$ (60,692)	\$ (69,385)	\$ (74,915)	\$ (88,019)	\$ (87,139)	\$ (79,985)
County's covered-employee payroll	\$ 58,844	\$ 61,801	\$ 53,673	\$ 51,718	\$ 49,409	\$ 47,688	\$ 46,518	\$ 45,942	\$ 44,814
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(115.07)%	(137.19)%	(128.55)%	(117.35)%	(140.43)%	(157.09)%	(189.21)%	(189.67)%	(178.48)%
Plan fiduciary net position as a percentage of the total pension liability	153.31%	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%	190.50%

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

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 1-4

**Schedule of County's Contributions
Required Supplementary Information
Register of Deeds' Supplemental Pension Fund
Last Nine Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,467	\$ 4,230	\$ 3,542	\$ 3,322	\$ 3,373	\$ 3,532	\$ 3,274	\$ 3,039	\$ 3,139
Contributions in relation to the contractually required contribution	<u>4,467</u>	<u>4,230</u>	<u>3,542</u>	<u>3,322</u>	<u>3,373</u>	<u>3,532</u>	<u>3,274</u>	<u>3,039</u>	<u>3,139</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 58,844	\$ 61,801	\$ 53,673	\$ 51,718	\$ 49,409	\$ 47,688	\$ 46,518	\$ 45,942	\$ 44,814
Contributions as a percentage of covered-employee payroll	7.59%	6.84%	6.60%	6.42%	6.83%	7.41%	7.04%	6.61%	7.00%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Beginning balance	\$1,313,451	\$ 916,426	\$ 916,385	\$ 921,127
Service cost	90,729	50,718	40,434	43,181
Interest on the total pension liability	24,506	28,451	31,624	27,879
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience in the measurement of the total pension liability	119,728	27,053	(2,519)	33,896
Changes of assumptions and other inputs	(39,378)	378,199	25,684	(31,941)
Benefit payments	(87,396)	(87,396)	(95,182)	(77,757)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$1,421,640</u>	<u>\$1,313,451</u>	<u>\$ 916,426</u>	<u>\$ 916,385</u>

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability	\$1,421,640	\$1,313,451	\$ 916,426	\$ 916,385
Covered payroll	2,620,499	2,326,496	1,836,913	1,836,402
Total pension liability as a percentage of covered payroll	54.25%	56.46%	49.89%	49.90%

Notes to Schedule:

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

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 1-7

Schedule of Changes in the Net OPEB Liability and Related Ratios Healthcare Benefits Plan Last Five Fiscal Years*

Total OPEB Liability	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 158,264	\$ 116,317	\$ 101,721	\$ 105,189	\$ 113,747
Interest	131,185	179,935	135,584	130,186	115,633
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	604,317	125,214	1,574,130	67,897	(7,977)
Changes of assumptions	1,394,850	630,192	194,342	(110,414)	(194,840)
Benefit payments	<u>(136,795)</u>	<u>(457,264)</u>	<u>(475,264)</u>	<u>(255,647)</u>	<u>(167,887)</u>
Net change in total OPEB liability	2,151,821	594,394	1,530,513	(62,789)	(141,324)
Total OPEB liability, beginning	<u>5,845,732</u>	<u>5,251,338</u>	<u>3,720,825</u>	<u>3,783,614</u>	<u>3,924,938</u>
Total OPEB liability, ending	<u>\$ 7,997,553</u>	<u>\$ 5,845,732</u>	<u>\$ 5,251,338</u>	<u>\$ 3,720,825</u>	<u>\$ 3,783,614</u>
Covered payroll	\$ 4,113,307	\$ 3,999,527	\$ 3,999,527	\$ 4,901,134	\$ 4,901,134
Total OPEB liability as a percentage of covered payroll	194.43%	146.16%	131.30%	75.92%	77.20%

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

Notes to Schedule

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

<u>Fiscal year</u>	<u>Rate</u>
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

MCDOWELL COUNTY, NORTH CAROLINA

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**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$27,335,633	\$27,409,655	\$ 74,022
Prior years	142,000	158,079	16,079
Discounts	(156,500)	(156,468)	32
Penalties and interest	126,000	114,768	(11,232)
Total	<u>27,447,133</u>	<u>27,526,034</u>	<u>78,901</u>
Local option sales tax:			
Article 39 one percent	4,822,056	4,931,862	109,806
Article 40 one-half percent	2,786,542	2,892,492	105,950
Article 42 one-half percent	604,860	550,866	(53,994)
Article 44 one-half percent	744,862	745,412	550
Total	<u>8,958,320</u>	<u>9,120,631</u>	<u>162,311</u>
Other taxes and licenses:			
Deed stamp excise tax	200,000	185,070	(14,930)
Real estate transfer tax	645,000	691,651	46,651
Scrap tire disposal tax	68,000	84,218	16,218
Occupancy tax	1,198,000	1,134,689	(63,311)
Cable franchise	153,500	144,516	(8,984)
Schedule B	500	1,150	650
Total	<u>2,265,000</u>	<u>2,241,293</u>	<u>(23,707)</u>
Unrestricted intergovernmental revenues:			
Payment in lieu of taxes	<u>275,000</u>	<u>302,191</u>	<u>27,191</u>
Total	<u>275,000</u>	<u>302,191</u>	<u>27,191</u>
Restricted intergovernmental revenues:			
State and federal grants:			
DSS	7,212,428	6,446,618	(765,810)
Medicaid Hold Harmless	435,879	369,161	(66,718)
Federal and State aid library	243,813	241,402	(2,411)
Senior Center - aging	498,234	453,938	(44,296)
NC Department of Transportation	746,079	824,676	78,597
Soil and water reimbursement	27,000	27,157	157
Veterans service	2,500	2,109	(391)
Juvenile Crime Prevention	156,981	155,481	(1,500)
EMA reimbursement	38,000	50,353	12,353
One NC grant	50,000	50,000	-
Governor's Crime Commission grant	24,500	23,078	(1,422)
State vehicle grant	77,000	84,270	7,270
Other	86,800	105,236	18,436
Court facility fees	83,000	71,304	(11,696)
Officer fees	23,000	20,540	(2,460)
ABC profits for law enforcement	10,000	12,086	2,086
Total	<u>9,715,214</u>	<u>8,937,408</u>	<u>(777,806)</u>

MCDOWELL COUNTY, NORTH CAROLINA

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**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues (continued):			
Permits and fees:			
Building inspections	\$ 368,754	\$ 378,432	\$ 9,678
Sign revenue	1,750	880	(870)
Homeowners' recovery	2,900	1,660	(1,240)
Register of deeds:			
Acknowledgement and oath	16,500	13,540	(2,960)
Certificates and copies	42,000	55,028	13,028
Flood plain fees	20,500	20,024	(476)
Cultural resources	9,500	9,102	(398)
Total	<u>461,904</u>	<u>478,666</u>	<u>16,762</u>
 Sales and service:			
NCDMV fees	221,000	244,130	23,130
Tax mapping	100	105	5
Library fees	4,000	17,373	13,373
Rent -dialysis clinic	46,650	30,474	(16,176)
Rent - mental health building	26,556	27,220	664
Rent - Baldwin Ave - Isothermal	7,200	7,750	550
Rent - Baldwin Ave - ESC	25,456	24,090	(1,366)
Rent - soil and water	1,200	-	(1,200)
Tower rental	45,000	47,032	2,032
City of Marion reimbursement	40,000	40,000	-
Adoption fees	22,000	22,595	595
Canteen fees	282,857	252,098	(30,759)
Sheriff - fees	524,300	464,986	(59,314)
Jail - fees	98,661	107,093	8,432
Jail - lease	795,929	1,613,496	817,567
EMS collections	2,793,519	2,710,925	(82,594)
EMS Medicaid	218,100	-	(218,100)
Rescue Squad billing	35,000	6,078	(28,922)
Recreation program fees	180,647	151,098	(29,549)
Other	97,927	522,170	424,243
Lease revenue	-	663	663
Total	<u>5,466,102</u>	<u>6,289,376</u>	<u>823,275</u>
 Investment earnings	<u>12,000</u>	<u>8,815</u>	<u>(3,185)</u>
 Miscellaneous (includes \$2,461 of interest on lease receivables)	<u>1,092,688</u>	<u>1,053,608</u>	<u>(39,080)</u>
 Total revenues	<u>55,693,361</u>	<u>55,958,021</u>	<u>264,660</u>

MCDOWELL COUNTY, NORTH CAROLINA

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**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Board of commissioners:			
Salaries and employee benefits	\$ 175,037	\$ 175,037	\$ -
Operating expenditures	42,529	34,174	8,355
Total	<u>217,566</u>	<u>209,210</u>	<u>8,356</u>
Human resources:			
Salaries and employee benefits	195,962	195,961	1
Operating expenditures	320,489	315,935	4,554
Total	<u>516,451</u>	<u>511,896</u>	<u>4,555</u>
County administration:			
Salaries and employee benefits	253,176	253,175	1
Operating expenditures	16,900	12,266	4,634
Capital expenditures	-	(31,364)	31,364
Total	<u>270,076</u>	<u>234,078</u>	<u>35,998</u>
Finance:			
Salaries and employee benefits	503,890	503,890	-
Operating expenditures	188,675	178,062	10,613
Total	<u>692,565</u>	<u>681,951</u>	<u>10,614</u>
Tax - assessment:			
Salaries and employee benefits	462,131	462,129	2
Operating expenditures	115,661	92,088	23,573
Capital expenditures	24,106	23,398	708
Total	<u>601,898</u>	<u>577,616</u>	<u>24,282</u>
Tax collections:			
Salaries and employee benefits	302,522	302,522	-
Operating expenditures	71,017	55,336	15,681
Total	<u>373,539</u>	<u>357,858</u>	<u>15,681</u>
Legal	<u>31,096</u>	<u>31,095</u>	<u>1</u>
Board of elections:			
Salaries and employee benefits	241,604	241,467	137
Operating expenditures	227,682	170,667	57,015
Total	<u>469,286</u>	<u>412,135</u>	<u>57,151</u>
Register of deeds:			
Salaries and employee benefits	251,377	251,318	59
Operating expenditures	454,889	418,888	36,001
Capital expenditures	14,431	14,431	-
Total	<u>720,697</u>	<u>684,636</u>	<u>36,061</u>

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 2-1
Page 4 of 10****General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Clerk of court:			
Operating expenditures	\$ 9,700	\$ 9,135	\$ 565
Total	<u>9,700</u>	<u>9,135</u>	<u>565</u>
 Garage:			
Salaries and employee benefits	63,487	63,482	5
Operating expenditures	<u>31,650</u>	<u>29,593</u>	<u>2,057</u>
Total	<u>95,137</u>	<u>93,076</u>	<u>2,061</u>
 Facility maintenance:			
Salaries and employee benefits	842,311	842,166	145
Operating expenditures	871,324	820,542	50,782
Capital expenditures	<u>208,279</u>	<u>208,279</u>	<u>-</u>
Total	<u>1,921,914</u>	<u>1,870,986</u>	<u>50,928</u>
 Information technology:			
Salaries and employee benefits	178,355	178,353	2
Operating expenditures	<u>47,200</u>	<u>26,646</u>	<u>20,554</u>
Total	<u>225,555</u>	<u>205,000</u>	<u>20,555</u>
 Planning:			
Salaries and employee benefits	157,231	157,191	40
Operating expenditures	6,498	4,221	2,277
Capital expenditures	<u>27,712</u>	<u>27,712</u>	<u>-</u>
Total	<u>191,441</u>	<u>189,123</u>	<u>2,318</u>
 DMV operations:			
Salaries and employee benefits	222,596	222,595	1
Operating expenditures	<u>166,500</u>	<u>159,041</u>	<u>7,459</u>
Total	<u>389,096</u>	<u>381,636</u>	<u>7,460</u>
 Total general government	<u>6,726,017</u>	<u>6,449,430</u>	<u>276,587</u>
 Public safety:			
Sheriff:			
Salaries and employee benefits	4,520,844	4,520,017	827
Operating expenditures	1,458,998	1,108,475	350,523
Capital expenditures	<u>51,831</u>	<u>51,831</u>	<u>-</u>
Total	<u>6,031,673</u>	<u>5,680,323</u>	<u>351,350</u>

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 2-1
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Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Jail:			
Salaries and employee benefits	\$ 1,665,972	\$ 1,662,957	\$ 3,015
Operating expenditures	1,470,525	1,311,838	158,687
Capital expenditures	14,965	10,450	4,515
Total	<u>3,151,462</u>	<u>2,985,245</u>	<u>166,217</u>
EMS:			
Salaries and employee benefits	2,695,219	2,693,901	1,318
Operating expenditures	814,532	791,979	22,553
Capital expenditures	603,779	296,241	307,538
Total	<u>4,113,530</u>	<u>3,782,121</u>	<u>331,409</u>
Emergency management:			
Salaries and employee benefits	193,019	193,018	1
Operating expenditures	286,521	187,197	99,324
Total	<u>479,540</u>	<u>380,215</u>	<u>99,325</u>
Community paramedic:			
Salaries and employee benefits	226,933	226,933	-
Operating expenditures	47,800	35,127	12,673
Total	<u>274,733</u>	<u>262,060</u>	<u>12,673</u>
Forest service	<u>63,278</u>	<u>62,215</u>	<u>1,063</u>
Emergency communication:			
Salaries and employee benefits	968,145	968,092	53
Operating expenditures	43,581	36,664	6,917
Total	<u>1,011,726</u>	<u>1,004,756</u>	<u>6,970</u>
Animal control:			
Salaries and employee benefits	169,027	169,026	1
Operating expenditures	141,550	100,616	40,934
Total	<u>310,577</u>	<u>269,641</u>	<u>40,936</u>
Building inspections:			
Salaries and employee benefits	350,079	350,072	7
Operating expenditures	112,533	60,272	52,261
Total	<u>462,612</u>	<u>410,344</u>	<u>52,268</u>

MCDOWELL COUNTY, NORTH CAROLINA

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**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022**

Expenditures (continued):	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Medical examiner	\$ 54,000	\$ 45,600	\$ 8,400
Rescue squad billing	165,600	93,631	71,969
Total public safety	16,118,731	14,976,151	1,142,580
Environmental protection:			
Waste collections:			
Salaries and employee benefits	482,989	482,987	2
Operating expenditures	294,700	273,622	21,078
Capital expenditures	180,689	165,689	15,000
Total	958,378	922,298	36,080
Soil and water district technician:			
Salaries and employee benefits	18,490	18,490	-
Operating expenditures	7,310	2,645	4,665
Total	25,800	21,135	4,665
Soil and water conservation:			
Salaries and employee benefits	63,750	63,748	2
Operating expenditures	23,650	12,607	11,043
Total	87,400	76,356	11,044
Watershed commission	30,000	13,549	16,451
Total environmental protection	1,101,578	1,033,337	68,241
Economic and physical development:			
Chamber of Commerce:			
McDowell	28,400	28,400	-
Old Fort	4,200	4,200	-
Total	32,600	32,600	-
Cooperative extension:			
Salaries and employee benefits	55,568	55,566	2
Operating expenditures	251,910	229,467	22,443
Capital expenditures	6,375	6,375	-
Total	313,853	291,409	22,444

MCDOWELL COUNTY, NORTH CAROLINA

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**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Isothermal planning commission:			
Isothermal operating expenditures	\$ 36,739	\$ 36,726	\$ 13
Total	<u>36,739</u>	<u>36,726</u>	<u>13</u>
 McDowell Economic Development Association:			
Operating expenditures	<u>153,500</u>	<u>153,500</u>	<u>-</u>
Total	<u>153,500</u>	<u>153,500</u>	<u>-</u>
 Economic and industrial development	<u>135,500</u>	<u>134,945</u>	<u>555</u>
 Tourism Development Authority	<u>1,182,900</u>	<u>1,113,342</u>	<u>69,558</u>
Total economic and physical development	<u>1,855,092</u>	<u>1,762,521</u>	<u>92,571</u>
 Human services:			
Health department	<u>547,500</u>	<u>547,500</u>	<u>-</u>
Mental health	<u>67,856</u>	<u>67,856</u>	<u>-</u>
 Juvenile Crime Prevention Council	<u>287,178</u>	<u>259,956</u>	<u>27,222</u>
 Social services:			
Administration:			
Salaries and employee benefits	6,693,815	6,689,438	4,377
Operating expenditures	2,261,368	1,582,522	678,846
Capital expenditures	<u>140,950</u>	<u>140,950</u>	<u>-</u>
Total	<u>9,096,133</u>	<u>8,412,910</u>	<u>683,223</u>
 Foster care	<u>1,395,000</u>	<u>1,341,590</u>	<u>53,410</u>
 Adoption assistance	<u>250,000</u>	<u>245,277</u>	<u>4,723</u>
 Crisis energy program	<u>205,942</u>	<u>164,590</u>	<u>41,352</u>
 TANF - county participation	<u>66,700</u>	<u>15,683</u>	<u>51,017</u>
 Medicaid - county participation	<u>2,000</u>	<u>189</u>	<u>1,811</u>

MCDOWELL COUNTY, NORTH CAROLINA

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**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Special assistance	\$ 385,000	\$ 340,328	\$ 44,672
Aid to blind	2,000	-	2,000
General assistance	7,500	5,947	1,553
Total social services	11,410,275	10,526,513	883,762
Senior Center:			
Salaries and employee benefits	709,746	709,710	36
Operating expenditures	655,445	448,159	207,286
Total	1,365,191	1,157,869	207,322
Juvenile placement:			
Operating expenditures	30,000	22,204	7,796
Total human services	13,708,000	12,581,898	1,126,102
Cultural and recreational:			
Recreation - operations:			
Salaries and employee benefits	479,098	478,220	878
Operating expenditures	241,401	205,500	35,901
Capital expenditures	142,316	142,316	-
Total	862,815	826,036	36,779
Recreation - programs	162,447	119,636	42,811
Library:			
Salaries and employee benefits	591,963	590,131	1,832
Operating expenditures	370,258	267,575	102,683
Capital expenditures	123,704	123,704	-
Total	1,085,925	981,410	104,515
Total cultural and recreational	2,111,187	1,927,083	184,104
Transit:			
Salaries and employee benefits	502,475	502,474	1
Operating expenditures	142,075	137,461	4,614
Capital expenditures	271,081	244,322	26,759
Total transit	915,631	884,257	31,374

MCDOWELL COUNTY, NORTH CAROLINA

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**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Miscellaneous:			
Carson House	\$ 30,000	\$ 30,000	\$ -
City of Marion hold harmless	33,000	33,000	-
Family services	25,900	25,900	-
MACA	18,500	18,500	-
Freedom Ministries	7,000	7,000	-
McDowell Mission	17,500	17,500	-
Health Coalition	10,000	10,000	-
Champion rent	21,118	21,117	1
July 4th - Marion and Old Fort	1,000	1,000	-
Other	576,001	534,448	41,553
Total miscellaneous	<u>740,019</u>	<u>698,465</u>	<u>41,554</u>
Education:			
Public schools:			
Current expense	9,573,000	9,553,134	19,866
Capital outlay	53,200	53,200	-
McDowell Technical College:			
Current expense	1,132,000	1,132,000	-
Capital outlay	173,000	173,000	-
Building payments	77,037	77,037	-
Total education	<u>11,008,237</u>	<u>10,988,371</u>	<u>19,866</u>
Debt service:			
Board of elections	36,221	36,221	-
Building inspections	16,087	12,803	3,284
Emergency management	11,808	11,808	-
Emergency medical services	335,860	335,333	527
Facility maintenance	20,270	20,269	1
Waste collections	88,627	86,434	2,193
Sheriff	191,408	190,546	862
DSS	64,995	52,157	12,838
Debt service fund	1,024,256	1,024,256	1
Other	24,841	24,839	2
Total debt service	<u>1,814,373</u>	<u>1,794,667</u>	<u>19,706</u>
Total expenditures	<u>56,098,865</u>	<u>53,096,181</u>	<u>3,002,684</u>
Revenue over (under) expenditures	<u>(405,504)</u>	<u>2,861,840</u>	<u>3,267,344</u>

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 2-1
Page 10 of 10****General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Financing Sources (Uses):			
Installment purchase obligations issued	\$ 951,210	\$ 951,209	\$ (1)
Transfers to:			
Special revenue fund	(1,769)	(1,768)	1
Capital project funds	(988,740)	(961,240)	27,500
Enterprise funds	(1,523,491)	(1,523,491)	-
Revaluation fund	(203,000)	(203,000)	-
Transfers from:			
Special revenue funds	444,000	441,461	(2,539)
Capital project funds	66,240	66,240	(0)
Enterprise funds	-	182,858	182,858
Lease liabilities issued	-	32,666	32,666
Fund balance appropriated	<u>1,661,054</u>	<u>-</u>	<u>(1,661,054)</u>
Total other financing sources (uses)	<u>405,504</u>	<u>(1,015,066)</u>	<u>(1,420,570)</u>
 Revenues and other financing sources over (under) expenditures and other financing uses	 <u>\$ -</u>	 1,846,774	 <u>\$ 1,846,774</u>
 Fund balances:			
Beginning of year		<u>16,598,892</u>	
End of year		<u>\$18,445,666</u>	

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

**Revaluation Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ -	\$ 207	\$ 207
Total revenues	-	207	207
Expenditures:			
General government:			
Contract services	203,000	103,200	99,800
Total expenditures	203,000	103,200	99,800
Revenues over (under) expenditures	(203,000)	(102,993)	100,007
Other Financing Sources (Uses):			
Transfer from General Fund	203,000	203,000	-
Total other financing sources (uses)	203,000	203,000	-
Revenues over (under) expenditures and other financing sources (uses)	\$ -	100,007	\$ 100,007
Fund balances:			
Beginning of year		23,855	
End of year		\$ 123,862	

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

COMBINING STATEMENTS FOR NON-MAJOR FUNDS

Special Revenue Funds:

- **Fire and Rescue Districts** - This fund accounts for the tax revenues collected by the County on behalf of the fire and rescue districts in the County.
- **Emergency Telephone System** - This fund accounts for the 911 revenues received by the State 911 Board to enhance the State's 911 system.
- **Coronavirus Relief Fund** - This fund accounts for grant revenues provided by the Federal Emergency Management Agency (FEMA) and N. C. Commerce for disaster relief during the Coronavirus Pandemic.
- **Opioid Prevention Fund** – This fund accounts for funds received as part of a nationwide settlement related to opioid lawsuits. The funds are intended for opioid prevention and abatement.
- **DSS Representative Payee Program** - This fund accounts for funds received under the Social Security Administration's Representative Payee Program.
- **Deed of Trust Fund** - This fund accounts for funds collected for the State of North Carolina based on Register of Deeds fees.
- **Fines and Forfeitures Fund** - This fund accounts for funds received from fines and forfeitures which are required by N. C. General Statute to be disbursed to the McDowell County Board of Education.

Debt Service Fund:

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

Capital Project Funds:

- **Stacy Hill Water Line Project** - The County uses this fund to account for expenditures related to the expansion of water to the Stacy Hill Road area of the water system in McDowell County, funded by the U. S. Environmental Protection Agency and debt issuance.
 - **Catawba River Greenway Phase III Project** - The County uses this fund to account for expenditures related to Phase III of the Catawba River Greenway Project, funded primarily by the N. C. Parks and Recreation Trust Fund, the N. C. Department of Environmental Quality Financial Assistance and local funds.
 - **Emergency Services Construction and Renovations Project** - The County uses this fund to account for expenditures related to the construction and renovation of a new emergency services headquarters, funded by an installment purchase obligation.
 - **North Main Street Renovations Project** - The County uses this fund to account for expenditures related to the renovation of the North Main Street Renovations Project, funded by a transfer of funds from the General Fund.
-

COMBINING STATEMENTS FOR NON-MAJOR FUNDS

Capital Project Funds:

- **Universal Industrial Park Project** - The County uses this fund to account for expenditures related to improvements to the Universal Industrial Park, funded by the Golden Leaf Foundation, Rural Economic Development.
 - **Catawba Falls Trail Improvements Project** - The County uses this fund to account for expenditures related to improvements for the Catawba Falls Trail, funded by the U. S. Department of Agriculture.
 - **Fonta Flora Trail Project** - The County uses this fund to account for expenditures related to the improvements of the Fonta Flora Trail, funded by the N. C. Department of Transportation.
 - **Toolcraft Phase II Building Reuse Project** - The County uses this fund to account for expenditures related to the renovations of the Toolcraft building, Phase II, funded by the N. C. Department of Commerce Building Reuse Program, along with Company contribution funds.
 - **Universal Water and Sewer Project** - The County uses this fund to account for expenditures related to water and sewer infrastructure improvements for the Universal Building, funded by Rural Economic Development.
 - **Shooting Range Project** - The County uses this fund to account for expenditures related to the construction of a public shooting range, funded by the U. S. Fish and Wildlife, along with a transfer of funds from the General Fund.
 - **Courthouse Renovation and Addition Project Fund** - The County uses this fund to account for expenditures related to the construction of an additional courtroom and other space, in addition to various improvements to the courthouse, funded mainly through the issuance of an installment purchase obligation.
 - **Nebo Water System Expansion Project** – The County uses this fund to account for expenditures related to the expansion of the Nebo Water System, funded by the Department of Environmental Quality, Division of Water Infrastructure.
 - **Triple Aught Building Reuse Project** – The County uses this fund to account for expenditures related to the renovations of the Triple Aught Building, funded by the N.C. Department of Commerce Building Reuse Program, along with company contribution funds.
 - **County Facilities Improvement Project** – The County uses this fund to account for expenditures related to improvements to County facilities, funded by State Capital Infrastructure funds.
 - **Recreation Improvement Fund** – The County uses this fund to account for expenditures related to improvements to the recreation department, funded by State Capital Infrastructure funds.
-

MCDOWELL COUNTY, NORTH CAROLINA

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**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2022**

	Special Revenue Funds							Total
<u>Assets</u>	<u>Fire and Rescue Districts</u>	<u>Emergency Telephone System</u>	<u>Coronavirus Relief Fund</u>	<u>Opioid Prevention Fund</u>	<u>DSS Representative Payee Fund</u>	<u>Deed of Trust Fund</u>	<u>Fines and Forfeitures Fund</u>	<u>Non-Major Special Revenue Funds</u>
Current assets:								
Cash and investments	\$ 12,397	\$ 300,126	\$ -	\$ -	\$ 59,044	\$ 605	\$ -	\$ 372,173
Restricted cash	-	-	-	145,492	-	-	-	145,492
Taxes receivable, net	35,712	-	-	-	-	-	-	35,712
Accounts receivable - other governments	46,109	30,354	41,748	-	-	-	21,810	140,022
Total assets	<u>\$ 94,218</u>	<u>\$ 330,480</u>	<u>\$ 41,748</u>	<u>\$ 145,492</u>	<u>\$ 59,044</u>	<u>\$ 605</u>	<u>\$ 21,810</u>	<u>\$ 693,399</u>
<u>Liabilities, Deferred Inflows, and Fund Balances</u>								
Liabilities:								
Accounts payable and accrued expenses	\$ 58,506	\$ 13,300	\$ 5,137	\$ -	\$ -	\$ -	\$ -	\$ 76,943
Due to other governments	-	-	-	-	-	605	21,810	22,415
Due to other funds	-	-	36,611	-	-	-	-	36,611
Unearned revenue	-	-	-	145,375	-	-	-	145,375
Total liabilities	<u>58,506</u>	<u>13,300</u>	<u>41,748</u>	<u>145,375</u>	<u>-</u>	<u>605</u>	<u>21,810</u>	<u>281,345</u>
Deferred inflows of resources	<u>35,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,712</u>
Fund balances:								
Restricted:								
Stabilization by State Statute	46,109	30,354	41,748	-	-	-	21,810	140,022
Public safety	-	286,826	-	-	-	-	-	286,826
Human services	-	-	-	117	59,044	-	-	59,161
Assigned:								
Debt service	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-	-
Unassigned	(46,109)	-	(41,748)	-	-	-	(21,810)	(109,667)
Total fund balances	<u>-</u>	<u>317,180</u>	<u>-</u>	<u>117</u>	<u>59,044</u>	<u>-</u>	<u>-</u>	<u>376,342</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 94,218</u>	<u>\$ 330,480</u>	<u>\$ 41,748</u>	<u>\$ 145,492</u>	<u>\$ 59,044</u>	<u>\$ 605</u>	<u>\$ 21,810</u>	<u>\$ 693,399</u>

MCDOWELL COUNTY, NORTH CAROLINA

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**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2022**

	Debt		Capital Project Funds			
	Service Fund		Stacy Hill	Catawba River	Emergency Services	North
	Debt	Water Line	Greenway	Phase III	Construction	Main Street
	Service	Project	Project	Project	and Renovation	Renovations
	Project	Project	Project	Project	Project	Project
Assets						
Current assets:						
Cash and investments	\$ 9	\$ 76,490	\$ 31,050	\$ 778,453	\$ 74,009	\$ -
Restricted cash	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-
Accounts receivable - other governments	-	909	-	-	-	7,863
Total assets	<u>\$ 9</u>	<u>\$ 77,399</u>	<u>\$ 31,050</u>	<u>\$ 778,453</u>	<u>\$ 74,009</u>	<u>\$ 7,863</u>
Liabilities, Deferred Inflows and Fund Balances						
Liabilities:						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 1,008	\$ -	\$ 6,000
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	1,863
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,008</u>	<u>-</u>	<u>7,863</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Restricted:						
Stabilization by State Statute	-	909	-	-	-	7,863
Public safety	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Assigned:						
Debt service	9	-	-	-	-	-
General government	-	76,490	-	777,445	74,009	-
Unassigned	-	-	31,050	-	-	(7,863)
Total fund balances	<u>9</u>	<u>77,399</u>	<u>31,050</u>	<u>777,445</u>	<u>74,009</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 9</u>	<u>\$ 77,399</u>	<u>\$ 31,050</u>	<u>\$ 778,453</u>	<u>\$ 74,009</u>	<u>\$ 7,863</u>

MCDOWELL COUNTY, NORTH CAROLINA

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**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2022**

	Capital Project Funds					
	Catawba Falls Trail Improvements Project	Fonta Flora Trail Project	Toolcraft Phase II Building Reuse Project	Universal Water/Sewer Project	Shooting Range Project	Courthouse Renovation and Addition Project
Assets						
Current assets:						
Cash and investments	\$ -	\$ 800,000	\$ -	\$ -	\$ -	\$ -
Restricted cash	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-
Accounts receivable - other governments	100,000	-	-	-	9,154	-
Total assets	<u>\$ 100,000</u>	<u>\$ 800,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,154</u>	<u>\$ -</u>
Liabilities, Deferred Inflows, and Fund Balances						
Liabilities:						
Accounts payable and accrued expenses	\$ -	\$ 4,090	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
Due to other funds	100,000	-	-	-	7,544	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>100,000</u>	<u>4,090</u>	<u>-</u>	<u>-</u>	<u>7,544</u>	<u>-</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Restricted:						
Stabilization by State Statute	100,000	-	-	-	9,154	-
Public safety	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Assigned:						
Debt service	-	-	-	-	-	-
General government	-	795,910	-	-	-	-
Unassigned	(100,000)	-	-	-	(7,544)	-
Total fund balances	<u>-</u>	<u>795,910</u>	<u>-</u>	<u>-</u>	<u>1,610</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 100,000</u>	<u>\$ 800,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,154</u>	<u>\$ -</u>

MCDOWELL COUNTY, NORTH CAROLINA

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**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2022**

	Capital Projects Fund				Total Non-Major Capital Project Funds	Total Non-Major Governmental Funds
<u>Assets</u>	<u>Nebo Water System Expansion Project</u>	<u>Triple Aught Building Reuse Project</u>	<u>County Facilities Improvement Project</u>	<u>Recreational Improvement Project</u>		
Current assets:						
Cash and investments	\$ -	\$ -	\$ 350,000	\$ 4,418,705	\$ 6,528,707	\$ 6,900,889
Restricted cash	-	-	-	-	-	145,492
Taxes receivable, net	-	-	-	-	-	35,712
Accounts receivable - other governments	129,422	-	-	-	247,348	387,370
Total assets	<u>\$ 129,422</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 4,418,705</u>	<u>\$ 6,776,055</u>	<u>\$ 7,469,463</u>
<u>Liabilities, Deferred Inflows, and Fund Balances</u>						
Liabilities:						
Accounts payable and accrued expenses	\$ 17,113	\$ -	\$ -	\$ -	\$ 28,211	\$ 105,154
Due to other governments	-	-	-	-	-	22,415
Due to other funds	112,310	-	-	-	221,717	258,328
Unearned revenue	-	-	350,000	4,418,705	4,768,705	4,914,080
Total liabilities	<u>129,422</u>	<u>-</u>	<u>350,000</u>	<u>4,418,705</u>	<u>5,018,633</u>	<u>5,299,977</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,712</u>
Fund balances:						
Restricted:						
Stabilization by State Statute	129,422	-	-	-	247,348	387,370
Public safety	-	-	-	-	-	286,826
Human services	-	-	-	-	-	59,161
Assigned:						
Debt service	-	-	-	-	-	9
General government	-	-	-	-	1,723,854	1,723,854
Unassigned	(129,422)	-	-	-	(213,779)	(323,446)
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,757,422</u>	<u>2,133,774</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 129,422</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 4,418,705</u>	<u>\$ 6,776,055</u>	<u>\$ 7,469,463</u>

MCDOWELL COUNTY, NORTH CAROLINA

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2022**

	Special Revenue Funds							Total Non-Major Special Revenue Funds
	Fire and Rescue Districts	Emergency Telephone System	Coronavirus Relief Fund	Opioid Prevention Fund	DSS Representative Payee Fund	Deed of Trust Fund	Fines and Forfeitures Fund	
Revenues:								
Ad valorem taxes:								
Fire and rescue district taxes	\$ 4,641,979	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,641,979
Restricted intergovernmental revenues	-	364,252	91,711	-	167,982	-	-	623,945
Permits and fees	-	-	-	-	-	7,281	-	7,281
Sales and service	-	-	-	-	-	-	382,367	382,367
Miscellaneous income	-	-	-	-	-	-	-	-
Investment earnings	-	502	-	117	-	-	-	619
Total revenues	<u>4,641,979</u>	<u>364,754</u>	<u>91,711</u>	<u>117</u>	<u>167,982</u>	<u>7,281</u>	<u>382,367</u>	<u>5,656,191</u>
Expenditures:								
General government	-	-	91,711	-	-	7,281	382,367	481,360
Economic and physical development	-	-	-	-	-	-	-	-
Public safety	4,641,979	276,672	-	-	-	-	-	4,918,651
Human services	-	-	-	-	164,494	-	-	164,494
Debt service	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>4,641,979</u>	<u>276,672</u>	<u>91,711</u>	<u>-</u>	<u>164,494</u>	<u>7,281</u>	<u>382,367</u>	<u>5,564,505</u>
Revenues over (under) expenditures	<u>-</u>	<u>88,083</u>	<u>-</u>	<u>117</u>	<u>3,488</u>	<u>-</u>	<u>-</u>	<u>91,686</u>
Other Financing Sources (Uses):								
Transfers to other funds	-	-	-	-	-	-	-	-
Transfers from other funds	-	1,767	-	-	-	-	-	1,767
Proceeds from loan	-	-	-	-	-	-	-	-
Reimbursement from loan	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,767</u>
Net change in fund balance	<u>-</u>	<u>89,849</u>	<u>-</u>	<u>117</u>	<u>3,488</u>	<u>-</u>	<u>-</u>	<u>93,453</u>
Fund balances - beginning	<u>-</u>	<u>227,331</u>	<u>-</u>	<u>-</u>	<u>55,556</u>	<u>-</u>	<u>-</u>	<u>282,887</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 317,180</u>	<u>\$ -</u>	<u>\$ 117</u>	<u>\$ 59,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,341</u>

MCDOWELL COUNTY, NORTH CAROLINA

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2022**

	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>				
	<u>Debt Service</u>	<u>Stacy Hill Water Line Project</u>	<u>Catawba River Greenway Phase III Project</u>	<u>Emergency Services Construction and Renovation Project</u>	<u>North Main Street Renovations Project</u>	<u>Universal Industrial Park Project</u>
Revenues:						
Ad valorem taxes:						
Fire and rescue district taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental revenues	40,013	-	-	-	-	7,863
Permits and fees	-	-	-	-	-	-
Sales and service	-	-	-	-	-	-
Miscellaneous income	-	909	-	-	-	-
Investment earnings	-	-	-	-	-	-
Total revenues	<u>40,013</u>	<u>909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,863</u>
Expenditures:						
General government	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Debt service	1,192,983	-	-	-	-	-
Capital outlay	-	115,500	-	2,559,819	1,841,953	7,863
Total expenditures	<u>1,192,982</u>	<u>115,500</u>	<u>-</u>	<u>2,559,819</u>	<u>1,841,953</u>	<u>7,863</u>
Revenues over (under) expenditures	<u>(1,152,969)</u>	<u>(114,591)</u>	<u>-</u>	<u>(2,559,819)</u>	<u>(1,841,953)</u>	<u>-</u>
Other Financing Sources (Uses):						
Transfers to other funds	-	-	-	-	-	-
Transfers from other funds	1,152,969	97,091	-	-	141,240	-
Proceeds from loan	-	-	-	-	-	-
Reimbursement from loan	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,152,969</u>	<u>97,091</u>	<u>-</u>	<u>-</u>	<u>141,240</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(17,500)</u>	<u>-</u>	<u>(2,559,819)</u>	<u>(1,700,713)</u>	<u>-</u>
Fund balances - beginning	9	94,899	31,050	3,337,264	1,774,721	-
Fund balances - ending	<u>\$ 9</u>	<u>\$ 77,399</u>	<u>\$ 31,050</u>	<u>\$ 777,445</u>	<u>\$ 74,009</u>	<u>\$ -</u>

MCDOWELL COUNTY, NORTH CAROLINA

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2022**

	Capital Project Funds					
	Catawba Falls Trail Improvements Project	Fonta Flora Trail Project	Toolcraft Phase II Building Reuse Project	Universal Water/Sewer Project	Shooting Range Project	Courthouse Renovation and Addition Project
Revenues:						
Ad valorem taxes:						
Fire and rescue district taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental revenues	-	-	6,498	-	1,522,377	-
Permits and fees	-	-	-	-	-	-
Sales and service	-	-	-	-	-	-
Miscellaneous income	-	-	6,498	-	-	-
Investment earnings	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>12,996</u>	<u>-</u>	<u>1,522,377</u>	<u>-</u>
Expenditures:						
General government	-	-	-	-	-	-
Economic and physical development	-	-	12,996	-	-	-
Public safety	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	4,090	-	-	1,690,828	-
Total expenditures	<u>-</u>	<u>4,090</u>	<u>12,996</u>	<u>-</u>	<u>1,690,828</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>(4,090)</u>	<u>-</u>	<u>-</u>	<u>(168,451)</u>	<u>-</u>
Other Financing Sources (Uses):						
Transfers to other funds	-	-	-	-	-	(66,240)
Transfers from other funds	-	800,000	-	-	20,000	-
Proceeds from loan	-	-	-	-	-	-
Reimbursement from loan	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>(66,240)</u>
Net change in fund balance	<u>-</u>	<u>795,910</u>	<u>-</u>	<u>-</u>	<u>(148,451)</u>	<u>(66,240)</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,061</u>	<u>66,240</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 795,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,610</u>	<u>\$ -</u>

MCDOWELL COUNTY, NORTH CAROLINA

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2022**

	Nebo Water System Expansion Project	Triple Aught Building Reuse Project	County Facilities Improvement Project	Recreational Improvement Project	Total Non-Major Capital Project Funds	Total Non-Major Governmental Funds
Revenues:						
Ad valorem taxes:						
Fire and rescue district taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,641,979
Restricted intergovernmental revenues	129,422	23,035	-	81,295	1,770,490	2,434,448
Permits and fees	-	-	-	-	-	7,281
Sales and service	-	-	-	-	-	382,367
Miscellaneous income	-	23,035	-	-	30,442	30,442
Investment earnings	-	-	-	-	-	619
Total revenues	<u>129,422</u>	<u>46,070</u>	<u>-</u>	<u>81,295</u>	<u>1,800,932</u>	<u>7,497,136</u>
Expenditures:						
General government	-	-	-	-	-	481,359
Economic and physical development	-	46,070	-	-	59,066	59,066
Public safety	-	-	-	-	-	4,918,651
Human services	-	-	-	-	-	164,494
Debt service	-	-	-	-	-	1,192,983
Capital outlay	129,422	-	-	81,295	6,430,770	6,430,770
Total expenditures	<u>129,422</u>	<u>46,070</u>	<u>-</u>	<u>81,295</u>	<u>6,489,836</u>	<u>13,247,323</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,688,904)</u>	<u>(5,750,187)</u>
Other Financing Sources (Uses):						
Transfers to other funds	-	-	-	-	(66,240)	(66,240)
Transfers from other funds	-	-	-	-	1,058,331	2,213,067
Proceeds from loan	-	-	-	-	-	-
Reimbursement from loan	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>992,091</u>	<u>2,146,827</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,696,813)</u>	<u>(3,603,358)</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,454,235</u>	<u>5,737,131</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,757,422</u>	<u>\$ 2,133,773</u>

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 3-1

Page 1 of 2

Fire and Rescue Districts Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022

Revenues:	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Ad valorem taxes:			
Fire districts:			
Ashford/North Cove	\$ 315,000	\$ 287,366	\$ (27,634)
Crooked Creek	280,000	257,988	(22,012)
Dysartsville	265,000	248,366	(16,634)
Glenwood	275,000	258,452	(16,548)
Nebo	420,000	399,707	(20,293)
Old Fort Area	230,000	209,274	(20,726)
Pleasant Gardens	330,000	293,001	(36,999)
Sugar Hill	255,000	230,163	(24,837)
Woodlawn/Sevier	205,000	176,173	(28,827)
Hankins/North Fork	180,000	150,430	(29,570)
Long Town District	75,000	59,790	(15,210)
Parkway/Woodlawn	55,000	36,340	(18,660)
Old Fort - Inside	105,000	86,095	(18,905)
Marion Area	505,000	490,121	(14,879)
Fire Commission	980,000	954,643	(25,357)
Apple Mountain	3,500	2,775	(725)
Rescue district:			
McDowell County Rescue	<u>535,000</u>	<u>501,296</u>	<u>(33,704)</u>
Total revenues	<u>5,013,500</u>	<u>4,641,979</u>	<u>(371,521)</u>

Expenditures:

Public safety:			
Fire district allocations:			
Ashford/North Cove	315,000	287,366	27,634
Crooked Creek	280,000	258,014	21,986
Dysartsville	265,000	248,393	16,607
Glenwood	275,000	258,446	16,554
Nebo	420,000	399,691	20,309
Old Fort Area	230,000	209,291	20,709
Pleasant Gardens	330,000	293,002	36,998
Sugar Hill	255,000	230,152	24,848
Woodlawn/Sevier	205,000	176,171	28,829
Hankins/North Fork	180,000	150,430	29,570

cont.

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 3-1, cont.

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Fire and Rescue Districts Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures (continued):			
Long Town	\$ 75,000	\$ 59,790	\$ 15,210
Parkway/Woodlawn	55,000	36,340	18,660
Old Fort - Inside	105,000	86,095	18,905
Marion Area	505,000	489,912	15,088
Fire Commission	980,000	954,814	25,186
Apple Mountain	3,500	2,775	725
Rescue district allocation:			
McDowell County Rescue	<u>535,000</u>	<u>501,296</u>	<u>33,704</u>
 Total expenditures	 <u>5,013,500</u>	 <u>4,641,979</u>	 <u>371,521</u>
 Revenues over (under) expenditures	 <u>\$ -</u>	 -	 <u>\$ -</u>
 Fund balance:			
Beginning of year		<u>-</u>	
 End of year		<u>\$ -</u>	

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 3-2****Emergency Telephone System Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental revenue	\$ 364,252	\$ 364,252	\$ -
Investment earnings	-	502	502
Total revenues	<u>364,252</u>	<u>364,754</u>	<u>502</u>
 Expenditures:			
Public safety:			
Furniture	6,500	6,305	195
Telephone equipment	11,220	-	11,220
Travel/training	20,000	19,146	854
Telephone	58,000	47,322	10,678
Software maintenance	95,000	55,184	39,816
Hardware maintenance	151,301	146,131	5,170
911 addressing	2,000	1,340	660
911 functions	22,000	1,245	20,755
Total expenditures	<u>366,021</u>	<u>276,672</u>	<u>89,349</u>
 Revenues over (under) expenditures	<u>(1,769)</u>	<u>88,082</u>	<u>89,851</u>
 Other Financing Sources (Uses):			
Transfer from general fund	<u>1,769</u>	<u>1,768</u>	<u>(1)</u>
Total other financing sources (uses)	<u>1,769</u>	<u>1,768</u>	<u>(1)</u>
 Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>89,850</u>	<u>\$ 89,850</u>
 Fund balance:			
Beginning of year		<u>227,331</u>	
 End of year		<u>\$ 317,180</u>	

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 3-3

**Coronavirus Relief Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental revenue:					
FEMA	\$ 2,000,000	\$ 829,390	\$ 91,711	\$ 921,102	\$ (1,078,898)
NC Commerce	1,882,495	1,829,554	-	1,829,554	(52,941)
Total revenues	<u>3,882,495</u>	<u>2,658,944</u>	<u>91,711</u>	<u>2,750,655</u>	<u>(1,131,840)</u>
Expenditures:					
Medical expenses	250,000	163,862	(12,121)	151,740	98,260
Public health expenses	450,000	149,283	(38,631)	110,651	339,349
Payroll expenses	2,511,871	1,867,012	142,464	2,009,476	502,395
Public health/meals	200,000	8,164	-	8,164	191,836
City of Marion	408,925	408,925	-	408,925	-
Town of Old Fort	61,699	61,699	-	61,699	-
Total expenditures	<u>3,882,495</u>	<u>2,658,944</u>	<u>91,711</u>	<u>2,750,655</u>	<u>1,131,840</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):					
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year			<u>-</u>		
End of year			<u>\$ -</u>		

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 3-4**

Opioid Prevention Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Investment earnings	-	-	117	117	117
Total revenues	-	-	117	117	117
Expenditures:					
Revenues over (under) expenditures	-	-	117	117	117
Other Financing Sources (Uses):					
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	117	<u>\$ 117</u>	<u>\$ 117</u>
Fund balance:					
Beginning of year			-		
End of year			<u>\$ 117</u>		

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 3-5****DSS Representative Payee Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental revenue	\$ 250,000	\$ 167,982	\$ (82,018)
Total revenues	<u>250,000</u>	<u>167,982</u>	<u>(82,018)</u>
Expenditures:			
Current:			
Human Services:			
Payments made for the benefit of beneficiaries	<u>250,000</u>	<u>164,494</u>	<u>85,506</u>
Total expenditures	<u>250,000</u>	<u>164,494</u>	<u>85,506</u>
Revenues over (under) expenditures	<u>-</u>	<u>3,489</u>	<u>3,489</u>
Other Financing Sources (Uses):			
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>3,489</u>	<u>\$ 3,489</u>
Fund balance:			
Beginning of year		<u>55,556</u>	
End of year		<u>\$ 59,044</u>	

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 3-6****Deed of Trust Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Permits and fees:			
Register of Deeds	\$ 10,000	\$ 7,281	\$ (2,719)
Total revenues	<u>10,000</u>	<u>7,281</u>	<u>(2,719)</u>
Expenditures:			
Current:			
General government:			
Payments of fees collected for the State of North Carolina	<u>10,000</u>	<u>7,281</u>	<u>2,719</u>
Total expenditures	<u>10,000</u>	<u>7,281</u>	<u>2,719</u>
Other Financing Sources (Uses):			
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance:			
Beginning of year		<u>-</u>	
End of year		<u>\$ -</u>	

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 3-7****Fines and Forfeitures Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Sales and services:			
Penalties, fines and forfeitures	\$ 500,000	\$ 382,367	\$ (117,633)
Total revenues	<u>500,000</u>	<u>382,367</u>	<u>(117,633)</u>
 Expenditures:			
Current:			
General government:			
Payments of penalties, fines and forfeitures to the McDowell County Board of Education	<u>500,000</u>	<u>382,367</u>	<u>117,633</u>
Total expenditures	<u>500,000</u>	<u>382,367</u>	<u>117,633</u>
 Other Financing Sources (Uses):			
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
 Fund balance:			
Beginning of year		<u>-</u>	
End of year		<u>\$ -</u>	

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 4****Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Restricted intergovernmental revenue	\$ 40,014	\$ 40,013	\$ -
Total revenues	<u>40,014</u>	<u>40,013</u>	<u>-</u>
Expenditures:			
Debt service	<u>1,193,085</u>	<u>1,192,983</u>	<u>102</u>
Total expenditures	<u>1,193,085</u>	<u>1,192,983</u>	<u>102</u>
Revenues over (under) expenditures	<u>(1,153,071)</u>	<u>(1,152,970)</u>	<u>102</u>
Other Financing Sources (Uses):			
Transfer from School Capital Projects Fund	<u>1,153,071</u>	<u>1,152,969</u>	<u>102</u>
Total other financing sources (uses)	<u>1,153,071</u>	<u>1,152,969</u>	<u>102</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance:			
Beginning of year		<u>9</u>	
End of year		<u>\$ 9</u>	

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 5-1

**School Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental:					
Public School Building Fund Needs Based	\$ 15,000,000	\$ 15,000,000	\$ -	\$ 15,000,000	\$ -
Local option sales tax	7,709,096	9,574,695	3,706,849	13,281,544	5,572,448
Investment earnings	2,000	220,903	13,544	234,447	232,447
Miscellaneous	-	615,920	116,256	732,176	732,176
Total revenues	<u>22,711,096</u>	<u>25,411,518</u>	<u>3,836,649</u>	<u>29,248,167</u>	<u>6,537,071</u>
Expenditures:					
Capital outlay:					
Old Fort Elementary	20,500,000	20,112,392	58,426	20,170,818	329,182
EMMS Boiler Replacement	188,331	-	169,498	169,498	18,833
HVAC heat pumps	423,794	379,097	-	379,097	44,697
Intercom/telephone	120,500	77,256	-	77,256	43,244
High school stadium lights	219,150	-	191,500	191,500	27,650
Shingle replacement	164,000	-	-	-	164,000
Paving replacement	125,000	-	-	-	125,000
Carpet replacement	40,000	-	4,556	4,556	35,444
W. Marion Septic	433,550	331,378	8,680	340,058	93,492
Nebo roof	294,800	-	286,823	286,823	7,977
Marion Elementary roofing	386,600	-	381,960	381,960	4,640
Paving GW, Nebo, EF and high school	1,877,855	-	-	-	1,877,855
High school concrete	211,615	-	-	-	211,615
Marion Grading	209,867	188,022	17,489	205,511	4,356
West Marion culvert	142,025	129,325	12,700	142,025	-
Accounting fee	37,292	-	37,292	37,292	-
Improvement	3,622	-	3,621	3,621	1
Total expenditures	<u>25,378,001</u>	<u>21,217,470</u>	<u>1,172,545</u>	<u>22,390,015</u>	<u>2,987,986</u>
Revenues over (under) expenditures	<u>(2,666,905)</u>	<u>4,194,048</u>	<u>2,664,105</u>	<u>6,858,152</u>	<u>9,525,057</u>
Other Financing Sources (Uses):					
Transfer to Debt Service Fund	(2,333,095)	(1,180,024)	(1,152,969)	(2,332,993)	102
Installment purchase obligations issued	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>	<u>-</u>
Total other financing sources (uses)	<u>2,666,905</u>	<u>3,819,976</u>	<u>(1,152,969)</u>	<u>2,667,007</u>	<u>102</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 8,014,024</u>	<u>1,511,135</u>	<u>\$ 9,525,159</u>	<u>\$ 9,525,159</u>
Fund balance:					
Beginning of year			<u>8,014,024</u>		
End of year			<u>\$ 9,525,159</u>		

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 5-2

Page 1 of 2

**American Rescue Act Grant Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022**

	<u>Project</u>		<u>Actual</u>		<u>Variance</u>
	<u>Authorization</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Positive</u>
		<u>Years</u>	<u>Year</u>	<u>Date</u>	<u>(Negative)</u>
Revenues:					
Restricted intergovernmental revenue:					
American Rescue Plan	\$ 8,887,567	\$ -	\$ 1,604,250	\$ 1,604,250	\$ (7,283,317)
Interest income	-	35	8,058	8,093	8,093
Total revenues	<u>8,887,567</u>	<u>35</u>	<u>1,612,308</u>	<u>1,612,343</u>	<u>(7,275,224)</u>
Expenditures:					
Unassigned American Rescue Plan	544,022	-	-	-	544,022
Public health vaccine incentive	165,000	-	164,000	164,000	1,000
Dedicated employee compensation	800,000	-	800,000	800,000	-
Premium pay surge	101,699	-	101,698	101,698	1
Total expenditures	<u>1,610,721</u>	<u>-</u>	<u>1,065,698</u>	<u>1,065,698</u>	<u>545,023</u>
Revenues over (under) expenditures	<u>7,276,846</u>	<u>35</u>	<u>546,609</u>	<u>546,644</u>	<u>(6,730,202)</u>
Other Financing Sources (Uses):					
Transfer to General Fund:					
General Government:					
Administration salaries	237,162	-	39,149	39,149	198,013
Human Resources salaries	144,684	-	22,026	22,026	122,658
Planning salaries	126,624	-	21,104	21,104	105,520
Finance salaries	380,024	-	59,098	59,098	320,926
Tag Office salaries	147,396	-	23,030	23,030	124,366
Tax Assessment salaries	322,590	-	51,277	51,277	271,313
Tax Collection salaries	213,828	-	33,485	33,485	180,344
Register of Deeds salaries	169,100	-	26,447	26,447	142,653
Facilities Maintenance salaries	468,718	-	75,939	75,939	392,779
Garage salaries	43,176	-	5,795	5,795	37,381
Building Inspections salaries	251,412	-	41,761	41,761	209,651
Recreation salaries	222,132	-	42,350	42,350	179,782
Public health building improvements	250,000	-	-	-	250,000
Negative Eco impacts Maple Leaf	100,000	-	-	-	100,000
Transfer to capital project funds:					
Infrastructure broadband	1,000,000	-	-	-	1,000,000
Infrastructure Nebo water expansion	3,000,000	-	-	-	3,000,000
Infrastructure Stacy Hill Connection	150,000	-	97,091	97,091	52,909
Infrastructure Homeowners water connect	50,000	-	-	-	50,000
Total other financing sources (uses)	<u>7,276,846</u>	<u>-</u>	<u>538,552</u>	<u>538,552</u>	<u>6,738,294</u>

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 5-2****Page 2 of 2****American Rescue Act Grant Project**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ 35	8,058	\$ 8,093	\$ 8,093
Fund balance:					
Beginning of year			35		
End of year			\$ 8,093		

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 5-3

**Stacy Hill Water Line Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental revenue:					
EPA	\$ 367,176	\$ 367,176	\$ -	\$ 367,176	\$ -
Sales tax reimbursement	-	20,890	909	21,799	21,799
Total revenues	<u>367,176</u>	<u>388,066</u>	<u>909</u>	<u>388,975</u>	<u>21,799</u>
Expenditures:					
Construction	1,226,020	1,222,116	-	1,222,116	3,904
ARPA Stacy Hill Crossing	104,000	-	98,000	98,000	6,000
Design	93,000	74,000	17,500	91,500	1,500
Construction administration	108,910	96,309	-	96,309	12,601
Bidding and awards	21,900	21,900	-	21,900	-
Total expenditures	<u>1,553,830</u>	<u>1,414,325</u>	<u>115,500</u>	<u>1,529,825</u>	<u>24,005</u>
Revenues over (under) expenditures	<u>(1,186,654)</u>	<u>(1,026,259)</u>	<u>(114,591)</u>	<u>(1,140,850)</u>	<u>45,804</u>
Other Financing Sources (Uses):					
Transfer from General Fund	632,654	671,157	-	671,157	38,503
Transfer from American Rescue Act Fund	104,000	-	97,091	97,091	(6,909)
Transfer from Water Fund	450,000	450,000	-	450,000	-
Total other financing sources (uses)	<u>1,186,654</u>	<u>1,121,157</u>	<u>97,091</u>	<u>1,218,248</u>	<u>31,594</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 94,899</u>	<u>(17,500)</u>	<u>\$ 77,399</u>	<u>\$ 77,399</u>
Fund balance:					
Beginning of year			<u>94,899</u>		
End of year			<u>\$ 77,399</u>		

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 5-4

**Catawba River Greenway Phase III Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental revenue:					
City of Marion	\$ 30,000	\$ 30,000	\$ -	\$ 30,000	\$ -
RTP Grant	20,000	15,750	-	15,750	(4,250)
PARTF grant	250,000	250,000	-	250,000	-
Division of Water Resources grant	500,000	487,036	-	487,036	(12,964)
Sales tax	-	3,486	-	3,486	3,486
Donations	23,172	23,172	-	23,172	-
Total revenues	<u>823,172</u>	<u>809,444</u>	<u>-</u>	<u>809,444</u>	<u>(13,728)</u>
Expenditures:					
Construction cost	789,007	788,465	-	788,465	542
Construction management	250,797	207,297	-	207,297	43,500
Grant writer	50,000	50,000	-	50,000	-
Planning/easements	2,000	1,264	-	1,264	736
Total expenditures	<u>1,091,804</u>	<u>1,047,026</u>	<u>-</u>	<u>1,047,026</u>	<u>44,778</u>
Revenues over (under) expenditures	<u>(268,632)</u>	<u>(237,582)</u>	<u>-</u>	<u>(237,582)</u>	<u>31,050</u>
Other Financing Sources (Uses):					
Transfer from General Fund	268,632	268,632	-	268,632	-
Total other financing sources (uses)	<u>268,632</u>	<u>268,632</u>	<u>-</u>	<u>268,632</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 31,050</u>	<u>-</u>	<u>\$ 31,050</u>	<u>\$ 31,050</u>
Fund balance:					
Beginning of year			<u>31,050</u>		
End of year			<u>\$ 31,050</u>		

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 5-5

**Emergency Services Construction and Renovations Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022**

	<u>Project</u>		<u>Actual</u>		<u>Variance</u>
	<u>Authorization</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Positive</u>
		<u>Years</u>	<u>Year</u>	<u>Date</u>	<u>(Negative)</u>
Expenditures:					
Construction	\$ 6,733,295	\$ 3,810,928	\$ 2,542,090	\$ 6,353,018	\$ 380,277
Architect/engineer	449,245	23,841	17,729	41,569	407,676
Legal	20,000	5,982	-	5,982	14,018
Contingency	321,760	-	-	-	321,760
Total expenditures	<u>7,524,300</u>	<u>3,840,751</u>	<u>2,559,819</u>	<u>6,400,570</u>	<u>1,123,730</u>
Revenues over (under) expenditures	<u>(7,524,300)</u>	<u>(3,840,751)</u>	<u>(2,559,819)</u>	<u>(6,400,570)</u>	<u>1,123,730</u>
Other Financing Sources (Uses):					
Installment purchase obligations issues	7,524,300	7,524,300	-	7,524,300	-
Reimbursement from loan	-	(346,285)	-	(346,285)	(346,285)
Total other financing sources (uses)	<u>7,524,300</u>	<u>7,178,015</u>	<u>-</u>	<u>7,178,015</u>	<u>(346,285)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 3,337,264</u>	<u>(2,559,819)</u>	<u>\$ 777,445</u>	<u>\$ 777,445</u>
Fund balance:					
Beginning of year			<u>3,337,264</u>		
End of year			<u>\$ 777,445</u>		

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

North Main Street Renovations Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022

	<u>Project</u>		<u>Actual</u>		<u>Variance</u>
	<u>Authorization</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Positive</u>
		<u>Years</u>	<u>Year</u>	<u>Date</u>	<u>(Negative)</u>
Expenditures:					
Renovations	\$ 1,821,240	\$ 64,192	\$ 1,756,794	\$ 1,820,986	\$ 254
Architect and engineering	140,082	128,349	9,141	137,490	2,592
Furniture and paving	153,000	5,820	76,018	81,838	71,162
Total expenditures	<u>2,114,322</u>	<u>198,361</u>	<u>1,841,953</u>	<u>2,040,314</u>	<u>74,008</u>
Revenues over (under) expenditures	<u>(2,114,322)</u>	<u>(198,361)</u>	<u>(1,841,953)</u>	<u>(2,040,314)</u>	<u>74,008</u>
Other Financing Sources (Uses):					
Transfer from General Fund	<u>2,114,322</u>	<u>1,973,082</u>	<u>141,240</u>	<u>2,114,322</u>	<u>-</u>
Total other financing sources (uses)	<u>2,114,322</u>	<u>1,973,082</u>	<u>141,240</u>	<u>2,114,322</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 1,774,721</u>	<u>(1,700,713)</u>	<u>\$ 74,008</u>	<u>\$ 74,008</u>
Fund balance:					
Beginning of year			<u>1,774,721</u>		
End of year			<u>\$ 74,009</u>		

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

Universal Industrial Park Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues:					
Golden Leaf Foundation:					
Rural Economic Development	\$ 952,000	\$ -	\$ 7,863	\$ 7,863	\$ (944,138)
Total revenues	<u>952,000</u>	<u>-</u>	<u>7,863</u>	<u>7,863</u>	<u>(944,138)</u>
Expenditures:					
Construction	832,000	-	-	-	832,000
Engineer/permit/construction administration	75,000	-	1,863	1,863	73,138
Preliminary study	<u>45,000</u>	<u>-</u>	<u>6,000</u>	<u>6,000</u>	<u>39,000</u>
Total expenditures	<u>952,000</u>	<u>-</u>	<u>7,863</u>	<u>7,863</u>	<u>944,138</u>
Revenues over (under) expenditures expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year			<u>-</u>		
End of year			<u>\$ -</u>		

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 5-8**

Catawba Falls Trail Improvements Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022

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

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 5-9

**Fonta Flora Trail Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental revenue:					
NC Department of Transportation	\$ 2,958,400	\$ -	\$ -	\$ -	\$ (2,958,400)
Total revenues	<u>2,958,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,958,400)</u>
Expenditures:					
Construction	3,063,000	-	-	-	3,063,000
Preliminary engineering	560,000	-	4,090	4,090	555,910
Right of Way	75,000	-	-	-	75,000
Contingency	60,400	-	-	-	60,400
Total expenditures	<u>3,758,400</u>	<u>-</u>	<u>4,090</u>	<u>4,090</u>	<u>3,754,310</u>
Revenues over (under) expenditures	<u>(800,000)</u>	<u>-</u>	<u>(4,090)</u>	<u>(4,090)</u>	<u>795,910</u>
Other Financing Sources (Uses):					
Transfer from General Fund	800,000	-	800,000	800,000	-
Total other financing sources (uses)	<u>800,000</u>	<u>-</u>	<u>800,000</u>	<u>800,000</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>795,910</u>	<u>\$ 795,910</u>	<u>\$ 795,910</u>
Fund balance:					
Beginning of year			-		
End of year			<u>\$ 795,910</u>		

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 5-10

**Toolcraft Phase II Building Reuse Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental revenue:					
NC Department of Commerce	\$ 35,000	\$ 28,502	\$ 6,498	\$ 35,000	\$ -
Toolcraft	30,000	23,502	6,498	30,000	-
Miscellaneous	5,000	5,000	-	5,000	-
Total revenues	<u>70,000</u>	<u>57,004</u>	<u>12,996</u>	<u>70,000</u>	<u>-</u>
Expenditures:					
Building renovations	<u>70,000</u>	<u>57,004</u>	<u>12,996</u>	<u>70,000</u>	<u>-</u>
Total expenditures	<u>70,000</u>	<u>57,004</u>	<u>12,996</u>	<u>70,000</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year			<u>-</u>		
End of year			<u>\$ -</u>		

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 5-11

**Universal Water and Sewer Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022**

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

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 5-12

**Shooting Range Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental revenue:					
US Fish and Wildlife	\$ 2,450,000	\$ 899,453	\$ 1,516,057	\$ 2,415,510	\$ (34,490)
Sales tax	2,546	3,731	6,321	10,051	7,505
Total revenues	<u>2,452,546</u>	<u>903,184</u>	<u>1,522,377</u>	<u>2,425,561</u>	<u>(26,985)</u>
Expenditures:					
Construction	2,639,220	944,198	1,689,219	2,633,417	5,803
Architect/engineering	23,326	23,326	-	23,326	-
Testing	60,000	35,599	1,609	37,208	22,792
Total expenditures	<u>2,722,546</u>	<u>1,003,123</u>	<u>1,690,828</u>	<u>2,693,951</u>	<u>28,595</u>
Revenues over (under) expenditures	(270,000)	(99,939)	(168,451)	(268,390)	1,611
Other Financing Sources (Uses):					
Transfer from General Fund	<u>270,000</u>	<u>250,000</u>	<u>20,000</u>	<u>270,000</u>	<u>-</u>
Total other financing sources (uses)	<u>270,000</u>	<u>250,000</u>	<u>20,000</u>	<u>270,000</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 150,061</u>	<u>(148,451)</u>	<u>\$ 1,610</u>	<u>\$ 1,610</u>
Fund balance:					
Beginning of year			<u>150,061</u>		
End of year			<u>\$ 1,610</u>		

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 5-13

**Courthouse Renovation and Addition Capital Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental:					
Sales tax	\$ 103,456	\$ 103,455	\$ -	\$ 103,455	\$ -
Expenditures:					
Capital outlay:					
Courtroom addition	8,286,843	8,286,843	-	8,286,843	-
Engineering/architect	589,484	589,484	-	589,484	-
Legal	17,615	17,615	-	17,615	-
Furniture	146,039	146,039	-	146,039	-
Total expenditures	9,039,981	9,039,981	-	9,039,981	-
Revenues over (under) expenditures	(8,936,525)	(8,936,526)	-	(8,936,526)	-
Other Financing Sources (Uses):					
Transfer from General Fund	3,348,765	3,348,765	-	3,348,765	-
Transfer to General Fund	(66,240)	-	(66,240)	(66,240)	-
Installment purchase obligations issued	5,654,000	5,654,000	-	5,654,000	-
Total other financing sources (uses)	8,936,525	9,002,765	(66,240)	8,936,525	-
Revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ 66,240	(66,240)	\$ -	\$ -
Fund balance:					
Beginning of year			66,240		
End of year			\$ -		

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 5-14

**Nebo Water System Expansion Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental revenue:					
DEQ-Division of Water Infrastructure	\$ 11,000,000	\$ -	\$ 129,422	\$ 129,422	\$(10,870,578)
Total revenues	<u>11,000,000</u>	<u>-</u>	<u>129,422</u>	<u>129,422</u>	<u>(10,870,578)</u>
Expenditures:					
Construction	10,820,000	-	-	-	10,820,000
Design	<u>180,000</u>	<u>-</u>	<u>129,422</u>	<u>129,422</u>	<u>50,578</u>
Total expenditures	<u>11,000,000</u>	<u>-</u>	<u>129,422</u>	<u>129,422</u>	<u>10,870,578</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Beginning of year			<u>-</u>		
End of year			<u>\$ -</u>		

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 5-15**

Triple Aught Building Reuse Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022

	<u>Project</u>		<u>Actual</u>		<u>Variance</u>
	<u>Authorization</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Positive</u>
		<u>Years</u>	<u>Year</u>	<u>Date</u>	<u>(Negative)</u>
Revenues:					
Restricted intergovernmental revenue:					
NC Department of Commerce	\$ 140,000	\$ -	\$ 23,035	\$ 23,035	\$ (116,965)
Triple Aught	133,000	-	16,035	16,035	(116,965)
Miscellaneous	7,000	-	7,000	7,000	-
Total revenues	<u>280,000</u>	<u>-</u>	<u>46,070</u>	<u>46,070</u>	<u>(233,930)</u>
Expenditures:					
Building reuse	<u>280,000</u>	<u>-</u>	<u>46,070</u>	<u>46,070</u>	<u>233,930</u>
Total expenditures	<u>280,000</u>	<u>-</u>	<u>46,070</u>	<u>46,070</u>	<u>233,930</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year			<u>-</u>		
End of year			<u>\$ -</u>		

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 5-16**

County Facilities Improvement Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022

	<u>Project</u>		<u>Actual</u>		<u>Variance</u>
	<u>Authorization</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Positive</u>
		<u>Years</u>	<u>Year</u>	<u>Date</u>	<u>(Negative)</u>
Revenues:					
Restricted intergovernmental revenue:					
State capital infrastructure	350,000	-	-	-	(350,000)
Total revenues	350,000	-	-	-	(350,000)
Expenditures:					
Service and contracts	350,000	-	-	-	350,000
Total expenditures	350,000	-	-	-	350,000
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year			-		
End of year			<u>\$ -</u>		

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 5-17

Recreation Improvement Project
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues:					
Restricted intergovernmental revenue:					
State capital infrastructure	4,500,000	-	81,295	81,295	(4,418,705)
Total revenues	4,500,000	-	81,295	81,295	(4,418,705)
Expenditures:					
Service and contracts	4,500,000	-	81,295	81,295	4,418,705
Total expenditures	4,500,000	-	81,295	81,295	4,418,705
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year			-		
End of year			<u>\$ -</u>		

BUSINESS - TYPE ACTIVITIES

ENTERPRISE FUNDS

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

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

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

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

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

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 6-1
Page 1 of 2****Waste Disposal Fund - Enterprise Fund
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services:			
Tipping fees	\$ 1,590,000	\$ 1,514,573	\$ (75,427)
Recycling revenue	152,601	170,146	17,545
Solid waste disposal	30,000	36,113	6,113
Other operating revenue	33,000	28,204	(4,796)
Total operating revenues	<u>1,805,601</u>	<u>1,749,036</u>	<u>(56,565)</u>
Nonoperating revenues:			
Recycling grant	27,493	15,000	(12,493)
Investment earnings	250	502	252
Total nonoperating revenues	<u>27,743</u>	<u>15,502</u>	<u>(12,241)</u>
Total revenues	<u>1,833,344</u>	<u>1,764,538</u>	<u>(68,806)</u>
Expenditures:			
Facility operations:			
Salaries and employee benefits	276,668	276,650	18
Operating expenses	2,876,984	2,836,778	40,206
Capital outlay	16,200	16,200	-
Total operating expenditures	<u>3,169,852</u>	<u>3,129,628</u>	<u>40,224</u>
Debt service:			
Interest	2,264	2,263	1
Principal	69,679	69,672	7
Total debt service expenditures	<u>71,943</u>	<u>71,935</u>	<u>8</u>
Total expenditures	<u>3,241,795</u>	<u>3,201,563</u>	<u>40,232</u>
Revenues over (under) expenditures	<u>(1,408,451)</u>	<u>(1,437,025)</u>	<u>(28,574)</u>
Other Financing Sources (Uses):			
Transfer from General Fund	<u>1,408,451</u>	<u>1,408,451</u>	<u>-</u>
Total other financing sources (uses)	<u>1,408,451</u>	<u>1,408,451</u>	<u>-</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ -</u>	<u>\$ (28,574)</u>	<u>\$ (28,574)</u>

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

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 6-1, cont.****Page 2 of 2****Waste Disposal Fund - Enterprise Fund**
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
Revenues and other financing sources (uses) over expenditures		\$ (28,574)	
Depreciation		(61,685)	
Capital expenditures		16,200	
Debt service principal		69,672	
Increase (decrease) in deferred outflows of resources - pensions		16,042	
Increase (decrease) in deferred outflows of resources - OPEB		16,474	
(Increase) decrease in accrued vacation		9,574	
(Increase) decrease in net pension liability		76,166	
(Increase) decrease in net OPEB liability		(33,999)	
(Increase) decrease in deferred inflows of resources - pensions		(83,438)	
(Increase) decrease in deferred inflows of resources - OPEB		946	
Change in net position (GAAP)		<u>\$ (2,623)</u>	

MCDOWELL COUNTY, NORTH CAROLINA

**Schedule 6-2
Page 1 of 2**

**Water Fund - Enterprise Fund
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services:			
Water sales	\$ 148,000	\$ 166,203	\$ 18,203
Tap fees	3,550	7,040	3,490
Miscellaneous	1,500	2,435	935
Total operating revenues	<u>153,050</u>	<u>175,678</u>	<u>22,628</u>
Nonoperating revenues:			
Investment earnings	-	405	405
Total nonoperating revenues	<u>-</u>	<u>405</u>	<u>405</u>
Total revenues	<u>153,050</u>	<u>176,083</u>	<u>23,033</u>
Expenditures:			
Operating:			
Water purchase	75,000	67,799	7,202
Supplies	1,850	327	1,523
Lake James Intake	3,150	-	3,150
Maintenance and equipment	73,050	66,877	6,173
Total operating expenditures	<u>153,050</u>	<u>135,001</u>	<u>18,049</u>
Debt service:			
Interest	5,926	2,336	3,590
Debt principal	109,114	112,500	(3,386)
Total debt service expenditures	<u>115,040</u>	<u>114,836</u>	<u>204</u>
Total expenditures	<u>268,090</u>	<u>249,837</u>	<u>18,253</u>
Revenues over (under) expenditures	<u>(115,040)</u>	<u>(73,754)</u>	<u>41,286</u>
Other Financing Sources (Uses):			
Transfer from General Fund	115,040	115,040	-
Total other financing sources (uses)	<u>115,040</u>	<u>115,040</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 41,286</u>	<u>\$ 41,286</u>

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

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 6-2
Page 2 of 2****Water Fund - Enterprise Fund
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
Revenues and other financing sources (uses) over expenditures		\$ 41,286	
Depreciation		(145,140)	
Capital expenditures		20,550	
Debt service principal		112,500	
Change in net position (GAAP)		<u>\$ 29,196</u>	

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 6-3

**Universal Fund - Enterprise Fund
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Lease revenue	\$ 546,887	\$ 274,888	\$ (271,999)
Total operating revenues	<u>546,887</u>	<u>274,888</u>	<u>(271,999)</u>
Nonoperating revenues:			
Investment earnings	<u>200</u>	<u>46,105</u>	<u>45,905</u>
Total nonoperating revenues	<u>200</u>	<u>46,105</u>	<u>45,905</u>
Total revenues	<u>547,087</u>	<u>320,994</u>	<u>(226,093)</u>
Expenditures:			
Operating:			
Utilities	40,000	36,871	3,128
Building improvements and supplies	78,269	29,798	48,471
Contract services	57,000	53,355	3,645
Capital outlay	<u>126,412</u>	<u>35,175</u>	<u>91,237</u>
Total operating expenditures	<u>301,681</u>	<u>155,199</u>	<u>146,482</u>
Debt service:			
Interest	55,263	46,789	8,474
Debt principal	<u>190,143</u>	<u>196,667</u>	<u>(6,524)</u>
Total debt service expenditures	<u>245,406</u>	<u>243,456</u>	<u>1,950</u>
Total expenditures	<u>547,087</u>	<u>398,654</u>	<u>148,432</u>
Revenues over (under) expenditures	<u>-</u>	<u>(77,661)</u>	<u>(77,661)</u>
Other Financing Sources (Uses):			
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ (77,661)</u>	<u>\$ (77,661)</u>
Note: Prepared on the budgetary basis which is modified accrual.			
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
Revenues and other financing sources (uses) over expenditures		\$ (77,661)	
Depreciation		(310,965)	
Capital expenditures		35,175	
Debt service principal		<u>196,667</u>	
Change in net position (GAAP)		<u>\$ (156,784)</u>	

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 6-4

**Transportation Fund - Enterprise Fund
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Restricted intergovernmental revenues:			
Charges for services:			
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>
Nonoperating revenues:			
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Operating:			
Operating expenses	<u>144,498</u>	<u>-</u>	<u>144,498</u>
Total operating expenditures	<u>144,498</u>	<u>-</u>	<u>144,498</u>
Revenues over (under) expenditures	<u>(144,498)</u>	<u>-</u>	<u>144,498</u>
Other Financing Sources (Uses):			
Transfer to General Fund	(182,859)	(182,858)	1
Fund balance appropriated	<u>327,357</u>	<u>-</u>	<u>(327,357)</u>
Total other financing sources (uses)	<u>144,498</u>	<u>(182,858)</u>	<u>(327,356)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ (182,858)</u>	<u>\$ (182,858)</u>

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

Reconciliation of Modified Accrual Basis to Full Accrual Basis:

Revenues and other financing sources (uses) over expenditures	\$ (182,858)
Gain (loss) on disposal of assets	<u>(144,498)</u>
Change in net position (GAAP)	<u>\$ (327,356)</u>

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 6-5****Internal Service Fund - Self-Insurance Fund**
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenue:			
Charges for services:			
Employee contributions	\$ 547,833	\$ 547,833	\$ -
Employer contributions	5,128,302	5,128,302	-
Stop loss	1,465,100	1,468,628	3,528
Cobra payments	18,527	19,480	953
Prescription refund	70,000	86,160	16,160
Total revenues	<u>7,229,762</u>	<u>7,250,403</u>	<u>20,641</u>
Expenditures:			
Employee benefits:			
Claims	6,382,891	5,935,874	447,017
Life insurance	20,871	20,870	1
Fees	1,026,000	1,014,611	11,389
Total expenditures	<u>7,429,762</u>	<u>6,971,356</u>	<u>458,406</u>
Revenues over (under) expenditures	<u>(200,000)</u>	<u>279,047</u>	<u>479,047</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Total other financing sources (uses)	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 279,047</u>	<u>\$ 279,047</u>

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

COMBINING FIDUCIARY FUND STATEMENTS - CUSTODIAL ACCOUNTS

Custodial Funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others.

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 7-1

**Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2022**

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Pay Fund</u>	<u>Sales and Use Tax Fund</u>	<u>Rescue Squad and DMV Billing Fund</u>	<u>Sherriff's Investigative Fund</u>	<u>Deposit and Custodial Trust Fund</u>	<u>Total Custodial Funds</u>
<u>Assets</u>							
Cash and cash equivalents	\$ 13	\$ 26,538	\$ -	\$ 1,780	\$ 91,168	\$ 62,755	\$ 182,254
Taxes receivable for other governments, net	27,333	-	-	-	-	-	27,333
Sales and use tax receivable for other governments	-	-	371,610	-	-	-	371,610
Total assets	<u>27,346</u>	<u>26,538</u>	<u>371,610</u>	<u>1,780</u>	<u>91,168</u>	<u>62,755</u>	<u>581,196</u>
<u>Liabilities and Net Position</u>							
Liabilities:							
Accounts payable and other liabilities	-	-	-	-	-	3,822	3,822
Due to other governments	<u>27,346</u>	<u>-</u>	<u>371,610</u>	<u>1,440</u>	<u>-</u>	<u>-</u>	<u>400,395</u>
Total liabilities	<u>27,346</u>	<u>-</u>	<u>371,610</u>	<u>1,440</u>	<u>-</u>	<u>3,822</u>	<u>404,217</u>
<u>Net Position</u>							
Restricted for:							
Individuals, organizations, and other governments	<u>\$ -</u>	<u>\$ 26,538</u>	<u>\$ -</u>	<u>\$ 340</u>	<u>\$ 91,168</u>	<u>\$ 58,933</u>	<u>\$ 176,979</u>

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

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 7-2

**Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
June 30, 2022**

	Municipal Tax Fund	Jail Inmate Pay Fund	Sales and Use Tax Fund	Rescue Squad and DMV Billing Fund	Sherriff's Investigative Fund	Deposit and Custodial Trust Fund	Total Custodial Funds
<u>Additions</u>							
Ad valorem taxes for other governments	\$ 311,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 311,799
Collection on behalf of inmates	-	396,972	-	-	-	-	396,972
Sales and use taxes for other governments	-	-	1,370,057	-	-	-	1,370,057
Billing and collections for other governments	-	-	-	4,816,844	-	-	4,816,844
Collection of confiscated funds	-	-	-	-	47,026	-	47,026
Receipt of assets that will be held in a custodial capacity for others	-	-	-	-	-	35,309	35,309
Total additions	<u>311,799</u>	<u>396,972</u>	<u>1,370,057</u>	<u>4,816,844</u>	<u>47,026</u>	<u>35,309</u>	<u>6,978,007</u>
<u>Deductions</u>							
Tax distributions to other governments	311,799	-	-	-	-	-	311,799
Payments on behalf of inmates	-	387,053	-	-	-	-	387,053
Payments of sales and use tax to other governments	-	-	1,372,116	-	-	-	1,372,116
Payments of billing and collections to other governments	-	-	-	4,816,844	-	-	4,816,844
Payment of bond deposits to developers	-	-	-	-	-	-	-
Payment of confiscated funds	-	-	-	-	17,256	-	17,256
Payments in accordance with custodial agreements	-	-	-	-	-	36,951	36,951
Total deductions	<u>311,799</u>	<u>387,053</u>	<u>1,372,116</u>	<u>4,816,844</u>	<u>17,256</u>	<u>36,951</u>	<u>6,942,019</u>
Net increase (decrease) in fiduciary net position	-	9,919	(2,059)	-	29,770	(1,642)	35,989
Net position, beginning	-	16,619	2,059	340	61,397	60,575	140,990
Net position, ending	<u>\$ -</u>	<u>\$ 26,538</u>	<u>\$ -</u>	<u>\$ 340</u>	<u>\$ 91,167</u>	<u>\$ 58,933</u>	<u>\$ 176,979</u>

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

OTHER SCHEDULES

- **This section contains additional information required on property taxes.**
 - **Schedule of Ad Valorem Taxes Receivable**
 - **Analysis of Current Tax Levy**
 - **County-wide Levy**
 - **County-wide Levy Secondary Market Disclosures**
 - **Ten Largest Taxpayers**
-

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 8-1****Schedule of Ad Valorem Taxes Receivable
June 30, 2022**

<u>Year of Levy</u>	<u>Uncollected Balance July 1, 2021</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2021	\$ -	\$ 27,543,419	\$ 27,422,252	\$ 121,167
2020	135,156	-	72,906	62,250
2019	86,129	-	39,045	47,084
2018	51,619	-	19,536	32,083
2017	38,341	-	12,732	25,609
2016	28,631	-	7,010	21,621
2015	23,464	-	4,832	18,632
2014	23,670	-	5,403	18,267
2013	40,875	-	4,676	36,199
2012	48,259	-	3,333	44,926
2011	43,604	-	43,604	-
Total	<u>\$ 519,748</u>	<u>\$ 27,543,419</u>	<u>\$ 27,635,329</u>	427,838
Less allowance for uncollectible ad valorem taxes receivable				<u>(215,365)</u>
Ad valorem taxes receivable - net				<u>\$ 212,473</u>
Reconciliation with revenues:				
Taxes - ad valorem:				
General Fund				\$ 27,525,961
Amount written off per statute of limitations				40,461
Discounts				156,468
Releases - prior year's taxes				4,605
Other adjustments				<u>22,601</u>
Subtotal				27,750,096
Less interest collected (not charged to receivable)				<u>(114,768)</u>
Total				<u>\$ 27,635,328</u>

MCDOWELL COUNTY, NORTH CAROLINA

Schedule 8-2

**Analysis of Current Tax Levy
County - Wide Levy
For the Year Ended June 30, 2022**

	<u>County Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy:					
Property taxes at current year rate	\$4,461,884,738	0.577	\$ 25,767,384	\$ 22,997,945	\$ 2,769,439
Penalties	-		16,602	16,602	-
Total	<u>4,461,884,738</u>		<u>25,783,986</u>	<u>23,014,547</u>	<u>2,769,439</u>
Discoveries:					
Current year taxes	297,917,232	0.577	1,720,472	1,720,472	-
Prior year taxes	7,952,564	0.587	46,721	46,721	-
Prior year taxes	1,813,592	0.55	9,975	9,975	-
Penalties	-		3,859	3,859	-
Total	<u>307,683,388</u>		<u>1,781,027</u>	<u>1,781,027</u>	<u>-</u>
Abatements	<u>(3,739,183)</u>		<u>(21,594)</u>	<u>(21,594)</u>	<u>-</u>
Total property valuation	<u>\$4,765,828,943</u>				
Net levy			27,543,419	24,773,980	2,769,439
Uncollected taxes at June 30, 2022			<u>121,167</u>	<u>119,440</u>	<u>1,727</u>
Current year's tax collected			<u>\$ 27,422,252</u>	<u>\$ 24,654,540</u>	<u>\$ 2,767,712</u>
Current levy collection percentage			<u>99.56%</u>	<u>99.52%</u>	<u>99.94%</u>

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 8-3****Analysis of Current Tax Levy
County - Wide Levy
For the Year Ended June 30, 2022**

Secondary Market Disclosures**Assessed Valuation:**

1 Assessment Ratio	100%
Real Property	\$ 3,376,964,788
Personal Property	1,093,665,873
2 Public Service Companies	295,198,282
Total Assessed Valuation	<u>\$ 4,765,828,943</u>
Tax Rate per \$100	0.5775
3 Levy (includes discoveries, releases and abatements)	<u>\$ 27,543,419</u>

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

Fire Protection Districts	<u>\$ 4,635,396</u>
---------------------------	---------------------

1 Percentage of appraised value has been established by Statute.

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

3 The levy includes interest and penalties.

MCDOWELL COUNTY, NORTH CAROLINA**Schedule 8-4****Ten Largest Taxpayers
For the Year Ended June 30, 2022**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Baxter Healthcare	IV Solution	\$ 346,782,740	7.28%
Duke Energy	Utility	257,628,687	5.41%
CSX	Railroad	60,541,968	1.27%
Auria	Manufacturing	51,434,451	1.08%
Mission McDowell / HCA Hospital	Medical	42,833,575	0.90%
Public Service Co. of NC, Inc.	Utility	41,190,497	0.86%
Rutherford EMC	Utility	37,968,849	0.80%
Baldor/ABB Motors & Mechanical	Manufacturing	28,676,847	0.60%
Coats America Thread Company	Manufacturing	20,109,352	0.42%
Columbia Carolina	Manufacturing	19,032,608	0.40%
		<u>\$ 906,199,574</u>	<u>19.02%</u>

COMPLIANCE SECTION

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

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

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

Schedule of Findings and Responses

Corrective Action Plan

Schedule of Prior Audit Findings

Schedule of Expenditures of Federal and State Awards

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

To the Board of Commissioner of
McDowell County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of McDowell County, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise McDowell County, North Carolina's basic financial statements, and have issued our report thereon dated December 16, 2022. Our report includes a reference to other auditors who audited the financial statements of McDowell County Tourism Development Authority as described in our report on the McDowell County, North Carolina's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the McDowell County Tourism Development Authority were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with McDowell County Tourism Development Authority or that are reported on separately by those auditors who audited the financial statements of McDowell County Tourism Development Authority.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Morganton, North Carolina
December 16, 2022

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

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

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

To the Board of Commissioners of
McDowell County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited McDowell County, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the Audit Manual for Governmental Auditors in North Carolina issued by the Local Government Commission, that could have a direct and material effect on each of McDowell County, North Carolina's major federal programs for the year ended June 30, 2022. McDowell County, North Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and responses.

In our opinion, McDowell County, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of McDowell County, North Carolina and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of McDowell County, North Carolina's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to McDowell County, North Carolina's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on McDowell County, North Carolina's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about McDowell County, North Carolina's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding McDowell County, North Carolina's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of McDowell County, North Carolina's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 McDowell County, North Carolina's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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

Morganton, North Carolina
December 16, 2022

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

To the Board of Commissioners of
McDowell County, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited McDowell County, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of McDowell County, North Carolina's major State programs for the year ended June 30, 2022. McDowell County, North Carolina's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and responses.

In our opinion, McDowell County, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of McDowell County, North Carolina and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of McDowell County, North Carolina's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to McDowell County, North Carolina's State programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on McDowell County, North Carolina's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about McDowell County, North Carolina's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding McDowell County, North Carolina's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of McDowell County, North Carolina's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 McDowell County, North Carolina's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Low Smith Champ & Co., L.L.P.

Morganton, North Carolina
December 16, 2022

**Schedule of Findings and Responses
For the Year Ended June 30, 2022**

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

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ none reported

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ yes ☒ none reported

Identification of Major Federal Programs:

<u>CFDA#</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery
93.778	Medical Assistance Program (Title XIX - Medicaid) Cluster
93.568	Low Income Home Energy Assistance

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

\$750,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no
cont.

**Schedule of Findings and Responses
For the Year Ended June 30, 2022**

State Awards

Internal control over major State programs:

- Material weakness(es) identified? _____ yes _____ X no
- Significant deficiency(ies) identified? _____ yes _____ X none reported

Type of auditors' report issued on compliance
for major State programs:

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with the State
Single Audit Implementation Act?_____ yes _____ X no**Identification of Major State programs:**Program Name

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

Building Reuse

One N.C. Fund

State Capital Infrastructure Fund (SCIF)

Soil Conservation

ROAP/State Maintenance Assistance For Urban and Small Urban Program (SMAP) – N.C. DOT Cluster

cont.

**Schedule of Findings and Responses
For the Year Ended June 30, 2022**

Section II. Financial Statement Findings

None reported

Section III. Federal Award Findings and Responses

None reported.

Section IV. State Award Findings and Responses

None reported.

Tony G. Brown, Chairman
David Walker, Vice Chairman
Brenda Vaughn, Commissioner
Chris Allison, Commissioner
Patrick Ellis, Commissioner



Ashley Wooten, County Manager
Cheryl L. Mitchell, Clerk to the Board
Donald Fred Coats, County Attorney

McDowell County

Corrective Action Plan For the Year Ended June 30, 2022

Section V. Financial Statement Findings

None reported.

Section VI. Federal Award Findings and Responses

None reported.

Section VII. State Award Findings and Responses

None reported.

MCDOWELL COUNTY, NORTH CAROLINA

**Schedule of Prior Audit Findings
For the Year Ended June 30, 2022**

None

**Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022**

Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass- Through) Expenditures	State Expenditures	Pass- through to Subrecipient
Federal Awards:					
U.S. Department of Agriculture:					
Passed through the N.C. Department of Health and Human Services, Division of Social Services:					
SNAP Cluster:					
Food and Nutrition Services Program	10.561		\$ 574,602	\$ -	\$ -
Total U.S. Department of Agriculture			<u>574,602</u>	<u>-</u>	<u>-</u>
U.S. Department of the Treasury:					
Passed through the N.C. Department of Environmental Quality:					
State Fiscal Recovery Funds	21.027		128,897	-	-
Passed through the Universal Services Administrative Co.					
American Rescue Plan					
Emergency Connectivity Fund (ECF) Program	32.009		5,700	-	-
Passed through the N.C. Office of the State Budget and Management:					
North Carolina Pandemic Recovery Office					
Coronavirus State and Local Fiscal Recovery Fund	21.027		1,604,250	-	-
Total U.S. Department of the Treasury			<u>1,738,847</u>	<u>-</u>	<u>-</u>
U.S. Department of Justice:					
Bulletproof Vest Partnership Program	16.607		6,342	-	-
Federal Drug Forfeiture Program	16.922		80,335	-	-
Passed through the N.C. Department of Public Safety:					
Edward Byrne Memorial Justice Assistance	16.738	2020DBX0052	4,219	-	-
Edward Byrne Memorial Justice Assistance	16.738	15PBJA21GG00278AGX	23,078		
Passed through the Office of Juvenile Justice and Delinquency					
Prevention allocation to States	16.540	Proj 014674	72,852	-	-
Total U.S. Department of Justice			<u>186,826</u>	<u>-</u>	<u>-</u>
U.S. Department of Transportation:					
Passed through the N.C. Department of Transportation, Division of Public Transportation					
Public Transportation for Non-urbanized Areas	20.509	36.233.159.4.1	128,745	8,046	-
Public Transportation for Non-urbanized Areas	20.509	49233.41.1.2	203,764	-	-
Federal Transit Capital Investment Grants	20.526	36226.110.7.3	197,462	24,682	-
Total U.S. Department of Transportation			<u>529,971</u>	<u>32,728</u>	<u>-</u>

cont.

**Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022**

Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass- Through) Expenditures	State Expenditures	Pass- through to Subrecipient
U.S. Department of Homeland Security:					
Passed through the N.C. Department of Public Safety:					
Emergency Performance Grant	97.042	EMPG2021EP	39,286	-	-
Emergency Performance Grant	97.042	EMA2021-EP	11,068	-	-
Federal Emergency Management Agency			-	-	-
Disaster Grant - Public Assistance					
COVID-19 Pandemic	97.036		68,784	22,930	-
Total U.S. Department of Homeland Security:			<u>119,138</u>	<u>22,930</u>	<u>-</u>
U.S. Fish and Wildlife					
Pass through the North Carolina Wildlife Commission					
Wildlife Restoration and Basic Hunter Education	15.611		1,516,057	-	-
Total U.S. Fish and Wildlife			<u>1,516,057</u>	<u>-</u>	<u>-</u>
U.S. Office of Library Services					
Passed through the N.C. Department of Cultural Resources, Library Services and Technology:					
Library Infrastructure	45.310	NC-20-42	100,000	-	-
LSTA State Grant	45.310	NC-21-23	40,648	-	-
Total U.S. Office of Library Services			<u>140,648</u>	<u>-</u>	<u>-</u>
U.S. Department of Health and Human Services:					
Passed through Red Bird Council of Governments:					
Stephanie Rubbs Jones Child Welfare Services Program	93.645				
Permanency Planning - Families for Kids			9,155	-	-
U.S. Department of Health and Human Services:					
Passed through the N.C. Department of Health and Human Services:					
Division of Medical Assistance					
<u>Medicaid Cluster:</u>					
Medical Assistance Program-Administration	93.778		1,286,968	-	-
Medical Assistance Program-Adult Care					
Home Case Management	93.778		13,503	6,751	-
Total Medicaid Cluster			<u>1,300,471</u>	<u>6,751</u>	<u>-</u>

cont.

**Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022**

<u>Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass- Through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass- through to Subrecipient</u>
Division of Medical Assistance (N.C. Health Choice): State Children's Insurance Program-N.C. Health Choice-Administration	93.767		\$ 25,536	\$ 1,314	\$ -
<i>Division of Aging and Adult Services:</i> Passed through the N.C. Department of Health and Human Services and Isothermal Planning and Development Commission: Aging Cluster: Special Programs for the Aging, Title III: Part B-Grants for Supportive Services and Senior Centers	93.044		7,216	8,819	16,035
Part C-Nutrition Services	93.045		174,016	212,686	386,702
Nutrition Services Incentive Program	93.053		40,780	-	40,780
Aging Cluster			<u>222,012</u>	<u>221,505</u>	<u>443,517</u>
Passed through the N.C. Department of Health and Human Services: Division of Aging and Adult Services: Senior Center General Purpose	N/A		-	10,690	-
Total Division of Aging and Adult Services			<u>-</u>	<u>10,690</u>	<u>-</u>
<u>Subsidized Child Care Cluster:</u> Passed through the N.C. Department of Health and Human Services: <i>Administration for Children and Families:</i> <i>Child Care Development Fund Cluster:</i> Division of Social Services: Child Care Development Fund Administration	93.596		80,000	-	80,000
Division of Child Development: Smart Start	N/A		-	35,000	35,000
Subsidized Child Care Cluster			<u>80,000</u>	<u>35,000</u>	<u>115,000</u>
Division of Social Services: Foster Care and Adoption Cluster: Title IV-E-Foster Care: Administration	93.658		377,059	36,226	-
Direct Benefit Payments	93.658		448,703	103,949	-
Adoption Training	93.659		8,052	-	-
Adoption/Off Training	93.659		1,635	-	-
Optional Adoption Training	93.659		10,969	-	-
Independent Living	N/A		-	85,000	-
Child Protective Services	N/A		-	161,942	-
Foster Care and Adoption Cluster			<u>846,418</u>	<u>387,117</u>	<u>-</u>

cont.

**Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021**

Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass- Through) Expenditures	State Expenditures	Pass- through to Subrecipient
Low-Income Home Energy Assistance and Crisis Intervention Block Grant:					
Administration	93.568		\$ 36,016	\$ -	\$ -
Energy Assistance Payments	93.568		459,813	-	-
Crisis Intervention Program	93.568		147,897	-	-
LIEAP ARPA Administration	93.568		15,599	-	-
LIEAP ARPA	93.568		333,340	-	-
LIHWAP Admin	93.568		1,357	-	-
LIHWAP CAA	93.568		10,149	-	-
Low-Income Home Energy Assistance			<u>1,004,171</u>	<u>-</u>	<u>-</u>
Passed through the N.C. Department of Health and Human Services:					
HRSA COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund	93.461		<u>17,776</u>	<u>-</u>	<u>-</u>
Work First/Temporary Assistance for Needy Families (TANF) Cluster					
Work First Benefits	93.558		233,956	-	-
Administration	93.558		240,778	-	-
Administration-Adoption Foster Care (TANF Share)	93.558		<u>320,054</u>	<u>-</u>	<u>-</u>
TANF Cluster			<u>794,788</u>	<u>-</u>	<u>-</u>
Refugee and Entrant Assistance Program					
Replacement Designee Administered Programs	93.566		(323)	-	-
LINKS	93.674		<u>27,319</u>	<u>3,937</u>	<u>-</u>
Social Services Block Grant	93.667		<u>702,995</u>	<u>-</u>	<u>-</u>
Family Preservation	93.556		<u>(2,288)</u>	<u>-</u>	<u>-</u>
Title IV-D Admin-Child Support Enforcement	93.563		<u>337,380</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>4,844,507</u>	<u>721,972</u>	<u>558,517</u>
Total Federal Awards			<u>\$ 10,171,499</u>	<u>\$ 721,972</u>	<u>\$ 558,517</u>
State Awards:					
N.C. Department of Health and Human Services					
Division of Social Services:					
Soil Conservation			\$ -	\$ 27,157	\$ -
Child Welfare Services:					
Child Protective Services			-	<u>156,570</u>	<u>-</u>
Total N.C. Department of Health and Human Services			<u>-</u>	<u>183,727</u>	<u>-</u>

cont.

**Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022**

Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass- Through) Expenditures	State Expenditures	Pass- through to Subrecipient
N.C. Department of Public Safety:					
Division of Youth Services:					
Juvenile Crime Prevention Council			\$ -	\$ 169,888	\$ 169,888
NC Tier II Grants			-	1,000	-
Current Appropriation to Sherriff's Office			-	84,270	-
Total N.C. Department of Public Safety:			-	255,158	169,888
N.C. Department of Cultural Resources:					
State Aid to Libraries:					
Administration and Library Development			-	100,754	-
Total N.C. Department of Cultural Resources:			-	100,754	-
N.C. Department of Administration:					
Division of Veterans Affairs:					
N.C. General Statue 165-6(9)			-	2,109	-
N.C. Department of Commerce:					
Rural Economic Development Center:					
Building Reuse			-	29,533	-
ONE N.C. Fund			-	50,000	-
Total N.C. Department of Commerce			-	79,533	-
N.C. Department of Environmental Quality:					
Division of Environmental Assistance:					
DWR Grant		CW21274	-	15,000	-
Division of Environmental Quality:					
Division of Waste Management:					
Scrap Tire Disposal			-	84,218	-
Total N.C. Department of Environmental Quality			-	99,218	-
Office of State Budget and Management:					
State Capital Infrastructure Fund (SCIF)			-	81,295	-
Total Office of State Budget and Management			-	81,295	-
N.C. Department of Transportation:					
N.C. DOT Cluster - ROAP/SMAP:					
State Maintenance Assistance for Urban and Small Urban Program (SMAP)					
ROAP Elderly and Disabled Transportation Assistance			-	73,893	-
ROAP Rural General Public Program			-	82,726	-
ROAP Work First Transitional - Employment			-	12,940	-
Total N.C. Department of Transportation			-	169,559	-
Passed through the N.C. Department of Insurance, Division of SHIP:					
CDAP State Health Insurance Assistance			-	7,240	-
Total N.C. Department of Insurance			-	7,240	-
Total State Awards			-	978,593	169,888
Total Federal and State Awards			\$ 10,171,499	\$ 1,700,565	\$ 728,405

cont.

**Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022**

Notes to the Schedule of Expenditures of Federal and State Awards:**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of McDowell County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of McDowell County, it is not intended to, and does not, present the financial position, changes in net position or cash flows of McDowell County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Cluster of Programs

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

Note 5: Benefit Payments Issued by the State

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

	Federal	State
SNAP; Supplemental Nutrition Assistance	\$ 26,527,525	\$ -
Temporary Assistance for Needy Families	214,038	
Medicaid	92,009,798	34,420,032
N.C. Health Choice	827,355	185,302
State/County Special Assistance to Adults	-	339,414
Foster Care Adoption Assistance	773,042	158,773
Child Welfare Services Adoption Subsidy	-	253,260
Total	\$ 120,351,758	\$ 35,356,781