

MITCHELL COUNTY, NORTH CAROLINA

Bakersville, North Carolina

Financial Statements

June 30, 2022

(with Independent Auditor's Report thereon)

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MITCHELL COUNTY, NORTH CAROLINA

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S. Gillespie, P.A.

Certified Public Accountant

Independent Auditor's Report

To the Board of County Commissioners
Mitchell County
Bakersville, North Carolina

Report on the Audit of Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mitchell 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.

Responsibilities of Management for the Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 raises substantial doubt about the Mitchell County, North Carolina's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 of 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 GAAS and Governmental Auditing Standards will always detect material statement 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 GAAS and Governmental Auditing Standards, we:

- exercised professional judgement and maintained 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 responsible 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 Mitchell County'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 Mitchell County'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 Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, 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' Schedules of Funding Progress and Employer Contributions Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, pages 9-16 and 61-64, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 the 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 consist 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 Mitchell County, North Carolina's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, 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 Schedule of Expenditures of Federal and State Awards as required by the Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act and is also not a required part of 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 4, 2022 on our consideration of Mitchell County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mitchell County’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 Mitchell County’s internal control over financial reporting and compliance.

S. Gillespie P.A.
Spruce Pine, North Carolina
October 4, 2022

Management's Discussion and Analysis

As management of Mitchell County, we offer readers of Mitchell County's financial statements this narrative overview and analysis of the financial activities of Mitchell County for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

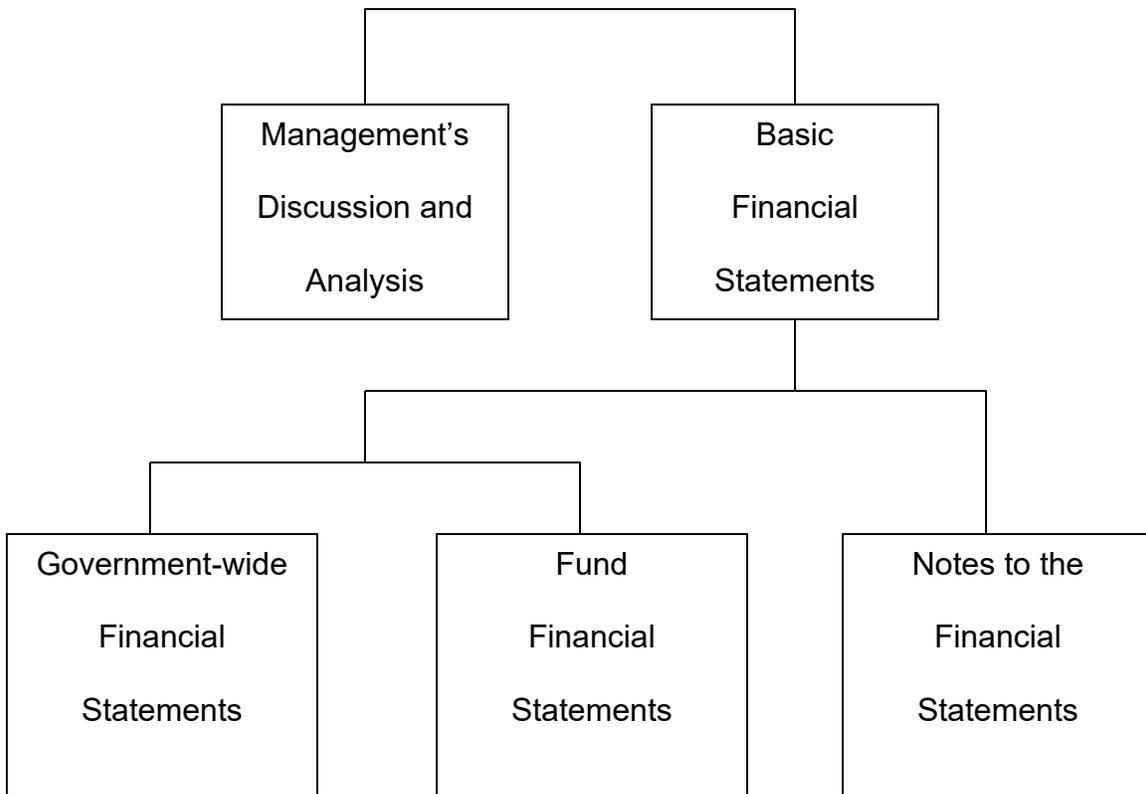
- *The assets of Mitchell County exceeded its liabilities at the close of the fiscal year by \$12,977,530.*
- *The government's total net position decreased by \$514,314 for the current year.*
- *As of the close of the current fiscal year, Mitchell County's governmental funds reported combined ending fund balances of \$9,351,800, an increase of \$83,578 in comparison with the prior year. Approximately 65 percent of this total amount, or \$6,592,094 is available for spending at the government's discretion. Part of this amount (\$110,831) has been reserved to balance the 2022-23 budget.*
- *At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,479,535 or 29 percent of total general fund expenditures and transfers to other funds for the fiscal year. Again keep in mind that \$110,831 of the General Fund balance has been appropriated for use in the 2022-23 budget year and has not been included in the preceding calculation of 29% availability of fund balance.*
- *Mitchell County's tax collection rate remained consistent, averaging 97.51% in the current fiscal year and 96.81% in the prior fiscal year.*

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

*The next statements (Exhibits 3 through 6) 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 three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the fiduciary fund statements.*

*The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.*

Management's Discussion and Analysis

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 total liabilities. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements represent governmental activities and include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities.

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

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Mitchell County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Mitchell County are in one category: governmental funds.

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

Management's Discussion and Analysis

Mitchell 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, changes to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and changes. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Fiduciary Funds – *Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Mitchell County has five fiduciary funds, including four agency funds and one pension trust fund.*

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

Other Information – *In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Mitchell County's progress in funding its obligation to provide pension benefits to its employees.*

Management's Discussion and Analysis

Government-Wide Financial Analysis

Mitchell County's Net Position

	Governmental Activities		
	2022	2021	Difference
Current and other assets	\$ 20,057,867	\$ 12,178,965	\$ 7,878,902
Capital assets and right to use assets	14,070,211	14,067,121	3,090
Deferred outflows	4,036,508	3,540,241	496,267
Total assets and deferred outflows	\$ 38,164,586	\$ 29,786,327	\$ 8,378,259
Long-term liabilities outstanding	\$ 10,525,087	\$ 9,465,766	\$ 1,059,321
Other liabilities	11,553,066	4,722,005	6,831,061
Total liabilities	22,078,153	14,187,771	7,890,382
Deferred Inflows	3,108,853	2,106,712	1,002,141
Net position:			
Net investment in capital assets	13,946,052	14,033,810	(87,758)
Restricted	1,769,787	2,088,943	(319,156)
Unrestricted	(2,738,309)	(2,630,909)	(107,400)
Total net position	\$ 12,977,530	\$ 13,491,844	\$ (514,314)

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of Mitchell County exceeded liabilities by \$12,977,530 as of June 30, 2022. One of the largest portions of net position reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Mitchell County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Mitchell 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 Mitchell County's net position, \$1,769,787 represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$2,738,309) is unrestricted.

Several aspects of the County's financial operations influenced the total governmental net position resulting in a current year increase, primarily due to acquisition of capital assets and changes in pension and healthcare liabilities and deferrals. Current liability increases in accounts payable arose primarily due to sales taxes for capital improvement payable to the Board of Education.

Management's Discussion and Analysis

Figure 3

	Governmental Activities	
	2022	2021
<i>Revenues:</i>		
<i>Program revenues:</i>		
<i>Charges for services</i>	\$ 971,660	\$ 1,264,494
<i>Operating grants and contributions</i>	4,143,317	3,621,502
<i>Capital grants and contributions</i>	420,274	995,341
<i>General revenues:</i>		
<i>Property taxes</i>	12,023,575	12,008,712
<i>Other taxes</i>	5,110,258	4,692,774
<i>Investment earnings</i>	17,571	18,541
<i>Other</i>	187,405	1,424,137
<i>Total revenues</i>	22,874,060	24,025,501
<i>Expenses:</i>		
<i>General government</i>	3,330,580	2,917,005
<i>Public safety</i>	7,086,588	6,791,089
<i>Transportation</i>	872,072	744,409
<i>Environmental protection</i>	1,740,596	1,561,686
<i>Economic and physical development</i>	724,192	1,877,424
<i>Human services</i>	5,341,786	5,639,815
<i>Cultural and recreation</i>	368,581	327,841
<i>Education</i>	3,923,979	3,632,782
<i>Total expenses</i>	23,388,374	23,492,051
<i>Increase (decrease) in net position</i>	(514,314)	533,450
<i>Net position, beginning</i>	13,491,844	12,851,669
<i>Restatement</i>	-	106,725
<i>Net position, beginning as restated</i>	13,491,844	12,958,394
<i>Net position, ending</i>	\$ 12,977,530	\$ 13,491,844

Financial Analysis of the County's Funds

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

Governmental Funds. *The focus of Mitchell County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Mitchell 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.*

Management's Discussion and Analysis

The General Fund is the chief operating fund of Mitchell County. At the end of the current fiscal year, Mitchell County's fund balance available in the General Fund was \$6,590,366 while total general fund balance reached \$8,619,503. The Governing Body of Mitchell County has determined that the county should maintain an available fund balance of 8% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 29% of general fund expenditures, while total fund balance represents 39% of that same amount.

At June 30, 2022, the governmental funds of Mitchell County reported a combined fund balance of \$9,351,800 , less than one percent increase over last year.

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 the original budgeted expenditures by \$1,148,557.

Capital Asset and Debt Administration

Capital assets. *Mitchell County's capital assets for its governmental activities as of June 30, 2022, total \$13,946,052 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.*

Major capital asset transactions during the year include:

- Vehicles and compactors for the Sanitation department*
- Transportation and public safety vehicles*
- HVAC for Toe River Health Department*
- Boiler Repair for Cooperative Extension*

These major capital asset purchases were funded by proceeds from granting agencies and from local monies.

Management's Discussion and Analysis

**Mitchell County's Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		
	2022	2021	Difference
<i>Land</i>	\$ 1,580,059	\$ 1,580,059	\$ -
<i>Construction and other assets in progress</i>	27,637	-	27,637
<i>Buildings</i>	8,990,240	9,291,735	(301,495)
<i>Improvements other than buildings</i>	1,417,752	1,498,545	(80,793)
<i>Machinery and equipment</i>	489,884	474,476	15,408
<i>Vehicles and motorized equipment</i>	1,440,480	1,222,306	218,174
Total	\$ 13,946,052	\$ 14,067,121	\$ (121,069)

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

Long-term Debt. *As of June 30, 2022 Mitchell County had total debt outstanding of \$12,126,489. Of this, \$380,896 is compensated absences, \$142,857 is qualified zone academy bond financing, \$10,030,182 is accrued liability for other post-employment benefits such as health insurance and \$1,572,554 represents various pension obligations.*

Economic Factors and Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities:

For the fiscal year ended June 30, 2023, budgeted expenditures in the General Fund are expected to increase to \$23,016,960. In order to increase available fund balance, a total of \$228,361 has been appropriated to grow fund balance in the 2022-2023

fiscal year. The County has also strengthened tax collection policies and performance procedures with collection goals to meet the average for our population group of <25,000 which is currently 97.51%.

Requests for Information

This report is designed to provide an overview of Mitchell 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 County Manager, Mitchell County, 26 Crimson Laurel Circle, Bakersville, NC 28705.

MITCHELL COUNTY, NORTH CAROLINA**Statement of Net Position****June 30, 2022**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 9,160,879
Receivables (net)	862,221
Prepaid expenses	75,317
Due from other governments	1,950,784
Restricted cash and equivalents	7,983,783
Net pension asset - ROD	24,833
Capital assets:	
Land, improvements, and construction in progress	1,607,696
Other capital assets, net of depreciation	12,338,356
Total capital assets	<u>13,946,052</u>
Right to use leased asset, net of amortization	<u>124,159</u>
Total assets	<u>34,128,028</u>
DEFERRED OUTFLOWS OF RESOURCES	4,036,508
LIABILITIES	
Accounts payable and accrued expenses	1,825,931
Unearned revenue	8,011,724
Long-term liabilities:	
Net pension liability - LGERS	1,017,388
Total pension liability - LEO	555,166
Due within one year	142,857
Due in more than one year	10,525,087
Total liabilities	<u>22,078,153</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,108,853</u>
NET POSITION	
Net investment in capital assets	13,946,052
Restricted for:	
Stabilization by State statute	1,769,475
Register of Deeds	312
Unrestricted (deficit)	(2,738,309)
Total net position	<u>\$ 12,977,530</u>

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

Mitchell County, North Carolina
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
<i>Governmental Activities:</i>					
General government	\$ 3,330,580	\$ 202,126	\$ 17,707		\$ (3,110,747)
Public safety	7,086,588	237,170	187,195	119,229	(6,542,994)
Transportation	872,072	30,099	793,964	191,752	143,743
Environmental protection	1,740,596	428,535	51,011		(1,261,050)
Economic and physical development	724,192		11,109	109,293	(603,790)
Human services	5,341,786		3,067,187		(2,274,599)
Cultural and recreation	368,581	73,730	15,144		(279,707)
Education	3,923,979				(3,923,979)
Total governmental activities	<u>\$ 23,388,374</u>	<u>\$ 971,660</u>	<u>\$ 4,143,317</u>	<u>\$ 420,274</u>	<u>\$ (17,853,123)</u>
 <i>General revenues:</i>					
<i>Taxes:</i>					
Property taxes, levied for general purpose					12,023,575
Local option sales tax					4,746,089
Other taxes and licenses					364,169
Investment earnings, unrestricted					17,571
Miscellaneous, unrestricted					372,634
Loss on asset disposal					(185,229)
Total general revenues, special items, and transfers					<u>17,338,809</u>
Change in net position					(514,314)
Net position-beginning					13,491,844
Net position-ending					<u>\$ 12,977,530</u>

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

MITCHELL COUNTY, NORTH CAROLINA

Exhibit "3"

**Balance Sheet
Governmental Funds
June 30, 2022**

Assets	General	American Rescue Plan Fund	SCIF Capital Outlay Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments	\$ 8,451,872	\$ -	\$ -	\$ 709,007	\$ 9,160,879
Restricted cash	5,408	2,907,468	4,994,370	76,537	7,983,783
Receivables (net)	629,326	-	-	82,560	711,886
Prepaid expenses	75,317	-	-	-	75,317
Due from other governments	1,947,916	-	-	2,868	1,950,784
Total assets	\$ 11,109,839	\$ 2,907,468	\$ 4,994,370	\$ 870,972	\$ 19,882,649
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,825,931	\$ -	\$ -	\$ -	\$ 1,825,931
Unearned revenues	35,079	2,906,582	4,993,528	76,535	7,976,645
Total liabilities	1,861,010	2,906,582	4,993,528	76,535	9,802,576
Deferred Inflows of Resources:	629,326	-	-	63,868	693,194
Fund balances:					
Nonspendable:					
Prepaid expenses	75,317	-	-	-	75,317
Restricted:					
Stabilization by State statute	1,947,915	-	-	21,560	1,969,475
Health services	-	-	-	70,520	70,520
Register of Deeds	312	-	-	-	312
Committed:					
Tax revaluation	5,593	-	-	-	5,593
Emergency Telephone System	-	-	-	638,489	638,489
Assigned:					
Subsequent year's expenditures	110,831	886	842	-	112,559
Unassigned:					
	6,479,535	-	-	-	6,479,535
Total fund balances	8,619,503	886	842	730,569	9,351,800
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,109,839	\$ 2,907,468	\$ 4,994,370	\$ 870,972	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	13,946,052
Right to use assets	124,159
Net pension liability	(1,017,388)
Net pension asset	24,833
Total pension liability	(555,166)
Contributions to pension plans are not current resources and therefore are deferred outflows of resources	667,683
Deferred inflows of resources for prepaid taxes	693,194
Pension related deferrals	259,972
Healthcare plan liability	(10,030,182)
Interest receivable is not available to pay for current period expenditures and therefore not reported in the funds	150,335
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.	(637,762)

Net position of governmental activities \$ 12,977,530

MITCHELL COUNTY, NORTH CAROLINA
Combined Statement of Revenue, Expenditures and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2022

	<u>General Fund</u>	<u>American Rescue Plan Fund</u>	<u>SCIF Capital Outlay Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Revenues:</i>					
Ad valorem taxes	\$ 11,206,717	\$ -	\$ -	\$ 1,084,707	\$ 12,291,424
Local option sales tax	4,746,088	-	-	-	4,746,088
Other taxes	341,366	-	-	-	341,366
Unrestricted intergovernmental	57,298	-	-	-	57,298
Restricted intergovernmental	3,782,625	-	6,472	733,796	4,522,893
Licenses and permits	225,185	-	-	-	225,185
Sales and services	899,764	-	-	-	899,764
Investment earnings	15,712	886	842	131	17,571
Miscellaneous	225,591	-	-	-	225,591
Total revenues	<u>21,500,346</u>	<u>886</u>	<u>7,314</u>	<u>1,818,634</u>	<u>23,327,180</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General government	2,785,214	-	-	389,502	3,174,716
Public safety	5,522,143	-	-	1,193,468	6,715,611
Public transportation	686,254	-	-	-	686,254
Environmental protection	1,662,985	-	-	-	1,662,985
Economic and physical development	608,811	-	-	109,293	718,104
Human services	5,102,772	-	-	-	5,102,772
Cultural and recreational	342,446	-	-	-	342,446
Education	3,923,979	-	-	-	3,923,979
Capital outlay	771,139	-	6,472	-	777,611
<i>Debt service:</i>					
Principal retirement	176,257	-	-	-	176,257
Interest and fees	1,582	-	-	-	1,582
Total expenditures	<u>21,583,582</u>	<u>-</u>	<u>6,472</u>	<u>1,692,263</u>	<u>23,282,317</u>
Excess of revenues over expenditures	(83,236)	886	842	126,371	44,863
<i>Other financing sources (uses):</i>					
Proceeds from debt issue	38,715	-	-	-	38,715
Transfers - in (out)	(105,235)	-	-	105,235	-
Total other financing sources (uses)	<u>(66,520)</u>	<u>-</u>	<u>-</u>	<u>105,235</u>	<u>38,715</u>
Net change in fund balances	(149,756)	886	842	231,606	83,578
Fund balances - beginning of year	<u>8,769,259</u>	<u>-</u>	<u>-</u>	<u>498,963</u>	<u>9,268,222</u>
Fund balances - end of year	<u>\$ 8,619,503</u>	<u>\$ 886</u>	<u>\$ 842</u>	<u>\$ 730,569</u>	<u>\$ 9,351,800</u>

MITCHELL COUNTY, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

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

Net changes in fund balances - total governmental funds	\$	83,578
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and disposals in the current period.		64,161
Gain (loss) on disposal of fixed assets		(185,229)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(267,848)
Contributions to the pension plan in the current year are not included on the Statement of Activities		667,683
Changes in pension deferrals		(1,203,447)
Changes in pension liabilities		1,228,612
Contributions to the healthcare plan in the current year are not included on the Statement of Activities		(982,519)
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 assets. 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.		(24,956)
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.		<u>105,651</u>
Total changes in net position of governmental activities	<u>\$</u>	<u>(514,314)</u>

MITCHELL COUNTY, NORTH CAROLINA**Statement of Revenues, Expenditures and Changes in Fund Balances -****Budget and Actual - General Fund****For the Fiscal Year Ended June 30, 2022**

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 10,697,489	11,060,169	11,206,717	\$ 146,548
Local option sales taxes	4,249,670	4,652,492	4,746,088	93,596
Other taxes and licenses	215,485	332,068	341,366	9,298
Unrestricted intergovernmental	55,195	55,174	57,298	2,124
Restricted intergovernmental	3,310,502	3,657,222	3,782,625	125,403
Licenses and permits	173,100	213,000	225,185	12,185
Sales and services	814,314	904,112	899,764	(4,348)
Investment earnings	4,999	4,386	15,662	11,276
Miscellaneous	-	205,184	225,591	20,407
Total revenues	<u>19,520,754</u>	<u>21,083,807</u>	<u>21,500,296</u>	<u>416,489</u>
Expenditures:				
Current:				
General government	2,774,244	2,767,611	2,586,023	181,588
Public safety	5,519,789	5,993,208	5,718,453	274,755
Public transportation	808,601	917,918	908,623	9,295
Environmental protection	1,663,219	1,909,881	1,900,114	9,767
Economic and physical development	674,635	663,971	616,277	47,694
Human services	5,294,036	5,431,053	5,169,529	261,524
Cultural and recreational	323,397	386,722	370,291	16,431
Intergovernmental:				
Education	3,827,323	3,963,438	3,923,979	39,459
Debt service:				
Principal retirement	177,858	176,257	176,168	89
Interest and fees	-	1,600	1,582	18
Total expenditures	<u>21,063,102</u>	<u>22,211,659</u>	<u>21,371,039</u>	<u>840,620</u>
Revenues over (under) expenditures	<u>(1,542,348)</u>	<u>(1,127,852)</u>	<u>129,257</u>	<u>1,257,109</u>
Other financing sources (uses):				
Debt issue proceeds	-		38,715	38,715
Operating transfers from (to) other funds	(100,000)	(205,234)	(205,234)	-
Appropriated fund balance	1,642,348	1,333,086	-	(1,333,086)
Total other financing sources (uses)	<u>1,542,348</u>	<u>1,127,852</u>	<u>(166,519)</u>	<u>(1,294,371)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>(37,262)</u>	<u>\$ (37,262)</u>
Fund balances:				
Beginning of year			<u>8,651,171</u>	
End of year			<u>\$ 8,613,909</u>	
<i>A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes.</i>				
Interest earnings			50	
Transfers in from general fund			100,000	
Expenditures			(212,541)	
Beginning Fund Balance - Revaluation			<u>118,085</u>	
Ending Fund Balance - Exhibit 4			<u>\$ 8,619,503</u>	

See the accompanying Independent Auditor's Report.

MITCHELL COUNTY, NORTH CAROLINA
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2022

	<i>American Rescue Plan Fund</i>			<i>Variance With Final Positive (Negative)</i>
	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	
<i>Revenues:</i>				
<i>Restricted intergovernmental</i>	\$ 2,900,000	2,906,582	-	\$ (2,906,582)
<i>Investment earnings</i>	-	-	886	886
<i>Total revenues</i>	<u>2,900,000</u>	<u>2,906,582</u>	<u>886</u>	<u>(2,905,696)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
<i>General government</i>	2,900,000	2,906,582	-	2,906,582
<i>Total expenditures</i>	<u>2,900,000</u>	<u>2,906,582</u>	<u>-</u>	<u>2,906,582</u>
 <i>Excess of revenues and other sources over (under) expenditures and other uses</i>	 \$ <u>-</u>	 \$ <u>-</u>	 886	 \$ <u>886</u>
 <i>Fund balances:</i>				
<i>Beginning of year</i>			-	
<i>End of year</i>			<u>\$ 886</u>	

MITCHELL COUNTY, NORTH CAROLINA**Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Major Capital Outlay Funds
For the Fiscal Year Ended June 30, 2022**

	State Capital Infrastructure Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<i>Revenues:</i>				
Restricted intergovernmental	\$	5,000,000		\$ (5,000,000)
Investment earnings		830	842	12
Total revenues	-	5,000,830	842	(4,999,988)
<i>Expenditures:</i>				
Current:				
Public safety				
Professional services		500,000	-	500,000
Advertising		830	-	830
Construction		4,500,000	-	4,500,000
Total expenditures	-	5,000,830	-	5,000,830
<i>Excess of revenues and other sources over (under) expenditures and other uses</i>	\$	-	842	\$ 842
<i>Fund balances:</i>				
Beginning of year			-	
End of year			842	

MITCHELL COUNTY, NORTH CAROLINA
Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2022

	<i>Pension Trust</i>
	<u><i>Funds</i></u>
<i>Assets:</i>	
<i>Cash and investments</i>	\$ <u>179,830</u>
<i>Total assets</i>	\$ <u><u>179,830</u></u>
 <i>Liabilities:</i>	
<i>Miscellaneous liabilities</i>	\$ <u>179,830</u>
<i>Total liabilities</i>	\$ <u><u>179,830</u></u>

See the accompanying Independent Auditor's Report.

MITCHELL COUNTY, NORTH CAROLINA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	<i>Pension Trust Fund</i>	<i>Custodial Fund</i>
<i>Additions:</i>		
<i>Employer contributions</i>	\$ -	\$ -
<i>Investment income</i>	-	-
<i>Ad valorem taxes collected for other governments</i>	-	126,372
<i>Total additions</i>	<u>-</u>	<u>126,372</u>
<i>Deductions:</i>		
<i>Withdrawals and transfers out</i>	5,468	-
<i>Investment loss</i>	4,428	-
<i>Tax distributions to other governments</i>	-	126,372
<i>Asset fees</i>	404	-
<i>Total deductions</i>	<u>10,300</u>	<u>126,372</u>
<i>Change in net position</i>	(10,300)	-
<i>Net position, beginning</i>	190,130	-
<i>Net position, ending</i>	<u>\$ 179,830</u>	<u>\$ -</u>

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Mitchell County conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

(A) Reporting Entity

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10.

(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 (the County). These statements include the financial activity of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, as presented in these statements, generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or functions 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 and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

State Capital and Infrastructure Capital Outlay Fund: to account for construction and improvements of the Sheriff's office.

American Rescue Plan - Special Revenue Fund: to account for transactions related to the American Rescue Plan Funds.

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

The County reports the following non-major funds:

The county maintains six legally budgeted funds; the Fire District Fund, the Emergency Telephone Fund, the Representative Payee Fund, the Deed of Trust Fee Fund, the Fines and Forfeitures Fund, and the Opioid Settlement Fund.

The County reports the following fund types:

Pension Trust Fund. The County maintains a Pension Trust Fund to account for the IRC section 457 deferred compensation plan. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans.

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 fund: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but that are not revenues to the County,

Nonmajor Funds. The County one other legally budgeted fund. The Revaluation Fund is consolidated in the General Fund in accordance with GASB Statement No. 54.

Measurement Focus, Basis of Accounting

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

Government-wide and Fiduciary Fund Financial Statements: The government-wide 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 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.

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 that they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

Proceeds of general long-term debt and acquisitions under capital leases are reported as other financial sources.

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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

(C) Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund, the Emergency Telephone, Fire District, and Revaluation Special Revenue Funds, Opioid Settlement Fund, and ARP Special Revenue Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Special Revenue Fund and 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 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 by more than \$5,000. The governing board must approve all amendments. During the year, several immaterial 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 and Fund Equity

1. Deposits and Investments

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

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

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

The majority of the County's investments are carried at fair value. Non-participating interest earning investment contracts are reported at cost. Funds are invested with the North Carolina Capital Management Trust (NCCMT), which consists of two SEC registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P and AAMf by Moody Investor Services. The Government Portfolio is reported at fair value

2. Cash and Cash Equivalents

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

3. Restricted Assets

Money in the Tax Revaluation Fund (\$5408) is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. In addition, the unexpended portion of the Opioid Settlement Fund (\$76,537), unexpended State Capital Infrastructure Funds (\$4,994,370), as well as unassigned proceeds of ARP Funds (\$2,907,468) are restricted. Total Restricted Cash for Governmental Activities is \$7,983,783.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2021.

5. Allowance for Doubtful Accounts

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

6. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. Minimum capitalization costs are as follows: land, buildings, improvements, substations, lines, and other plant and distribution system, infrastructure, furniture and equipment and vehicles, \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

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

	<u>Years</u>
Buildings	39
Improvements	10-39
Furniture and equipment	5-7
Vehicles	5
Computer equipment	5

7. 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.

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criterion: pension related deferrals, and contributions made to the pension plan 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 four items that meet the criterion for this category – unearned revenues, prepaid taxes, other post-employment benefits, and other pension related deferrals.

9. Long-Term Obligations

In the government-wide financial statements and fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities.

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

10. 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 funds, an expense and a liability for compensated absences and the salary-related payments are recorded as leave is earned.

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

The County's sick leave policy 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 has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. 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 allocates 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 \$76,533 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.

12. Reimbursements 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 eligible state, local, territorial, and tribal governments. The County was allocated \$2,906,582 of fiscal recovery funds. Revenue replacement funds will be transferred to the appropriate funds once the intended use of the funds has been decided.

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

13. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Restricted Fund Balance-

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

Committed Fund Balance - Portion of fund balance that can only be used for specific purpose imposed by majority vote of Mitchell County's governing body (highest level of

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

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

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

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

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

Mitchell 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: bond proceeds, federal funds, State funds, local non-city 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.

14. Defined Benefit Pension and OPEB Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"), and one other postemployment 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. Investments are reported at fair value. 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.

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

(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 \$ 3,625,730 consists of several elements as follows:

Description	
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 assets on government-wide statement in governmental activities column)	\$ 21,724,093
Less Accumulated Depreciation	(7,778,041)
Net capital assets	13,946,052
Right to use assets, net of amortization	124,159
Net pension asset	24,833
Net pension liability	(1,017,388)
Total pension liability	(555,166)
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	150,335
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	693,194
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:	
Pension related deferrals	927,655
Healthcare related deferrals and liability	(10,030,182)
Compensated absences	(380,897)
Bonds, leases, and installment financing	(256,865)
Total adjustment	<u>\$ 3,625,730</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes 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 \$597,892 as follows:

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

<u>Description</u>	
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 777,611
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(713,450)
Contributions to the pension plan in the current year are not reported on the Statement of Activities	667,683
Principal payments on debt owed are recorded as a use of funds on the fund statements but again only the statement of net assets in the government-wide statements, net of new lease proceeds	(24,956)
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	
Loss on the sale of assets	(185,229)
Change in compensated absences	105,651
Change in pension obligation	25,165
Change in other post employment benefits	(982,519)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Decrease in interest receivable for the year ended 06/30/22	(28,959)
Decrease in deferred revenue from taxes receivable at 07/01/21	(238,889)
Total adjustment	\$ <u><u>(597,892)</u></u>

II. DETAIL NOTES ON ALL FUNDS

(A) Assets

1. Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in the County'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 pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The County has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County analyzes the financial soundness of any other financial institution used by the County. The County

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2022, the County's deposits had a carrying value of \$8,457,600 and a bank balance of \$8,614,009. The carrying value includes fiduciary funds of \$179,830 and \$8,207,600 was covered by collateral held under the Pooling Method.

The County maintains cash on hand of \$1,300.

2. Investments

At June 30, 2022, the County's investments consisted of the following:

Investment Type	Valuation Measurement Method	Fair Value - Level 1	Less Than 6 Months	6-12 Months
NC Capital Management Trust-Government Portfolio	Amortized Cost	8,865,592	8,865,592	N/A

Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

All investments of the County are measured using the market approach; using prices and other information generated by market transactions involving identical or comparable assets or groups of assets.

Interest Rate Risk. The County has no formal policies on interest rate risk.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2022.

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

3. Receivables

Receivables – Allowance for Doubtful Accounts

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

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Total</u>
<i>Governmental activities:</i>				
General	\$ -	\$ 919,660	\$ 1,947,916	\$ 2,867,576
Other Governmental	-	83,561	2,868	86,429
<i>Total receivables</i>	-	1,003,221	1,950,784	2,954,005
Allowance for doubtful accounts	-	(141,000)	-	(141,000)
<i>Total - Governmental activities</i>	\$ -	\$ 862,221	\$ 1,950,784	\$ 2,813,005

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

<i>Local option sales tax and hold harmless funds</i>	\$ 1,036,095
<i>NC DOT operating subsidy and capital grants</i>	121,111
<i>NC DHHS operating funds</i>	460,892
<i>NC DMV Motor Vehicle tax</i>	93,556
<i>Senior Services</i>	8,066
<i>White Goods and Tire Disposal</i>	9,573
<i>Cares funding</i>	76,576
<i>NC sales tax refund receivable</i>	75,924
<i>Other</i>	68,991
	<u>\$ 1,950,784</u>

For the County, the amounts presented in Exhibit 1, the Statement of Net Position, are net of the following allowances for doubtful accounts at June 30, 2022:

<i>General Fund:</i>							
	<i>Property taxes</i>					\$	140,000
<i>Special Revenue Fund:</i>							1,000
	<i>Total</i>					\$	<u>141,000</u>

MITCHELL COUNTY, NORTH CAROLINA
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

4.

Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	1,580,060	-	-	1,580,060
Construction in progress	-	27,637	-	27,637
	<u>\$ 1,580,060</u>	<u>\$ 27,637</u>	<u>\$ -</u>	<u>\$ 1,607,697</u>
 <i>Capital assets being depreciated:</i>				
Buildings	10,955,473	-	(154,544)	10,800,929
Other improvements	2,215,224	12,740	(43,139)	2,184,825
Equipment	3,057,550	146,258	-	3,203,808
Vehicles and motor equipment	3,525,733	590,976	(189,875)	3,926,834
Total capital assets being depreciated	<u>19,753,980</u>	<u>749,974</u>	<u>(387,558)</u>	<u>20,116,396</u>
 <i>Less accumulated depreciation for:</i>				
Buildings	1,663,735	170,735	(23,784)	1,810,686
Other improvements	716,679	61,503	(11,108)	767,074
Equipment	2,583,074	130,850	-	2,713,924
Vehicles and motor equipment	2,303,432	350,362	(167,437)	2,486,357
Total accumulated depreciation	<u>7,266,919</u>	<u>713,450</u>	<u>(202,329)</u>	<u>7,778,041</u>
Total capital assets being depreciated, net	<u>12,487,061</u>			<u>12,338,355</u>
Governmental activity capital assets, net	<u>\$ 14,067,121</u>			<u>\$ 13,946,052</u>

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

General government	\$ 143,795
Public safety	278,125
Transportation	163,606
Environmental protection	56,547
Economic and physical development	6,088
Human services	44,437
Cultural and recreational	20,852
Total depreciation expense	<u>\$ 713,450</u>

5. Right to Use Leased Assets

The County has recorded two right to use leased assets. The assets are right to use assets for leased copier equipment and leased property housing maintenance and recreation 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 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:

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

	Beginning Balance	Increases	Decreases	Ending Balance
Right to use assets				
Leased copiers	\$ 58,475	\$ 38,716	\$ -	\$ 97,191
Leased property	63,436	-	-	63,436
Total right to use assets	<u>121,911</u>	<u>38,716</u>	<u>-</u>	<u>160,627</u>
Less accumulated amortization for:				
Leased copiers	-	23,781	-	23,781
Leased property	-	12,687	-	12,687
Total accumulated amortization	-	36,468	-	36,468
Right to use assets, net	<u>\$ 121,911</u>	<u>\$ 2,248</u>	<u>\$ -</u>	<u>\$ 124,159</u>

(B) Liabilities

(1) Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the 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.

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

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 13.04 of compensation for law enforcement officers and 12.1% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$645,788 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 \$1,017,388 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 asset 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 .06634%, which was an increase of .00338 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the County recognized pension expense of \$459,939. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 323,668	\$ -
Changes of assumptions	639,179	
Net difference between projected and actual earnings on pension plan investments	-	1,453,541
Changes in proportion and differences between County contributions and proportionate share of contributions	104,967	50,885
County contributions subsequent to the measurement date	660,478	-
Total	<u>\$ 1,728,292</u>	<u>\$ 1,504,426</u>

\$660,478 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ (23,832)
2024	(78,103)
2025	(444,792)
2026	-
2027	-
Thereafter	-
	<u>\$ (546,727)</u>

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 percent, including inflation and productivity factor
Investment rate of return	7 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, 2020.

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

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

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

<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%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 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 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 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 rate:

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

	<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 (asset)	\$ 3,949,414	\$ 1,017,388	\$ (1,395,500)

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description.

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

All full-time County law enforcement officers are covered by the Separation Allowance.

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

<i>Retirees receiving benefits</i>	<i>0</i>
<i>Terminated plan members entitled to but not yet receiving benefits</i>	<i>0</i>
<i>Active plan members</i>	<i>19</i>
<i>Total</i>	<u><u><i>19</i></u></u>

2. Summary of Significant Accounting Policies:

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

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

3. Actuarial Assumptions

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

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

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

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

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, 2020.

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 \$54,323 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 \$555,166. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$65,955.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,349	\$ 69,310
Changes of assumptions	126,775	19,768
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions County contributions subsequent to the measurement date	-	-
Total	\$ 140,124	\$ 89,078

\$-0- reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

Year ended June 30:

2023	\$	14,735
2024		17,275
2025		17,239
2026		12,463
2027		(5,689)
Thereafter		(1,977)
		<u>\$ 54,046</u>

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 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:

	<u>1% Decrease (1.25%)</u>	<u>Discount Rate (2.25%)</u>	<u>1% Increase (3.25%)</u>
County's proportionate share of the net pension liability (asset)	\$ 610,178	\$ 555,166	\$ 505,037

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

Total Pension Liability as of December 31, 2020	\$ 556,891
Changes for the year:	
Service Cost at End of Year	41,128
Interest	10,748
Change in benefit terms	0
Difference between expected and actuarial	
Experience	(36,540)
Changes of assumptions and other inputs	(17,061)
Benefit payments	0
Other	0
Net changes	<u>\$(1,725)</u>
Total Pension Liability as of December 31, 2021	\$ 555,166

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.

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 1.93 percent at June 30, 2020 to 2.25 percent at June 30, 2021.

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

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 immediately vested. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022 were \$54,323 all of which was contributed by the County.

d. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

e. Register of Deeds Supplemental Pension Fund

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

MITCHELL COUNTY, NORTH CAROLINA

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For the Fiscal Year Ended June 30, 2022

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$7,205 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 \$24,833 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset 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 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, 2022, the County's proportion was .12925%, which was a decrease of .00334% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the County recognized pension expense of \$7,617. 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	\$ 265	\$ 301
Changes of assumptions	1,811	
Net difference between projected and actual earnings on pension plan investments	-	76
Changes in proportion and differences between County contributions and proportionate share of contributions	1,571	-
County contributions subsequent to the measurement date	7,205	-
Total	<u>\$ 10,852</u>	<u>\$ 377</u>

\$7,205 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

increase of the net pension asset in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$	2,046
2023		702
2024		(58)
2025		579
2026		-
Thereafter		-
	\$	<u>3,269</u>

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:

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

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

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

MITCHELL COUNTY, NORTH CAROLINA

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For the Fiscal Year Ended June 30, 2022

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%	Discount	1% Increase
	Decrease	Rate (3.00%)	(4.00%)
	(2.00%)	Rate (3.00%)	(4.00%)
County's proportionate share of the net pension liability (asset)	\$ (19,725)	\$ 24,833	\$ (29,125)

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

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

The net pension liability for LGERS and ROD was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 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:

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Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	\$ 1,017,388	\$ (24,833)	\$ 555,166	\$ 1,547,721
Proportion of the Net Pension Liability (Asset)	0.06634%	.12925	n/a	
Total Pension Liability	-	-	\$ -	\$ -

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

	LGERS	ROD	LEOSSA	Total
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 323,668	\$ 265	\$ 13,349	\$ 337,282
Changes of assumptions	639,179	1,811	126,775	767,765
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	104,967	1,571	-	106,538
County contributions (LGERS,ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	660,478	7,205	-	667,683
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 301	\$ 69,310	\$ 69,611
Changes of assumptions	-	-	19,768	19,768
Net difference between projected and actual earnings	1,453,541	76	-	1,453,617
Changes in proportion and differences between County contributions and proportionate share of contributions	50,885	-	-	50,885

(2) Other Post Employment Benefits

HEALTHCARE BENEFITS

Plan Administration. Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment healthcare benefits to retirees of the County, provided they meet the following guidelines: Mitchell County will pay 75% of the cost of premiums for an employee retiring with 20 to 24 years of continuous service, 87.5% for an employee retiring with 25 to 30 years of continuous service, and 100% of the premiums retiring with 30 years of continuous service. The

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For the Fiscal Year Ended June 30, 2022

County pays the full cost of coverage for these benefits through private insurers. This coverage will continue until the employee becomes eligible for Medicare, at which time the County will convert coverage to a Medicare supplement policy. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Retired Employees' Years of Creditable Service	County Contribution
30 or more	100%
25-29	87.50%
20-24	75.00%

Plan membership. At June 30, 2022, the HCB Plan membership consisted of the following:

	2022
Inactive plan members or beneficiaries currently receiving benefit payments	28
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	115
	143

Total OPEB Liability

The County's total OPEB liability of \$10,030,182 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability was determined by actuarial valuations as of December 31, 2020 and December 31, 2021 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.20 to 8.41 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	7.00 percent for 2021 decreasing to an ultimate rate of 4.50% by 2031

Total OPEB liabilities were rolled forward to June 30, 2021 and June 30, 2022 for the employer and the plan, respectively, utilizing update procedures incorporating the actuarial assumptions.

Mortality rates were based on the RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. For general employees, rates are adjusted by 108% (male) and 81% (female) for ages

MITCHELL COUNTY, NORTH CAROLINA

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For the Fiscal Year Ended June 30, 2022

under 78 and by 124% (male) and 113% (female) for age 78 and older. For law enforcement officers, rates are adjusted by 100% for males and 100% for females.

The actuarial assumptions used in the December 31, 2020 and December 31, 2021 valuations were based on the results of an actuarial experience study for the period 2015-2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30 are presented above.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2022 was 2.16 percent which was a change from the discount rate of 2.21 percent at June 30, 2021. However, because the OPEB plan's fiduciary net position was not projected to be sufficient to make all future benefit payments, the discount rate incorporates a municipal bond rate which was 7.34 percent at June 30, 2021 per the S&P Municipal Bond 20 Year High Grade Rate Index. As of June 30, 2022, the S&P Municipal Bond 20 Year High Grade rate was 1.56 percent.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1/2020	9,047,663
Changes for the year	
Service cost	393,924
Interest	206,866
Changes of benefit terms	-
Differences between expected and actual experience	150,003
Changes in assumptions or other inputs	394,897
Benefit payments	(163,171)
Net changes	982,519
Balance at 6/30/2021	10,030,182

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019 adopted by the LGERS.

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

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	<u>1% Decrease</u>	<u>Discount Rate (2.21%)</u>	<u>1% Increase</u>
Total OPEB liability	\$ 12,517,346	\$ 10,030,182	\$ 8,174,235

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 8,030,310	\$ 10,030,182	\$ 12,754,098

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 \$593,014. 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	\$ 141,851	\$ 911,484
Changes of assumptions	2,015,389	609,488
Benefit payments and administrative costs made subsequent to the measurement date	-	
Total	<u>\$ 2,157,240</u>	<u>\$ 1,520,972</u>

Amounts reported as deferred inflows of resources related to healthcare benefits will be recognized in benefit expense as follows:

Year ended June 30:

2023	\$ (7,776)
2024	(7,776)
2025	30,875
2026	130,438
2027	374,226
Thereafter	116,281

MITCHELL COUNTY, NORTH CAROLINA

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For the Fiscal Year Ended June 30, 2022

OTHER EMPLOYMENT BENEFITS

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. 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. The County considers these contributions to be immaterial.

6. Deferred Outflows and Inflows of Resources

The balance in deferred revenue at year-end is composed of the following elements:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
<i>Pensions - difference between expected and actual experience</i>		
<i>LGERS</i>	\$ 323,668	\$ -
<i>Register of Deeds</i>	265	301
<i>LEO</i>	13,349	63,310
<i>Changes of assumptions</i>	767,765	19,768
<i>Opeb - Changes of assumptions</i>	2,015,389	609,488
<i>Opeb - difference between projected and actual investment earnings</i>	141,851	911,484
<i>Opeb contributions to plan in 2021-22 fiscal year</i>	-	
<i>Pensions - difference between projected and actual investment earnings</i>	-	1,453,617
<i>Pensions - change in proportion and difference between employer contributions and proportionate share of contributions</i>	106,538	50,885
<i>Contributions to pension plan in 2021-2022 fiscal year</i>	667,683	-
<i>Total</i>	<u>\$ 4,036,508</u>	<u>\$ 3,108,853</u>

7. 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 two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$200 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage

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For the Fiscal Year Ended June 30, 2022

for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000 retention up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property, and auto physical damage. For workers compensation, there is a per occurrence retention of \$750,000. For medical and dental insurance, the County is reinsured through the Pool for individual losses in excess of \$50,000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through a commercial carrier for individual losses in excess of \$250,000.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). County officials have determined that structures may incur differing levels of damage based on location, and, therefore, have purchased insurance coverage commensurate with exposure.

In accordance with G.S. 159-29, the County's employees that have access at any given time to \$100 or more of the County's funds are performance bonded through a crime coverage declaration by the NCACC Liability and Property Pool. Individual bonds are in the following amounts: The Director of Finance, bonded for \$250,000, Assistant Finance Officer, Tax Collector and Assistant, and Clerk to the Board, \$25,000 each, Register of Deeds and Deputies, Sheriff, and Assistant Director of Transportation, \$10,000 each.

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

8. Long-Term Obligations

a. 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.

Three agreements were executed between August 2018 and March 2022 to lease copiers for various departments within the County. Each requires 59 monthly payments with no variable payment components of the lease. The lease liability is measured at a discount rate of 35%, which is the rate provided by the representative for the lease agreement. As a result of the lease, the County has recorded a right to use asset with a net book value of \$73,410 at June 30, 2022. The right to use asset is discussed in more detail in the right to use asset section of this note.

The second agreement was executed in July 2021 to lease property and requires 15 quarterly payments of \$3,600. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 5.5%, which is the estimated incremental borrowing rate of the entity. As a result of the lease, the County has recorded a right to use asset with a net book value of \$50,749 at June 30, 2022. The right to use asset is discussed in more detail in the right to use asset section of this note.

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Notes to Financial Statements

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b. Direct Placement Installment Purchase QZAB

On August 28, 2008, the County entered into a commitment of \$2,000,000 in order to finance a school renovation project. The contract is with Rocky Mountain Bank located in Montana for the issuance of Qualified Zone Academy Bond (QZAB) funding. Required principal repayment is \$142,857 per year for a fourteen year term with no stated interest rate. In the event of default, the County agrees to pay the purchaser, on demand, interest on any and all amounts due and owing by the County under the related agreements.

General Long-Term Debt: 2023	Principal
	142,858
	\$ 142,858

c. Long-Term Obligation Activity

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

	<u>Balance</u> <u>June 30, 2021</u>		<u>Increases</u>		<u>Decreases</u>		<u>Balance</u> <u>June 30, 2022</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental activities:								
Direct placement installment	285,715	\$	-	\$	142,858	\$	142,857	\$ 142,857
Leases payable	155,222		38,715		79,929		114,008	-
LGERS Net pension liability	2,249,829		-		1,232,441		1,017,388	-
Compensated absences	275,246		105,650		-		380,896	-
Net pension obligation	556,891		-		1,725		555,166	-
Net health care plan obligation	9,047,663		982,519		-		10,030,182	-
	\$ 9,318,867	\$	1,126,884	\$	1,456,953	\$	12,240,497	\$ 142,857

At June 30, 2022, the County had a legal debt margin of \$150,400,375.

9. Claims and Judgments

At June 30, 2022, the County was a defendant to various lawsuits. In the opinion of the County management and County attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the County's financial position. Pending cases as of June 30, 2022 that may have an unfavorable outcome are covered by the County's liability insurance.

8. Closure and Postclosure Care Costs (Mitchell-Yancey Sanitary Landfill)

The Mitchell-Yancey Sanitary Landfill is an association between Mitchell and Yancey Counties, North Carolina. The Landfill was a joint venture for the purpose of operating and funding a sanitary landfill. During the fiscal year ended June 30, 1994, the two counties declined to accept any additional waste and began closure and postclosure procedures in order to comply with State and federal laws and regulations. On October 6,

MITCHELL COUNTY, NORTH CAROLINA

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1994, the two counties were notified that all requirements for closure had been successfully completed. As a result of successfully completing closure prior to the mandated date of October 8, 1994, the two counties will only be required to monitor the Landfill at shared costs. For the fiscal year ended June 30, 2022, Mitchell County's portion of shared costs was \$125,875.

(C) Fund Balance

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

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

Total fund balance-General Fund	\$8,619,503
Less:	
Stabilization by State Statute	1,947,915
Prepaid expenses	75,317
Appropriated Fund Balance in 2023 budget	110,831
Committed to Tax Revaluation	5,593
Register of Deeds	312
Remaining Fund Balance	\$6,479,535

III. JOINT VENTURES

The County participates in a joint venture to operate Avery-Mitchell-Yancey Regional Library with three other local governments. Each participating government appoints three members to the twelve-member board of the library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2022. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$106,014 to the library to supplement its activities. Complete financial statements can be obtained from the Library's offices at Highway 19E, Burnsville, North Carolina 28714.

The County in conjunction with the State of North Carolina, Avery County, and Yancey County, participates in a joint venture to operate Mayland Community College (College). Each of the four participants appoints three members of the thirteen-member board of trustees of the College. The president of the College's student government serves as an ex officio nonvoting member of the College's board of trustees. The College is included as a component unit of the State. The Counties have the basic joint responsibility for providing funding for the facilities of the College and also provide some financial support for the College's operations.

MITCHELL COUNTY, NORTH CAROLINA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

The Counties have an ongoing joint financial responsibility for the College because of the statutory responsibilities to provide funding for the College's facilities. Mitchell County contributed \$387,783 and \$154,635 to the College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2022. The participating governments do not have an equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2022. Complete financial statements for Mayland Community College may be obtained from the College's administrative offices at 200 Mayland Tech Road, Spruce Pine, North Carolina 28777.

The County participated in a joint venture to operate the Western Highlands Area Authority with eight other local governments. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' continued funding. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$18,000 to the Center to supplement its activities.

IV. JOINTLY GOVERNED ORGANIZATION

The County, in conjunction with seven other counties and nineteen municipalities, established the High Country Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$12,524 to the Council during the fiscal year ending June 30, 2022.

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

Coronavirus Disease (COVID-19)

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 is expected to impact various parts of its fiscal year 2022-23 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

VI. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 4, 2022, the date which the financial statements were available to be issued.

Mitchell County, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2022

	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 556,891	\$ 390,260	\$ 324,369	\$ 332,924	\$ 319,971	\$ 321,039
Service Cost	41,128	26,170	24,513	24,358	19,933	19,090
Interest on the total pension liability	10,748	12,722	11,631	10,290	11,879	11,025
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(36,540)	(44,420)	26,522	(14,877)	(18,188)	-
Changes of assumptions or other inputs	(17,061)	172,159	12,915	(13,715)	23,783	(6,729)
Benefit payments	-	-	(9,690)	(14,611)	(24,454)	(24,454)
Other changes	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 555,166</u>	<u>\$ 556,891</u>	<u>\$ 390,260</u>	<u>\$ 324,369</u>	<u>\$ 332,924</u>	<u>\$ 319,971</u>

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

Mitchell County, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2022

	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 555,166	\$ 556,891	\$ 390,260	\$ 324,369	\$ 332,924	\$ 319,971
Covered payroll	1,086,465	959,756	940,753	862,581	812,168	724,261
Total pension liability as a percentage of covered payroll	51.10%	58.02%	41.48%	37.60%	40.99%	44.18%

Notes to the schedules:

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

Mitchell County, North Carolina
Schedule of Changes in the Net OPEB Liability and Related Ratios

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 393,924	\$ 206,201	\$ 315,297	\$ 338,122	\$ 389,787
Interest	206,866	229,156	293,175	268,601	238,458
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	150,003	10,273	(1,569,617)	13,008	(3,929)
Changes of assumptions	394,897	2,330,651	(99,144)	(502,838)	(894,540)
Benefit payments	(163,171)	(138,276)	(132,118)	(118,572)	(95,735)
Net change in total OPEB liability	982,519	2,638,005	(1,192,407)	(1,679)	(365,959)
Total OPEB liability - beginning	9,047,663	6,409,658	7,602,065	7,603,744	7,969,703
Total OPEB liability - ending	10,030,182	9,047,663	6,409,658	7,602,065	7,603,744
Plan fiduciary net position					
Contributions - employer	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments	-	-	-	-	-
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-	-
County's net OPEB liability - ending	\$ 10,030,182	\$ 9,047,663	\$ 6,409,658	\$ 7,602,065	\$ 7,603,744
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	3,955,793	3,991,015	3,991,015	4,047,753	4,047,753
County's net OPEB liability as a percentage of covered payroll	253.56%	226.70%	160.60%	187.81%	187.85%

See auditor's report and accompanying notes.

MITCHELL COUNTY, NORTH CAROLINA
Proportionate Share of Net Pension (Liability) Asset
Required Supplementary Information
Last Nine Fiscal Years

Local Government Employees Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.066340	0.062960	0.064730	0.079740	0.076750	0.075860	0.076990	0.074390	0.072600
County's proportion of the net pension liability (asset) (\$)	1,017,388	2,249,829	1,767,726	1,891,706	1,172,527	1,610,033	345,527	(438,712)	875,109
County's covered-employee payroll	5,144,284	3,659,160	4,832,714	5,294,152	3,915,053	3,915,053	3,770,887	3,615,087	3,588,405
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.198	0.615	0.366	0.357	0.299	0.411	0.092	(0.121)	0.24
Plan fiduciary net position as a percentage of the total pension liability	92.0000	92.0000	94.1800	91.4700	98.0900	98.7900	102.6400	94.3500	98.2200

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

MITCHELL COUNTY, NORTH CAROLINA
Schedule of Contributions to the Local Government Employees' Retirement System
Required Supplementary Information
Last Nine Fiscal Years

Local Government Employees Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	660,478	541,594	419,778	383,914	408,171	373,121	266,616	266,955	255,587
Contributions in relation to the contractually required contribution	660,478	541,594	419,778	383,914	408,171	373,121	266,616	266,955	255,587
County's covered-employee payroll	5,562,970	5,144,284	3,659,160	4,832,714	5,294,152	4,222,472	3,915,053	3,770,887	3,615,087
Contributions as a percentage of covered-employee payroll	0.1187	0.1053	0.1147	0.0794	0.0771	0.0884	0.0681	0.0708	0.0707

MITCHELL COUNTY, NORTH CAROLINA
Proportionate Share of Net Pension (Liability) Asset
Required Supplementary Information
Register of Deeds Supplemental Pension Fund
Last Nine Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.129250	0.132590	0.135970	0.154590	0.147490	0.157830	0.157590	0.164542	0.169462
County's proportion of the net pension liability (asset) (\$)	24,833	30,387	26,843	25,605	25,175	(29,508)	(36,520)	(37,295)	(36,197)
County's covered-employee payroll	61,603	53,655	52,173	51,301	54,287	49,761	49,265	48,177	47,418
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.403	0.566	0.514	0.499	0.464	(0.593)	(0.741)	(0.774)	(0.76)
Plan fiduciary net position as a percentage of the total pension liability	153.3100	153.7700	160.1700	197.2700	193.8800	190.5000	188.7500	189.6500	189.5600

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

MITCHELL COUNTY, NORTH CAROLINA
Schedule of Contributions
Required Supplementary Information
Register of Deeds Supplemental Pension Fund
Last Nine Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	7,205	6,321	4,867	4,090	3,904	4,012	3,389	3,483	3,406
Contributions in relation to the contractually required contribution	7,205	6,321	4,867	4,090	3,904	4,012	3,389	3,483	3,406
County's covered-employee payroll	62,645	61,603	53,655	52,173	51,301	54,287	49,761	49,265	48,177
Contributions as a percentage of covered-employee payroll	0.1150	0.1026	0.0907	0.0784	0.0761	0.0739	0.0681	0.0707	0.0707

MITCHELL COUNTY, NORTH CAROLINA**General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual-****For the Fiscal Year Ended June 30, 2022****(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2021)**

	2022		Variance Favorable (Unfavorable)	2021
	Budget	Actual		Actual
Revenues:				
<i>Ad valorem taxes:</i>				
Taxes	\$	\$ 11,052,529	\$	\$ 10,819,456
Penalties and interest		154,188		98,888
Total		<u>11,060,169</u>	<u>146,548</u>	<u>10,918,344</u>
<i>Local option sales taxes:</i>				
Article 39 one percent		2,080,100		1,950,990
Article 40 one-half of one percent		1,303,305		1,159,210
Article 42 one-half of one percent		1,053,575		977,958
Article 44 one-half of one percent		309,108		272,440
Total		<u>4,652,492</u>	<u>93,596</u>	<u>4,360,598</u>
<i>Other taxes and licenses:</i>				
Real estate transfer tax		115,436		109,509
Adm cost excise tax		2,309		2,188
Occupancy tax		145,886		120,091
Scrap tire disposal tax		24,920		21,890
Solid waste disposal tax		12,299		21,384
Other		40,516		35,847
Total		<u>332,068</u>	<u>9,298</u>	<u>310,909</u>
<i>Unrestricted intergovernmental:</i>				
Payments in lieu of taxes		57,298		55,968
Total		<u>55,174</u>	<u>2,124</u>	<u>55,968</u>
<i>Restricted intergovernmental:</i>				
State and federal grants		3,761,713		4,865,207
Court facilities fees		15,478		13,211
ABC Board		5,434		5,304
Total		<u>3,652,222</u>	<u>125,403</u>	<u>4,883,722</u>
<i>Licenses and permits:</i>				
Inspection fees and building permits		140,738		116,966
Register of deeds		79,287		65,143
Marriage licenses		5,160		4,740
Total		<u>213,000</u>	<u>12,185</u>	<u>186,849</u>
<i>Sales and services:</i>				
Officer and jail fees		20,847		48,702
Rent		76,718		74,318
Cable and telephone fees		43,241		44,418
Recycling waste revenue		106,609		58,002
Tipping fees		303,061		331,374
Transportation fees		171,604		174,984
Recreation fees		66,755		52,417
Other fees		110,929		92,950
Total		<u>904,112</u>	<u>(4,348)</u>	<u>877,165</u>
<i>Investment earnings</i>		<u>4,386</u>	<u>11,276</u>	<u>3,194</u>
<i>Miscellaneous:</i>				

See the accompanying Independent Auditor's Report.

MITCHELL COUNTY, NORTH CAROLINA**General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual-****For the Fiscal Year Ended June 30, 2022****(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2021)**

	2022		Variance Favorable (Unfavorable)	2021
	Budget	Actual		Actual
Contributions		149,038		86,585
Nongovernmental grants		-		83,500
Sales of fixed assets		37,308		6,264
Insurance refunds		27,424		65,004
Other		11,821		4,868
Total	205,184	225,591	20,407	246,221
Total revenues	21,083,807	21,500,296	416,489	21,842,970
Expenditures:				
<i>General government -</i>				
<i>Administration:</i>				
Salaries and employee benefits		470,071		457,362
Other operating expenditures		422,500		491,602
Capital outlay		38,715		-
Total	998,185	931,286	66,899	948,964
<i>Elections:</i>				
Salaries and employee benefits		125,126		128,287
Other operating expenditures		41,733		71,614
Capital outlay		13,350		-
Total	181,569	180,209	1,360	199,901
<i>Finance:</i>				
Salaries and employee benefits		248,250		242,144
Other operating expenditures		11,603		14,638
Total	264,353	259,853	4,500	256,782
<i>Tax listing and supervisor:</i>				
Salaries and employee benefits		158,306		153,038
Other operating expenditures		21,553		25,606
Total	196,403	179,859	16,544	178,644
<i>Tax collections:</i>				
Salaries and employee benefits		123,522		117,065
Other operating expenditures		26,055		19,093
Total	151,559	149,577	1,982	136,158

MITCHELL COUNTY, NORTH CAROLINA**General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual-****For the Fiscal Year Ended June 30, 2022****(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2021)**

	2022		Variance Favorable (Unfavorable)	2021
	Budget	Actual		Actual
<i>Mapping/GIS:</i>				
<i>Salaries and employee benefits</i>		64,218		61,565
<i>Other operating expenditures</i>		911		2,675
<i>Total</i>	<u>67,032</u>	<u>65,129</u>	<u>1,903</u>	<u>64,240</u>
<i>Register of Deeds:</i>				
<i>Salaries and employee benefits</i>		190,738		183,936
<i>Other operating expenditures</i>		64,583		64,586
<i>Total</i>	<u>265,071</u>	<u>255,321</u>	<u>9,750</u>	<u>248,522</u>
<i>Public Buildings:</i>				
<i>Salaries and employee benefits</i>		124,507		119,779
<i>Other operating expenditures</i>		332,726		312,307
<i>Capital outlay</i>		7,466		11,429
<i>Total</i>	<u>514,539</u>	<u>464,699</u>	<u>49,840</u>	<u>443,515</u>
<i>Legal and auditing:</i>				
<i>Contracted services</i>	<u>93,249</u>	<u>64,489</u>	<u>28,760</u>	<u>109,579</u>
<i>Facilities fees:</i>				
<i>Other operating expenditures</i>	<u>35,651</u>	<u>35,601</u>	<u>50</u>	<u>30,577</u>
<i>Total general government</i>	<u>2,767,611</u>	<u>2,586,023</u>	<u>181,588</u>	<u>2,616,882</u>
<i>Public safety -</i>				
<i>Sheriff's Department:</i>				
<i>Salaries and employee benefits</i>		1,619,306		1,462,832
<i>Other operating expenditures</i>		475,469		338,174
<i>Capital outlay</i>		202,298		378,072
<i>Total</i>	<u>2,370,921</u>	<u>2,297,073</u>	<u>73,848</u>	<u>2,179,078</u>
<i>Jail:</i>				
<i>Contracted services</i>		787,303		636,370
<i>Other operating expenditures</i>		-		28,032
<i>Total</i>	<u>867,762</u>	<u>787,303</u>	<u>80,459</u>	<u>664,402</u>
<i>Fire protection:</i>				
<i>Contracted services</i>	<u>-</u>	<u>60,019</u>		<u>35,719</u>
<i>Total</i>	<u>84,698</u>	<u>60,019</u>	<u>24,679</u>	<u>35,719</u>
<i>Building inspection:</i>				
<i>Salaries and employee benefits</i>		181,043		165,724
<i>Other operating expenditures</i>		29,201		19,638
<i>Total</i>	<u>223,251</u>	<u>210,244</u>	<u>13,007</u>	<u>185,362</u>

See the accompanying Independent Auditor's Report.

MITCHELL COUNTY, NORTH CAROLINA**General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual-****For the Fiscal Year Ended June 30, 2022****(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2021)**

	2022		Variance Favorable (Unfavorable)	2021
	Budget	Actual		Actual
<i>Emergency management:</i>				
Salaries and employee benefits		70,142		34,119
Other operating expenditures		47,688		103,436
Capital outlay		-		6,310
Total	127,766	117,830	9,936	143,865
<i>Animal Rescue:</i>				
Operating expenditures	100,328	100,328	-	102,808
<i>Emergency communications:</i>				
Salaries and employee benefits		626,722		606,084
Other operating expenditures		48,817		43,392
Total	734,932	675,539	59,393	649,476
<i>Medical Examiner:</i>				
Professional services	15,000	5,500	9,500	19,600
<i>Emergency medical services:</i>				
Operating expenditures	1,460,000	1,458,300	1,700	1,358,000
<i>Protective service agencies:</i>				
Other operating expenditures	8,550	6,317	2,233	6,124
Total public safety	5,993,208	5,718,453	274,755	5,344,434
<i>Public transportation:</i>				
<i>Streets and highways:</i>				
Salaries and employee benefits		523,398		424,634
Other operating expenditures		119,667		174,549
Capital outlay		265,558		316,158
Total public transportation	917,918	908,623	9,295	915,341
<i>Environmental protection -</i>				
<i>Sanitation:</i>				
Salaries and employee benefits		448,835		421,794
Contracted services		998,717		851,380
Tire disposal		59,672		49,352
Other operating expenditures		69,197		120,769
Capital outlay		237,043		-
Total	1,823,231	1,813,464	9,767	1,443,295
<i>Soil conservation service:</i>				
Contracted services	86,650	86,650	-	84,848
Total environmental protection	1,909,881	1,900,114	9,767	1,528,143

See the accompanying Independent Auditor's Report.

MITCHELL COUNTY, NORTH CAROLINA**General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual-****For the Fiscal Year Ended June 30, 2022****(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2021)**

	2022		Variance Favorable (Unfavorable)	2021
	Budget	Actual		Actual
<i>Economic and physical development -</i>				
<i>Agricultural extension agent:</i>				
Other operating expenditures		178,241		152,314
Total	180,218	178,241	1,977	152,314
<i>Regional economic development:</i>				
Other operating expenditures				259,197
Development council dues and fees		12,524		10,183
Occupancy tax distribution		145,886		120,091
COVID 19 recovery distributions		-		295,973
Total	156,245	158,410	(2,165)	685,444
<i>Community Based Alternatives</i>				
Operating expenditures	77,592	77,592	-	70,482
<i>Economic Development Commission:</i>				
Article 44 distribution		180,000		272,609
Other operating expenditures		22,034		198,286
Total	249,916	202,034	47,882	470,895
<i>Total economic and physical development</i>	663,971	616,277	47,694	1,379,135
<i>Human services -</i>				
<i>Public Health:</i>				
Contracted services		598,686		472,138
Total	598,752	598,686	66	472,138
<i>Veteran's Service Officer -</i>				
Salaries and employee benefits		25,008		25,709
Other operating expenditures		1,349		333
Total	27,031	26,357	674	26,042
<i>Social Services:</i>				
Salaries and employee benefits		2,439,444		2,588,793
Other operating expenditures		392,363		209,907
Capital outlay		-		24,657
Total	2,944,068	2,831,807	112,261	2,823,357

See the accompanying Independent Auditor's Report.

MITCHELL COUNTY, NORTH CAROLINA**General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual-****For the Fiscal Year Ended June 30, 2022****(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2021)**

	2022		Variance Favorable (Unfavorable)	2021
	Budget	Actual		Actual
<i>County participation:</i>				
<i>Special assistance</i>		90,283		107,197
<i>Foster care</i>		464,400		722,492
<i>Crisis intervention</i>		65,670		70,319
<i>Adoption assistance</i>		105,646		88,242
<i>Other</i>		396,324		190,216
<i>Total</i>	<u>1,226,537</u>	<u>1,122,323</u>	<u>104,214</u>	<u>1,178,466</u>
<i>Senior Citizens:</i>				
<i>Salaries and employee benefits</i>		383,049		367,237
<i>Other operating expenditures</i>		207,307		202,498
<i>Total</i>	<u>634,665</u>	<u>590,356</u>	<u>44,309</u>	<u>569,735</u>
<i>Total human services</i>	<u>5,431,053</u>	<u>5,169,529</u>	<u>261,524</u>	<u>5,069,738</u>
<i>Cultural and recreational -</i>				
<i>Community service:</i>				
<i>Agency assistance</i>	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
<i>Library:</i>				
<i>Contracted services</i>	<u>106,014</u>	<u>106,014</u>	<u>-</u>	<u>93,334</u>
<i>Recreation:</i>				
<i>Salaries and employee benefits</i>		133,371		122,239
<i>Other operating expenditures</i>		108,241		90,648
<i>Capital outlay</i>		21,165		-
<i>Total</i>	<u>279,208</u>	<u>262,777</u>	<u>16,431</u>	<u>212,887</u>
<i>Total cultural and recreational</i>	<u>386,722</u>	<u>370,291</u>	<u>16,431</u>	<u>307,721</u>
<i>Education -</i>				
<i>Public schools - current expense</i>		2,172,622		2,172,622
<i>Public schools - special grant - forest timber</i>		26,724		23,298
<i>Public schools - capital outlay</i>		1,182,215		1,054,475
<i>Community College - current expense</i>		387,783		357,387
<i>Community College - capital outlay</i>		154,635		25,000
<i>Total education</i>	<u>3,963,438</u>	<u>3,923,979</u>	<u>39,459</u>	<u>3,632,782</u>
<i>Debt service -</i>				
<i>Principal retirement</i>		176,168		213,406
<i>Interest and fees</i>		1,582		5,437
<i>Total debt service</i>	<u>177,857</u>	<u>177,750</u>	<u>107</u>	<u>218,843</u>
<i>Total expenditures</i>	<u>22,211,659</u>	<u>21,371,039</u>	<u>840,620</u>	<u>21,013,019</u>
<i>Revenue over (under) expenditures</i>	<u>(1,127,852)</u>	<u>129,257</u>	<u>1,257,109</u>	<u>829,951</u>

See the accompanying Independent Auditor's Report.

MITCHELL COUNTY, NORTH CAROLINA**General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual-****For the Fiscal Year Ended June 30, 2022****(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2021)**

	2022		Variance Favorable (Unfavorable)	2021
	Budget	Actual		Actual
Other financing sources (uses):				
Appropriated Fund Balance	1,333,086	-	(1,333,086)	-
Proceeds from debt issue		38,715	38,715	
Transfers in (out):				
Revaluation Fund	(100,000)	(100,000)	-	(100,000)
E-911	(105,234)	(105,234)	-	-
Total other financing sources (uses)	<u>1,127,852</u>	<u>(166,519)</u>	<u>(1,294,371)</u>	<u>(100,000)</u>
Excess of revenues and other sources over (under) expenditures and other uses	\$ <u>-</u>	(37,262)	\$ (37,262)	729,951
Fund balances - beginning of year		8,651,175		7,921,224
Fund balances - end of year		<u>\$ 8,613,913</u>		<u>\$ 8,651,175</u>

MITCHELL COUNTY, NORTH CAROLINA**Revaluation Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances --Budget and Actual--
For the Fiscal Year Ended June 30, 2022***(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2021)*

	2022		Variance Favorable (Unfavorable)	2021
	Budget	Actual		Actual
<i>Revenues:</i>				
<i>Investment earnings</i>	\$ 130	50		141
<i>Total revenues</i>	<u>130</u>	<u>50</u>	<u>(80)</u>	<u>141</u>
<i>Expenditures:</i>				
<i>Tax Listing:</i>				
<i>Contracted services</i>		212,541		165,021
	<u>232,680</u>	<u>212,541</u>	<u>20,139</u>	<u>165,021</u>
<i>Total expenditures</i>	<u>232,680</u>	<u>212,541</u>	<u>20,139</u>	<u>165,021</u>
<i>Revenues over (under) expenditures</i>	(232,550)	(212,491)	20,059	(164,880)
<i>Other financing sources (uses):</i>				
<i>Appropriated fund balance</i>	132,550	-	132,550	-
<i>Operating transfer in (out) from General Fund</i>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<i>Total other financing sources (uses)</i>	<u>232,550</u>	<u>100,000</u>	<u>132,550</u>	<u>100,000</u>
<i>Excess of revenues and other sources over (under) expenditures</i>	\$ <u><u>-</u></u>	(112,491)	\$ <u><u>(112,491)</u></u>	(64,880)
<i>Fund balances - beginning of year</i>		118,084		182,964
<i>Fund balances - end of year</i>		\$ <u><u>5,593</u></u>		\$ <u><u>118,084</u></u>

See the accompanying Independent Auditor's Report.

MITCHELL COUNTY, NORTH CAROLINA
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2022

<i>Assets</i>	<i>Fire District Fund</i>	<i>Emergency Telephone System Fund</i>	<i>Representative Payee Fund</i>	<i>Opioid Settlement Fund</i>	<i>Total Non-major Special Revenue Funds</i>
<i>Current assets:</i>					
Cash and investments	\$ -	638,489	70,518	76,537	\$ 785,544
Accounts receivable	-	18,692	-	-	18,692
Taxes receivable - net	63,868	-	-	-	63,868
Due from other governments	-	2,868	-	-	2,868
Total assets	\$ 63,868	660,049	70,518	76,537	\$ 870,972
<i>Liabilities and Fund Balances</i>					
<i>Liabilities:</i>					
Accounts payable and accrued liabilities	\$ -	-	-	-	\$ -
Deferred revenue	63,868	-	-	76,535	140,403
Total liabilities	63,868	-	-	76,535	140,403
<i>Fund balances:</i>					
<i>Restricted</i>					
Stabilization by State statute	-	21,560	-	-	21,560
Health services	-	-	70,518	2	70,520
<i>Committed:</i>					
Emergency Telephone System	-	638,489	-	-	638,489
	-	660,049	70,518	2	730,569
Total liabilities and fund balances	\$ 63,868	660,049	70,518	76,537	\$ 870,972

MITCHELL COUNTY, NORTH CAROLINA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2022

	<u>Fire District Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Grant Project Fund</u>	<u>Representative Payee Fund</u>	<u>Deed of Trust Fund</u>	<u>Fines and Forfeitures Fund</u>	<u>Opioid Settlement Fund</u>	<u>Total Non-major Governmental Funds</u>
<i>Revenues:</i>								
<i>Ad valorem taxes (net)</i>	\$ 1,084,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,084,707
<i>Restricted intergovernmental</i>	-	224,314	109,293	291,652	17,707	90,830	-	733,796
<i>Other taxes and licenses</i>	-	-	-	-	-	-	-	-
<i>Investment earnings</i>	-	129	-	-	-	-	2	131
<i>Total revenues</i>	<u>1,084,707</u>	<u>224,443</u>	<u>109,293</u>	<u>291,652</u>	<u>17,707</u>	<u>90,830</u>	<u>2</u>	<u>1,818,634</u>
<i>Expenditures:</i>								
<i>General government</i>	-	-	-	280,965	17,707	90,830	-	389,502
<i>Public safety</i>	1,084,707	108,761	-	-	-	-	-	1,193,468
<i>Economic and physical development</i>	-	-	109,293	-	-	-	-	109,293
<i>Capital outlay</i>	-	-	-	-	-	-	-	-
	<u>1,084,707</u>	<u>108,761</u>	<u>109,293</u>	<u>280,965</u>	<u>17,707</u>	<u>90,830</u>	<u>-</u>	<u>1,692,263</u>
<i>Total expenditures</i>	<u>1,084,707</u>	<u>108,761</u>	<u>109,293</u>	<u>280,965</u>	<u>17,707</u>	<u>90,830</u>	<u>-</u>	<u>1,692,263</u>
<i>Revenues over (under) expenditures</i>	-	115,682	-	10,687	-	-	2	126,371
<i>Other financing sources (uses):</i>								
<i>Operating transfer in (out)</i>								
<i>General Fund</i>	-	105,235	-	-	-	-	-	105,235
<i>Total other financing sources</i>	<u>-</u>	<u>105,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,235</u>
<i>Excess of revenues and other sources over expenditures</i>	-	220,917	-	10,687	-	-	2	231,606
<i>Fund balances - beginning of year</i>	-	439,132	-	59,831	-	-	-	498,963
<i>Prior period restatement - change in accounting princ</i>	-	-	-	-	-	-	-	-
<i>Fund balances - beginning of year as restated</i>	-	439,132	-	59,831	-	-	-	498,963
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 660,049</u>	<u>\$ -</u>	<u>\$ 70,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 730,569</u>

See the accompanying Independent Auditor's Report.

MITCHELL COUNTY, NORTH CAROLINA**Fire District Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances --Budget and Actual--****For the Fiscal Year Ended June 30, 2022****(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2021)**

	2022		Variance Favorable (Unfavorable)	2021
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Current and prior years	\$ 1,188,600	\$ 1,084,707	\$ (103,893)	\$ 1,051,494
Total revenues	<u>1,188,600</u>	<u>1,084,707</u>	<u>(103,893)</u>	<u>1,051,494</u>
Expenditures:				
Public safety:				
Bakersville Fire District		173,571		164,441
Ledger Fire District		129,505		124,980
Parkway Fire District		330,997		327,708
Buladean Fire District		70,157		67,318
Fork Mountain Fire District		97,094		93,106
Bradshaw Fire District		107,574		107,384
Spruce Pine Fire District		175,809		166,557
Total expenditures	<u>1,188,600</u>	<u>1,084,707</u>	<u>103,893</u>	<u>1,051,494</u>
Excess of revenues and other sources over (under) expenditures and other uses	\$ <u>-</u>	-	\$ <u>-</u>	-
Fund balances - beginning of year		-		-
Fund balances - end of year		\$ <u>-</u>		\$ <u>-</u>

See the accompanying Independent Auditor's Report.

MITCHELL COUNTY, NORTH CAROLINA**Emergency Telephone System Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances --Budget and Actual--****For the Fiscal Year Ended June 30, 2022****(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2021)**

	2022		Variance Favorable (Unfavorable)	2021
	Budget	Actual		Actual
<i>Revenues:</i>				
NC PSAP payment	\$ 224,314	224,314	\$	\$ 108,529
Intergovernmental revenues	-	-		110,718
Investment earnings	15	129		15
Total revenues	<u>224,329</u>	<u>224,443</u>	114	<u>219,262</u>
<i>Expenditures:</i>				
<i>Public safety:</i>				
Contracted services		77,609		58,069
Other operating expense		31,152		22,935
Capital outlay		-		110,718
Total expenditures	<u>329,578</u>	<u>108,761</u>	<u>220,817</u>	<u>191,722</u>
Revenues over (under) expenditures	(105,249)	115,682	220,931	27,540
<i>Other financing sources (uses):</i>				
Appropriated fund balance	-	-	-	-
Operating transfer in (out) from General Fund	<u>105,249</u>	<u>105,234</u>	15	-
Total other financing sources (uses)	<u>105,249</u>	<u>105,234</u>	15	-
Excess of revenues and other sources over (under) expenditures	\$ <u>-</u>	220,916	\$ <u>220,916</u>	27,540
Fund balances - beginning of year		439,132		411,592
Fund balances - end of year		\$ <u>660,048</u>		\$ <u>439,132</u>

See the accompanying Independent Auditor's Report.

MITCHELL COUNTY, NORTH CAROLINA
Grant Project Fund - CDBG Grant 17-C-2985 (NR)
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2022

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u> <u>to Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<i>Revenues:</i>					
<i>Restricted intergovernmental revenues:</i>					
<i>CDBG Grant</i>	\$ <u>1,003,216</u>	\$ <u>507,195</u>	\$ <u>109,293</u>	\$ <u>616,488</u>	\$ <u>(386,728)</u>
<i>Expenditures - Economic and physical development:</i>					
<i>Rehabilitation</i>	865,961	484,040	93,049	577,089	288,872
<i>Administration</i>	<u>137,255</u>	<u>23,155</u>	<u>16,244</u>	<u>39,399</u>	<u>97,856</u>
<i>Total expenditures</i>	<u>1,003,216</u>	<u>507,195</u>	<u>109,293</u>	<u>616,488</u>	<u>386,728</u>
<i>Revenues and other sources over (under) expenditures</i>	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	\$ <u>-</u>
<i>Fund balance:</i>					
<i>Beginning of year</i>			<u>-</u>		
<i>End of year</i>			\$ <u>-</u>		

MITCHELL COUNTY, NORTH CAROLINA**Representative Payee Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances --Budget and Actual--
For the Fiscal Year Ended June 30, 2022**

	<u>2022</u>		<i>Variance Favorable (Unfavorable)</i>
	<u>Budget</u>	<u>Actual</u>	
<i>Revenues:</i>			
<i>Restricted intergovernmental</i>			
<i>Penalties, fines, forfeitures</i>	\$ -	291,652	\$
<i>Total revenues</i>	<u>410,000</u>	<u>291,652</u>	<u>(118,348)</u>
<i>Expenditures:</i>			
<i>Current</i>			
<i>Human Services</i>		280,965	
<i>Total expenditures</i>	<u>410,000</u>	<u>280,965</u>	<u>129,035</u>
<i>Excess of revenues and other sources over (under) expenditures</i>	<u>\$ -</u>	<u>10,687</u>	<u>\$ 10,687</u>
<i>Fund balances - beginning of year</i>		-	
<i>Prior period restatement- change in accounting principle</i>		-	
<i>Fund balances - beginning of year as restated</i>		<u>59,831</u>	
<i>Fund balances - end of year</i>		<u>\$ 70,518</u>	

See the accompanying Independent Auditor's Report.

MITCHELL COUNTY, NORTH CAROLINA**Deed of Trust Fee Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances --Budget and Actual--
For the Fiscal Year Ended June 30, 2022**

	<u>2022</u>		<i>Variance Favorable (Unfavorable)</i>
	<u>Budget</u>	<u>Actual</u>	
<i>Revenues:</i>			
<i>Permits and fees</i>			
<i>Register of Deeds</i>	\$ 25,000	\$ 18,736	\$
<i>Total revenues</i>	<u>25,000</u>	<u>18,736</u>	<u>(6,264)</u>
<i>Expenditures:</i>			
<i>Current</i>			
<i>General government</i>			
<i>Payment of fees collected to</i>			
<i>State of North Carolina</i>		18,736	
<i>Total expenditures</i>	<u>25,000</u>	<u>18,736</u>	<u>6,264</u>
<i>Excess of revenues and other</i>			
<i>sources over (under) expenditures</i>	<u>\$ -</u>	-	<u>\$ -</u>
<i>Fund balances - beginning of year</i>		-	
<i>Fund balances - end of year</i>		<u>\$ -</u>	

See the accompanying Independent Auditor's Report.

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

	<u>2022</u>		<i>Variance Favorable (Unfavorable)</i>
	<u>Budget</u>	<u>Actual</u>	
<i>Revenues:</i>			
<i>Sales and services</i>			
<i>Penalties, fines, forfeitures</i>	\$ 94,848	90,830	\$
<i>Total revenues</i>	<u>94,848</u>	<u>90,830</u>	<u>(4,018)</u>
<i>Expenditures:</i>			
<i>Current</i>			
<i>General government</i>			
<i>Payments of penalties, fines and forfeitures to Mitchell Board of Education</i>		90,830	
<i>Total expenditures</i>	<u>94,848</u>	<u>90,830</u>	<u>4,018</u>
<i>Excess of revenues and other sources over (under) expenditures</i>	<u>\$ -</u>	-	<u>\$ -</u>
<i>Fund balances - beginning of year</i>		-	
<i>Fund balances - end of year</i>		<u>\$ -</u>	

See the accompanying Independent Auditor's Report.

MITCHELL COUNTY, NORTH CAROLINA
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2022

	<i>Uncollected Balance June 30, 2021</i>	<i>Additions</i>	<i>Collections and Credits</i>	<i>Uncollected Balance June 30, 2022</i>
2020 - 2021	\$	\$ 10,914,384	\$ 10,642,838	\$ 271,546
2019 - 2020	347,820		202,745	145,075
2018 - 2019	205,831	-	105,126	100,705
2017 - 2018	132,194	-	57,911	74,283
2016 - 2017	90,770	-	37,122	53,648
2015 - 2016	61,463	-	23,694	37,769
2014 - 2015	42,620	-	12,404	30,216
2013 - 2014	31,673	-	9,446	22,227
2012 - 2013	26,257	-	8,259	17,998
2011 - 2012	23,952	-	7,494	16,458
2010 - 2011	17,883	-	17,883	-
	\$ <u>980,463</u>	\$ <u>10,914,384</u>	\$ <u>11,124,922</u>	769,925
<i>Less: allowance for uncollectible accounts:</i>				
<i>General Fund</i>				<u>140,000</u>
<i>Ad valorem taxes receivable - net</i>				
<i>General Fund</i>			\$	<u>629,925</u>
<i>Reconciliation with revenues:</i>				
<i>Ad valorem taxes - General Fund</i>			\$	11,052,529
<i>Reconciling items:</i>				
<i>Taxes written off</i>				17,883
<i>Discounts and abatements</i>				54,510
<i>Total reconciling items</i>				<u>72,393</u>
<i>Total collections and credits</i>			\$	<u>11,124,922</u>

See the accompanying Independent Auditor's Report.

MITCHELL COUNTY, NORTH CAROLINA*Analysis of Current Tax Levy**County-Wide Levy**For the Fiscal Year Ended June 30, 2022*

	<i>County-wide</i>			<i>Total Levy</i>	
	<i>Property Valuation</i>	<i>Rate</i>	<i>Amount of Levy</i>	<i>Property excluding Registered Motor Vehicles</i>	<i>Registered Motor Vehicles</i>
<i>Original levy:</i>					
<i>Property taxed at current</i>					
<i>year's rate</i>	\$ 1,875,815,262	.58	10,879,729	\$ 9,871,787	\$ 1,007,941
<i>Total</i>	<u>1,875,815,262</u>		<u>10,879,729</u>	<u>9,871,787</u>	<u>1,007,941</u>
 <i>Discoveries:</i>					
<i>Current year taxes</i>	5,975,138		34,655	34,656	-
<i>Total</i>	<u>5,975,138</u>		<u>34,655</u>	<u>34,656</u>	<u>-</u>
 <i>Total property valuations</i>	\$ <u>1,881,790,400</u>				
 <i>Net levy</i>			10,914,384	9,906,443	1,007,941
 <i>Uncollected taxes at June 30, 2022</i>			<u>271,546</u>	<u>271,546</u>	<u>-</u>
 <i>Current year's taxes collected</i>			\$ <u>10,642,838</u>	\$ <u>9,634,897</u>	\$ <u>1,007,941</u>
 <i>Current year's collection percentage</i>			<u>97.51%</u>	<u>97.26%</u>	<u>100.00%</u>

See the accompanying Independent Auditor's Report.



S. Gillespie, P.A.

Certified Public Accountant

Independent Auditor's 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 Commissioners
County of Mitchell
Spruce Pine, 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, each major fund, and the aggregate remaining fund information of Mitchell County, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Mitchell County, North Carolina's basic financial statements, and have issued our report thereon dated October 4, 2022.

Internal Control Over Financial Reporting

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

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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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mitchell 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and no 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.

S. Gillespie, P.A.
Spruce Pine, North Carolina
October 4, 2022



S. Gillespie, P.A.

Certified Public Accountant

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
County of Mitchell
Bakersville, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Mitchell County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

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We are required to be independent of Mitchell County 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 provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Mitchell County'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 Mitchell County's federal programs.

Auditor's 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 Mitchell County'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 GAAS, 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 Mitchell County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Mitchell County'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 Mitchell County'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 Mitchell County'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 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 Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses 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. However, material weaknesses or significant deficiencies 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

S Gillespie, P.A

Spruce Pine, North Carolina
October 4, 2022



S. Gillespie, P.A.

Certified Public Accountant

Report on Compliance With Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance With the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Mitchell County
Bakersville, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

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

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

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described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Mitchell County 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 reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Mitchell County'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 Mitchell County State programs.

Auditor's 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 Mitchell County'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 GAAS, *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 Mitchell County's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *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 Mitchell County'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 Mitchell County'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

Mitchell County'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 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 Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses 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. However, material weaknesses or significant deficiencies 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.

S. Gillespie, P.A.
Spruce Pine, North Carolina
October 4, 2022

MITCHELL COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

I. Summary of Auditor's Results

- A. An unmodified opinion was issued on the financial statements of Mitchell County, North Carolina.
- B. Our audit of the financial statements disclosed no significant deficiencies in internal controls.
- C. Our audit of the financial statements disclosed no instance of noncompliance with laws, regulations, and the provisions of contracts and grant agreements that is material to the financial statements.
- D. Our audit of compliance with types of compliance requirements applicable to the County's major programs disclosed no significant deficiencies in internal controls over major programs.
- E. An unqualified opinion was issued on Mitchell County's compliance with the types of compliance requirements applicable to its major federal and State programs.
- F. There were no audit findings relative to the major federal and State award programs that the auditor is required to report under 200.516(a) for Mitchell County.
- G. Major federal programs for Mitchell County for the fiscal year ended June 30, 2022 are:

<u>Program Name</u>	<u>CFDA #</u>
Medical Assistance	93.778

- H. Major State programs for Mitchell County for the fiscal year ended June 30, 2022 are:

NC DPS – Juvenile Justice Crime Prevention
NC Dept of Administration – Sheriff Direct Grant
NC DOT:
Elderly and Disabled TAP
ROAP Employment
Rural General Public Transportation

- I. The threshold for determining Type A programs for Mitchell County is \$750,000.
- J. Mitchell County qualified as a low risk auditee under Section 200.520 of the Uniform Guidance.

II. Findings related to the Audit of the Financial Statements of Mitchell County, North Carolina

None

III. Findings and Questioned Costs Related to the Audit of Federal and State Awards

None

IV. Status of Prior Year Findings

None

MITCHELL COUNTY, NORTH CAROLINA
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	Provided to Subrecipients
Federal Grants:					
Cash Programs:					
U.S. Department of Health & Human Services					
Passed-through Region D Council of Governments:					
Cares C-1	93.045		\$ 3,162	-	-
Special Programs for the Aging-Title III B					
Grants for Supportive Services and Senior Centers					
	93.044		13,125	772	-
Special Programs for the Aging-Title III C					
Nutrition Services					
	93.045		133,667	7,863	-
Congregate Nutrition					
	93.045		24,443	-	-
Passed through N.C. Dept. of Health & Human Services					
Division of Social Services:					
Administration:					
Temporary Assistance to Needy Families - Work First Adm					
	93.558		26,565	-	-
Temporary Assistance to Needy Families - Work First Svc					
	93.558		80,604	-	-
Title IV-D Admin and Assistance					
	93.563		112,663	-	-
Low-Income Energy Admin and Assistance					
	93.568		200,106	-	-
ARPA Low Income Energy Assistance Program					
	93.568		106,320	-	-
ARPA Low Income Energy Assistance Program Adm					
	93.568		14,345	-	-
Covid 19 Low Income Energy Assistance Program Adm					
	93.568		7,656	-	-
Crisis Intervention Payments					
	93.568		63,734	-	-
Low-Income Household Water Assistance Program Adm					
	93.568		5,549	-	-
Low-Income Household Water Assistance Program CAA					
	93.568		30,492	-	-
Family Preservation					
	93.556		9,968	-	-
Permanency Planning Svc and Adm					
	93.645		7,774	-	-
Title IV-E Foster Care - CPS					
	93.658		182,975	42,937	-
Title IV-E Foster Care - Training					
	93.658		135,581	-	-
Title IV-E Optional Adoption - Training					
	93.659		25,629	-	-
Adult Protective Service					
	93.667		13,489	-	-
Adult Protective Service Essential Svcs					
	93.667		85	-	-
SSBG Other Services and Training					
	93.667		115,312	-	-
LINKS					
	93.674		9,382	2,345	-
NC Health Choice					
	93.767		43,104	220	-
Division of Medical Assistance:					
Administration:					
Medical Assistance Admin					
	93.778		540,693	-	-
Medical Transportation Admin					
	93.778		20,166	-	-
MAC					
	93.778		30,182	-	-
Adult Care Home Case Management					
	93.778		5,024	1,653	-
State County Special Assistance					
	93.778		15,060	-	-
Subsidized Child Care Cluster:					
Division of Social Services					
Child Care Development Fund					
	93.596		51,736	-	-
Total Subsidized Child Care Cluster					
			51,736	-	-
Total U.S. Department of Health & Human Services					
			1,854,194	55,790	-
U.S. Department of Agriculture					
Passed through N.C. Dept. of Health & Human Services					
Division of Social Services:					
Administration:					
Supplemental Nutrition Assistance Program Cluster:					
FNS ARPA Funds					
	10.561		13,375	-	-
FNS CAA Funds					
	10.561		4,912	-	-
Food Stamp Admin					
	10.561		179,608	-	-
Food Stamp Fraud Admin					
	10.561		19,834	-	-
Total U.S. Department of Agriculture					
			217,729	-	-
U.S. Department of Transportation					
Passed through N.C. Dept. of Transportation					
Formula Grants for Rural Areas					
CARES Operating					
	20.509		362,012	-	-
Community Transportation Adm					
	20.509	DOT-11	109,561	6,443	-
Capital Program					
	20.509	DOT-14	170,447	21,305	-
Total U.S. Department of Transportation					
			642,020	27,748	-
U.S. Department of Homeland Security					
Passed through N.C. Dept. of Public Safety					
Control and Public Safety:					
Governor's Crime Commission					
	16.738		23,053	-	-
Covid-19					
	97.036		45,055	-	-
Hurricane Matthew HM					
	97.039		35,201	11,734	-
Emergency Management EMPG					
	97.042		50,353	-	-
Total U.S. Department of Justice					
			153,662	11,734	-
U.S. Department of Housing and Urban Development					
Passed through N.C. Dept. of Commerce:					
Community Development Block Grant					
CDBG					
	14.228		109,293	-	-
Total U.S. Department of Housing and Urban Development					
			109,293	-	-
Total federal cash assistance					
			2,976,898	95,272	-
STATE GRANTS					

MITCHELL COUNTY, NORTH CAROLINA
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	Provided to Subrecipients
Cash Programs:					
<u>N.C. Department of Health & Human Services</u>					
Passed-through Region D Council of Governments:					
Senior Center General Purpose			-	-	-
Division of Social Services:					
Direct Benefit Payment:					
Extended FC Max Non IV-E			-	62,437	-
FC At Risk Maximization			-	470	-
SFHF Maximization			-	52,041	-
State Foster Home			-	28,359	-
Total Direct Benefit Payments:			-	143,307	-
Energy Assistance Private Grants			-	10,105	-
ST Child Welfare CPS CS LD			-	7,662	-
IV-B Eft Chaf Independent Living			-	17,500	-
Total N.C. Department of Human Resources			-	161,074	-
<u>N.C. Department of Transportation:</u>					
Elderly & Disabled TAP		ROAP	-	69,759	-
ROAP Employment		ROAP	-	6,407	-
Rural General Public Transportation		ROAP	-	54,997	-
Total N.C. Department of Transportation			-	131,163	-
<u>N.C. Department of Information Technology</u>					
North Carolina E-911 Board			-	-	-
E 911 Regional Backup Center Grant			-	-	-
<u>N.C. Department of Correction:</u>					
DOP Custody and Security			-	11,840	-
<u>N.C. Department of Public Safety</u>					
Division of Juvenile Justice and Delinquency Prevention			-	-	-
Juvenile Crime Prevention Councils			-	84,014	-
<u>N.C. Office of State Budget and Management</u>					
State Capital and Infrastructure Fund			-	6,472	-
<u>N.C. Department of Administration:</u>					
Division of Administration			-	84,270	-
Total State cash assistance			-	622,140	-
Total assistance			\$ 2,976,898	\$ 717,412	\$ -

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

1 Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Mitchell 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 schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. Because the Schedule presents only a limited portion of the operations of Mitchell County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

2 Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Mitchell County has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

3 Benefit Payments Issued by the State

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

Program Title	CFDA No.	Federal	State
Supplemental Nutrition Assistance Prog	10.551	7,557,027	-
Special Supplemental Nutrition for WIC	10.557	298,286	-
Temporary Assistance for Needy Famili	93.558	96,439	-
Adoption Assistance	93.659	328,011	61,467
Independent Living Transitional	93.674	2,396	-
Medical Assistance Program	93.778	25,904,771	9,877,189
Children's Health Insurance Program	93.767	246,963	55,443
Child Welfare Services Adoption		-	81,890
State / County Special Assistance program		-	87,690