

**ALEXANDER COUNTY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

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

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

**ALEXANDER COUNTY
NORTH CAROLINA**

BOARD OF COMMISSIONERS

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MARTY PENNELL, VICE CHAIRMAN

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LARRY YODER

RICHARD L. FRENCH, COUNTY MANAGER

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Independent Auditor's Report

To the Board of Commissioners
Alexander County
Taylorsville, North Carolina

Report on the Audit of the Financial Statements

Opinions

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

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

We did not audit the financial statements of the Alexander County ABC Board, which represents 18.44%, 9.42%, and 82.91%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2022, and the respective changes in the financial position, and where applicable, cashflows thereof for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Alexander County ABC Board, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Alexander County ABC Board and Alexander County Economic Development Corporation were not audited in accordance with *Government Auditing Standards*.

Change in Accounting Principle

As discussed in Note 6 to the financial statements, in 2022 the County adopted a new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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 Post-Employment Benefits' schedules, the Local Governmental Employees' Retirement System's schedules, the Register of Deeds' Supplemental Pension Fund schedules, and the Law Enforcement Officers' Special Separation Allowance schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alexander County's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax 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 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 and the report of other auditors, the combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2022, on our consideration of Alexander 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Alexander 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 Alexander County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 4, 2022

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Management's Discussion and Analysis

As management of Alexander County, we offer readers of Alexander County's financial statements this narrative overview and analysis of the financial activities of Alexander 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

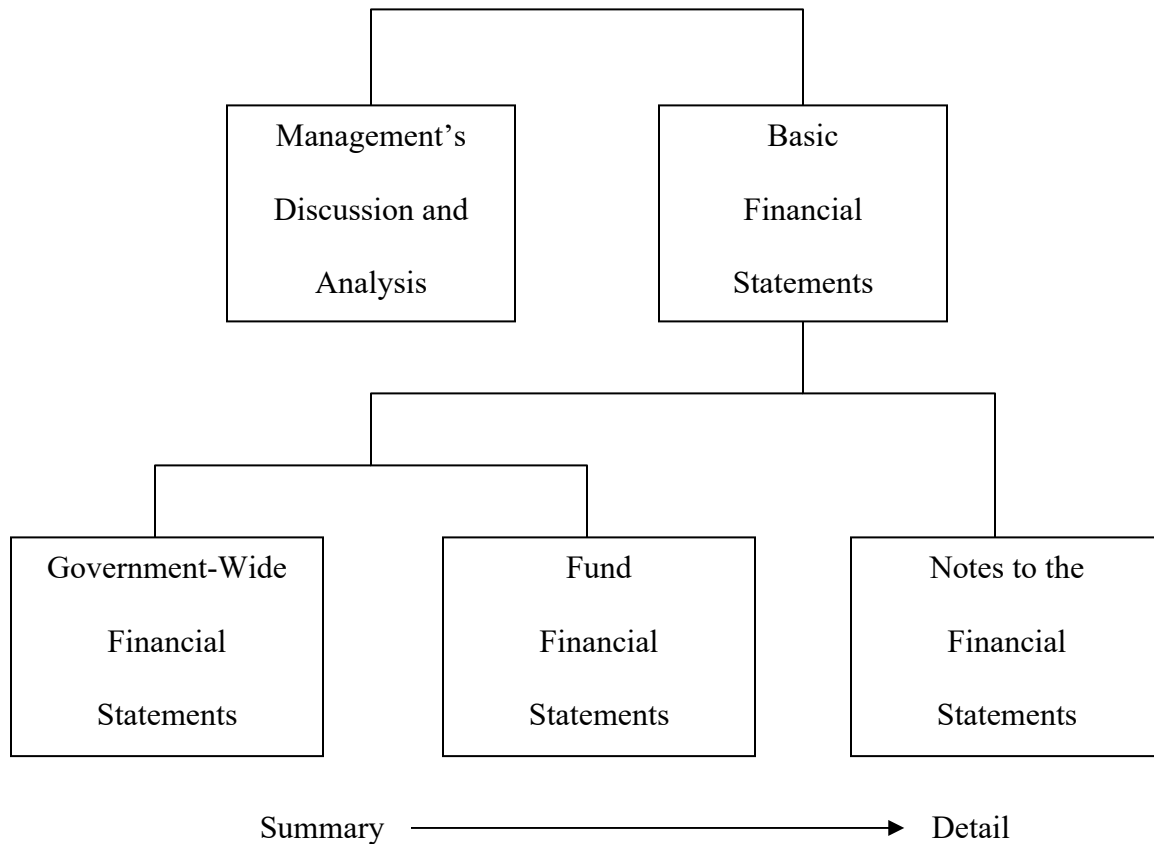
- The assets and deferred outflows of Alexander County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$38,193,319 (*net position*).
- The government's total net position increased by \$3,764,191, primarily due to maintaining the property tax rate, increases in revenue from permits, fees, sales, and services, the sale of surplus property, increases in investment income, and continued growth in sales tax revenues.
- As of the close of the current fiscal year, Alexander County's governmental funds reported combined ending fund balances of \$30,627,314 after a net increase in fund balance of \$2,480,348. Approximately 26.29% of this total amount, or \$8,052,196, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,521,793, or 29.12%, of total General Fund expenditures and transfers out for the fiscal year.
- Alexander County's total debt decreased by \$65,388 (0.44%) during the current fiscal year. The key factor in this decrease is the receipt of loan proceeds from the NC Department of Environmental Quality for a sewer project, as well as timely debt service payments. The loan funds are requested on a reimbursement basis as the project progresses. During the year, the County also implemented GASB 87, *Leases*, which added \$133,181 to the debt balance.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes 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 nonmajor governmental funds, which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension and benefit plans.

Government-Wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services such as public safety, human services, education, and general government administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Alexander County. The final category is the component units. The Alexander County Economic Development Corporation (EDC) is a 501(c)(3) nonprofit exempt organization and is a legally separate entity. The Alexander County manager is on the seven-member Board of Directors as required by the EDC bylaws. Six seats on the Board are elected by the other Board members. The Alexander County ABC Board is legally separate from the County; however, the County is financially accountable for the Board by appointing its members. Also, the ABC Board is required to distribute its profits to the County.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Alexander 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 Alexander County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resource 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 governmental 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.

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

Proprietary Funds. Alexander County has one kind of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Alexander County uses enterprise funds to account for its water and sewer activity and for its landfill operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Alexander County has two fiduciary funds, which are custodial funds.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Alexander County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on Schedules 1 through 7 after the notes to the financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$38,193,319 as of June 30, 2022. The County's net position increased by \$3,764,191 for the fiscal year ended June 30, 2022. The increase was primarily due to maintaining the property tax rate and an increase in revenues from permits, fees, sales and services. One of the largest portions, \$29,669,057 (77.68%), reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). Alexander County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Alexander County's net investment in 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 Alexander County's net position, \$8,104,261 (21.22%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$420,001 (1.10%) is unrestricted net position.

Alexander County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 37,683,826	\$ 34,831,313	\$ 10,145,839	\$ 8,893,808	\$ 47,829,665	\$ 43,725,121
Capital assets	19,727,558	19,831,585	24,710,947	25,107,197	44,438,505	44,938,782
Total assets	<u>57,411,384</u>	<u>54,662,898</u>	<u>34,856,786</u>	<u>34,001,005</u>	<u>92,268,170</u>	<u>88,663,903</u>
Deferred Outflows of Resources	<u>8,840,563</u>	<u>8,956,791</u>	<u>162,464</u>	<u>168,982</u>	<u>9,003,027</u>	<u>9,125,773</u>
Liabilities:						
Long-term liabilities outstanding	39,571,857	42,252,318	15,625,395	15,033,215	55,197,252	57,285,533
Other liabilities	1,763,172	1,811,447	183,665	1,726,467	1,946,837	3,537,914
Total liabilities	<u>41,335,029</u>	<u>44,063,765</u>	<u>15,809,060</u>	<u>16,759,682</u>	<u>57,144,089</u>	<u>60,823,447</u>
Deferred Inflows of Resources	<u>5,740,525</u>	<u>2,385,635</u>	<u>193,264</u>	<u>151,466</u>	<u>5,933,789</u>	<u>2,537,101</u>
Net Position:						
Net investment in capital assets	17,037,979	16,435,585	12,631,078	13,534,600	29,669,057	29,970,185
Restricted	8,104,261	7,662,492	-	-	8,104,261	7,662,492
Unrestricted	<u>(5,965,847)</u>	<u>(6,927,788)</u>	<u>6,385,848</u>	<u>3,724,239</u>	<u>420,001</u>	<u>(3,203,549)</u>
Total net position	<u>\$ 19,176,393</u>	<u>\$ 17,170,289</u>	<u>\$ 19,016,926</u>	<u>\$ 17,258,839</u>	<u>\$ 38,193,319</u>	<u>\$ 34,429,128</u>

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

- Maintaining the property tax rate
- Increased sales tax revenue
- Sale of surplus property

Alexander County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 5,335,713	\$ 4,831,525	\$ 5,726,770	\$ 5,345,025	\$ 11,062,483	\$ 10,176,550
Operating grants and contributions	5,501,457	6,302,889	-	-	5,501,457	6,302,889
Capital grants and contributions	68,300	-	147,368	584,012	215,668	584,012
General revenues:						
Property taxes	23,782,653	23,264,053	-	-	23,782,653	23,264,053
Other taxes	13,775,608	12,705,377	-	-	13,775,608	12,705,377
Grants and contributions not restricted to specific programs	-	-	119,122	114,277	119,122	114,277
Other	85,563	32,083	10,127	897	95,690	32,980
Total revenues	<u>48,549,294</u>	<u>47,135,927</u>	<u>6,003,387</u>	<u>6,044,211</u>	<u>54,552,681</u>	<u>53,180,138</u>
Expenses:						
General government	7,840,976	7,521,572	-	-	7,840,976	7,521,572
Public safety	15,918,757	14,505,502	-	-	15,918,757	14,505,502
Environmental protection	640,121	562,922	-	-	640,121	562,922
Economic and physical development	668,063	808,159	-	-	668,063	808,159
Human services	10,331,550	10,694,526	-	-	10,331,550	10,694,526
Cultural and recreation	1,318,488	1,417,467	-	-	1,318,488	1,417,467
Education	8,940,802	9,569,283	-	-	8,940,802	9,569,283
Interest and fees	33,413	99,166	-	-	33,413	99,166
Water and sewer	-	-	3,021,101	3,101,143	3,021,101	3,101,143
Solid waste	-	-	2,075,219	2,137,766	2,075,219	2,137,766
Total expenses	<u>45,692,170</u>	<u>45,178,597</u>	<u>5,096,320</u>	<u>5,238,909</u>	<u>50,788,490</u>	<u>50,417,506</u>
Change in net position before transfers	2,857,124	1,957,330	907,067	805,302	3,764,191	2,762,632
Transfers	<u>(851,020)</u>	<u>(312,447)</u>	<u>851,020</u>	<u>312,447</u>	<u>-</u>	<u>-</u>
Change in net position	<u>2,006,104</u>	<u>1,644,883</u>	<u>1,758,087</u>	<u>1,117,749</u>	<u>3,764,191</u>	<u>2,762,632</u>
Net Position:						
Beginning of year - July 1	17,170,289	15,510,607	17,258,839	16,141,090	34,429,128	31,651,697
Restatement	-	14,799	-	-	-	14,799
Beginning of year - July 1, restated	<u>17,170,289</u>	<u>15,525,406</u>	<u>17,258,839</u>	<u>16,141,090</u>	<u>34,429,128</u>	<u>31,666,496</u>
End of year - June 30	<u>\$ 19,176,393</u>	<u>\$ 17,170,289</u>	<u>\$ 19,016,926</u>	<u>\$ 17,258,839</u>	<u>\$ 38,193,319</u>	<u>\$ 34,429,128</u>

Governmental Activities. Governmental activities increased the County's net position by \$2,006,104 thereby accounting for 53.29% of the total increase in the net position of Alexander County. Key elements of this increase are as follows:

- Maintained the property tax rate in 2021-2022
- Increase in sales tax revenue
- Sale of surplus property

Business-Type Activities. Business-type activities increased Alexander County's net position by \$1,758,087, accounting for 46.71% of the total increase in the government's net position. Key elements of this increase are as follows:

- Increased revenues due to rate increases and growth in the activities that generate these revenues
- Sales tax funds for economic development used for water/sewer debt service

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Alexander County. At the end of the current fiscal year, Alexander County's fund balance available in the General Fund was \$19,978,985, while total fund balance reached \$24,098,600. The County currently has an available fund balance of 43.02% of total General Fund expenditures and transfers out, while total fund balance represents 51.89% of that same amount.

At June 30, 2022, the American Rescue Plan Act Fund was a major fund. The County received its first allocation of the Federal American Rescue Plan funding in June 2021. The County spent \$68,300 on the water line extension project during the year, leaving \$3,573,377 in advances from grantor. The Capital Improvements Fund was also major at year end. The General Fund transferred money into this fund of \$4,192,451 during the year for future school capital expenditures. A portion of sales tax hold harmless funds are also maintained in this fund.

At June 30, 2022, the governmental funds of Alexander County reported a combined fund balance of \$30,627,314, an 8.81% increase over last year. The primary reason for this increase is the increase in fund balance in the General Fund, not considering transfers. The American Rescue Plan Fund had only minor revenues and expenditures during the fiscal year. The County's second tranche distribution of \$3,641,677 from the U.S. Treasury Department was received in the new budget year 2022-2023.

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 estimated revenues by approximately \$3,161,716, which is 7.3% more than originally budgeted. The County appropriated fund balance for the following types of activity: A) Transfer sales tax funds to school capital improvements fund after the retirement of all school debt, B)

Preliminary planning for a proposed new courthouse, C) Economic development activities, and D) Maintain services-use of appropriated fund balance to maintain service levels. The County also received additional federal and state funding during the year for public safety, social services, public health, and other human services programs. The additional funding consisted of increases in grant revenues that were included in the original budget as well as new grants that had not been awarded when the budget was adopted. In addition, sales tax and Medicaid hold harmless revenues were more than the amount estimated in the original budget. These items accounted for the primary difference between the originally adopted budget and the final budget.

Proprietary Funds. Alexander County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the major proprietary funds at the end of the fiscal year were as follows: County Water and Sewer Fund – \$2,829,775; Bethlehem Water Fund – \$4,267,083; Solid Waste Fund – (\$336,405) deficit; Landfill Closure Fund – (\$1,776,352) deficit; and Bethlehem Sewer Fund – \$1,401,747. The total increase in net position for these five major funds was \$1,758,087. Other factors concerning the finances of these funds have already been addressed in the discussion of Alexander County's business-type activities.

Capital Asset and Debt Administration

Capital Assets. Alexander County's capital assets for its governmental and business-type activities as of June 30, 2022 total \$44,438,505 (net of accumulated depreciation). These assets include buildings, land, equipment, vehicles, and construction in progress.

Major capital asset transactions during the year include:

- Purchase of vehicles for public safety and human services functions
- Purchase of equipment for public safety and general government functions
- Completion of prior year construction in progress for a park project
- Retirement of surplus vehicles from public safety operations
- Retirement of economic development infrastructure
- Sale of surplus property (land)
- Replacement of the floor at the landfill transfer station
- Construction in progress for water and sewer projects

Alexander County's Capital Assets
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 3,904,709	\$ 4,404,204	\$ 240,573	\$ 240,573	\$ 4,145,282	\$ 4,644,777
Construction in progress	148,042	168,165	10,540,855	10,311,053	10,688,897	10,479,218
Buildings	22,957,350	22,923,713	651,404	651,404	23,608,754	23,575,117
Other improvements	1,567,127	419,075	263,584	-	1,830,711	419,075
Equipment and machinery	5,588,723	5,328,884	648,881	648,881	6,237,604	5,977,765
Vehicles	4,468,011	4,311,194	352,494	352,494	4,820,505	4,663,688
Infrastructure	-	395,402	27,890,312	27,742,945	27,890,312	28,138,347
Furniture and fixtures	104,022	104,022	-	-	104,022	104,022
	<u>38,737,984</u>	<u>38,054,659</u>	<u>40,588,103</u>	<u>39,947,350</u>	<u>79,326,087</u>	<u>78,002,009</u>
Less: accumulated depreciation	<u>(19,010,426)</u>	<u>(18,223,074)</u>	<u>(15,877,156)</u>	<u>(14,840,153)</u>	<u>(34,887,582)</u>	<u>(33,063,227)</u>
Total	<u>\$ 19,727,558</u>	<u>\$ 19,831,585</u>	<u>\$ 24,710,947</u>	<u>\$ 25,107,197</u>	<u>\$ 44,438,505</u>	<u>\$ 44,938,782</u>

Additional information on the County's capital assets can be found in Note 2A of the basic financial statements.

Long-Term Debt. As of June 30, 2022, Alexander County had total debt outstanding of \$14,903,209, all of which is debt backed by the full-faith and credit of the County.

Alexander County's Outstanding Debt
Notes Payable and General Obligation Bonds

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Notes payable - direct placements and direct borrowings	\$ 2,689,000	\$ 3,396,000	\$ 12,081,028	\$ 11,572,597	\$ 14,770,028	\$ 14,968,597
Lease liabilities	101,097	-	32,084	-	133,181	-
Total	<u>\$ 2,790,097</u>	<u>\$ 3,396,000</u>	<u>\$ 12,113,112</u>	<u>\$ 11,572,597</u>	<u>\$ 14,903,209</u>	<u>\$ 14,968,597</u>

Alexander County's total debt decreased by \$65,388 (0.44%) during the past fiscal year due to loan proceeds received on a reimbursement basis from the NC Department of Environmental Quality for water and sewer projects, as well as timely debt service payments.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Alexander County is approximately \$210,446,555.

Additional information regarding Alexander County's long-term debt can be found in Note 2B of this audited financial report.

Economic Factors and Fiscal Year End 2022 Budgets and Rates

The following key economic indicators reflect the conditions for growth and prosperity of the County.

- During fiscal year 2022, the County continued to experience significant recovery from the negative employment factors related to the COVID-19 pandemic. In June 2021, the County's unemployment rate was 4.3%. By June 2022, the County's unemployment rate was down to 3.6%, compared to the state average of 4.1%. Alexander County's June 2022 unemployment rate placed it in a tie for the fourth lowest rate in the state.
- Demand for product remained high during the fiscal year and supply chain issues eased but were still impacting the availability of locally produced goods. Demand for employees also remained high during the fiscal year, with most companies struggling to fill all available positions. The County still faces a detrimental rate of out commuters with approximately 50% of the Alexander County workforce employed outside of the County. The total number of jobs inside the County remains stable at approximately 10,000.
- The shortage of quality vacant buildings did not improve during the fiscal year. However, despite the employment challenges, the County must continue efforts to recruit a diversified base of employers. In partnership with the Alexander County Economic Development Corporation, grants totaling more than \$1 million have been awarded which will result in additional industrial site development in the Alexander Industrial Park. The NC Department of Transportation also finished a road extension in the Industrial Park which will make new industrial sites feasible.
- Commercial growth in Alexander County witnessed a net gain of 9 new businesses creating 45 full time and 34 part time jobs with more than \$6.7 million in private investment. A major national retailer, Burke Outlet, opened in Taylorsville while, in Bethlehem, Bumgarner Oil's new commercial building opened and houses Dunkin' Donuts and Little Caesars Pizza. Alexander County Courthouse Park opened in May 2022 featuring an outdoor performance stage, playground, and splash pad. Historic preservation efforts resulted in Alexander County being named a Certified Local Government by the US Department of the Interior.

During the fiscal year, the state and the nation continued to be affected by the COVID-19 pandemic. Alexander County's response to the coronavirus included adopting a 2021-2022 budget with conservative revenue estimates. In addition, fee increases for the landfill and emergency medical services were implemented for the first time in ten years.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities. General Fund revenues, excluding transfers, are projected to decrease \$50,000 (0.11%) from 2022 amounts. This is due to the following factors: A) estimated increase in the property tax valuation of \$68,719,000, which is only 2.51% growth, B) the prior year included one-time revenue of \$600,000 from the sale of surplus land, and C) sales tax revenue is not expected to increase as much for fiscal year 2023 as it did for fiscal year 2022.

General Fund expenditures, excluding transfers and debt refunding, are projected to increase \$8,647,000 (21.00%) from 2022 amounts. The main factors for this include the 2.5% cost of living adjustment that became effective in January 2022 and will be in place for the full year of 2022-2023, a 5% cost of living adjustment effective as of August 2022, increases in retirement expense due to higher employer contribution rates, the addition of 10 new employee positions, increases in appropriations to volunteer fire departments, rescue squad, and the school system, and capital outlay items. The County appropriated over \$6,000,000 of fund balance in the fiscal year 2023 budget. Management recognizes this is a

significant figure as it represents approximately 25% of total fund balance in the General Fund. The County chose this measure in anticipation of completion of the revaluation process. The revaluation will be effective as of January 1, 2023 and is expected to positively impact the budget planning process for fiscal year 2024.

Capital projects continuing in fiscal year 2023 include improvements to County parks.

Business-Type Activities. Budgeted expenditures in the Solid Waste Fund are projected to increase \$359,000 (18.55%) from 2022 amounts. The main factors for this include a \$200,000 capital outlay budget for equipment, higher costs for recycling activities, as well as increases in maintenance and repairs of buildings, grounds, and equipment. The increases in retirement contributions for current employees will also affect the Solid Waste Fund. The landfill fee increase implemented in the prior year will continue to generate additional revenue to address the increase in expenses.

Water and sewer rates will increase 3.00% to cover increased operating costs passed on from the County's water supplier. Capital projects for the water system extension and the sewer system extension will continue into fiscal year 2023 due to supply chain issues that prevented project completion in the prior year. Both of these projects are financed with low-interest loans through the State Reserve Project Loan program of the NC Department of Environmental Quality. Additional water and sewer projects are in the early stages of planning and will progress during the new fiscal year as the County utilizes American Rescue Plan grant funding.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information should be directed to the Finance Director, Alexander County, 621 Liledoun Road, Taylorsville, North Carolina 28681. You can also call (828) 352-7587, visit our website www.alexandercountync.gov, or send an email to jherman@alexandercountync.gov for more information.

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ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Alexander County Economic Development Corporation	Alexander County ABC Board
Assets:					
Current assets:					
Cash and investments	\$ 27,353,295	\$ 9,418,171	\$ 36,771,466	\$ 343,741	\$ 43,471
Taxes receivable, net	1,083,442	-	1,083,442	-	-
Accounts receivable, net	398,374	685,925	1,084,299	164	-
Inventories	-	-	-	-	134,440
Due from other governments	3,763,105	-	3,763,105	-	-
Internal balances	(8,500)	8,500	-	-	-
Prepaid items	7,368	-	7,368	50	-
Cash and investments, restricted	4,933,688	-	4,933,688	136,442	-
Non-current assets:					
Net pension asset	52,536	-	52,536	-	-
Right to use lease assets, net of amortization	100,518	33,243	133,761	-	54,968
Capital assets:					
Land and other non-depreciable assets	4,052,751	10,781,428	14,834,179	600,000	-
Depreciable assets, net	15,674,807	13,929,519	29,604,326	29,874	18,214
Capital assets, net	19,727,558	24,710,947	44,438,505	629,874	18,214
Total assets	57,411,384	34,856,786	92,268,170	1,110,271	251,093
Deferred Outflows of Resources:					
OPEB deferrals	3,942,114	69,873	4,011,987	-	-
Pension deferrals	4,898,449	92,591	4,991,040	-	-
Total deferred outflows of resources	8,840,563	162,464	9,003,027	-	-
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	738,304	164,748	903,052	17,486	200
Miscellaneous liabilities	1,024,868	18,917	1,043,785	-	81,330
Unearned revenue	126,190	-	126,190	-	-
Advances from grantor	3,830,396	-	3,830,396	-	-
Liabilities payable from restricted assets	26,823	-	26,823	-	-
Accrued interest	12,404	17,973	30,377	-	-
Current portion of compensated absences	885,000	4,000	889,000	-	-
Current portion of long-term debt	719,911	846,327	1,566,238	-	17,311
Total current liabilities	7,363,896	1,051,965	8,415,861	17,486	98,841
Non-current liabilities:					
Net pension liability - LGERS	2,951,892	69,293	3,021,185	-	-
Total pension liability - LEOSSA	1,275,155	-	1,275,155	-	-
Accrued landfill post-closure care costs	-	2,924,750	2,924,750	-	-
Non-current compensated absences	589,722	11,046	600,768	-	-
Total OPEB liability	27,084,178	485,221	27,569,399	-	-
Non-current portion of long-term debt	2,070,186	11,266,785	13,336,971	-	38,662
Total non-current liabilities	33,971,133	14,757,095	48,728,228	-	38,662
Total liabilities	41,335,029	15,809,060	57,144,089	17,486	137,503
Deferred Inflows of Resources:					
OPEB deferrals	1,273,364	126,486	1,399,850	-	-
Pension deferrals	4,406,864	66,778	4,473,642	-	-
Prepaid taxes	60,297	-	60,297	-	-
Total deferred inflows of resources	5,740,525	193,264	5,933,789	-	-
Net Position:					
Net investment in capital assets	17,037,979	12,631,078	29,669,057	-	18,214
Restricted for:					
Stabilization by state statute	4,155,652	-	4,155,652	-	-
Register of Deeds	23,751	-	23,751	-	-
Register of Deeds' pension plan	59,433	-	59,433	-	-
Public safety	670,335	-	670,335	-	-
General government	86,993	-	86,993	-	-
Human services	83,292	-	83,292	-	-
Economic and physical development	24,805	-	24,805	-	-
Education	3,000,000	-	3,000,000	-	-
Working capital	-	-	-	-	37,296
With donor restrictions	-	-	-	136,442	58,080
Unrestricted	(5,965,847)	6,385,848	420,001	956,343	-
Total net position	\$ 19,176,393	\$ 19,016,926	\$ 38,193,319	\$ 1,092,785	\$ 113,590

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 7,840,976	\$ 1,108,432	\$ 50,189	\$ 68,300
Public safety	15,918,757	2,309,824	333,260	-
Environmental protection	640,121	64,984	-	-
Economic and physical development	668,063	35,420	32,413	-
Human services	10,331,550	1,610,577	4,931,118	-
Cultural and recreation	1,318,488	81,972	154,477	-
Education	8,940,802	124,504	-	-
Interest and fees	33,413	-	-	-
Total governmental activities	<u>45,692,170</u>	<u>5,335,713</u>	<u>5,501,457</u>	<u>68,300</u>
Business-Type Activities:				
Water and sewer	3,021,101	3,647,512	-	147,368
Solid waste	<u>2,075,219</u>	<u>2,079,258</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>5,096,320</u>	<u>5,726,770</u>	<u>-</u>	<u>147,368</u>
Total primary government	<u>\$ 50,788,490</u>	<u>\$ 11,062,483</u>	<u>\$ 5,501,457</u>	<u>\$ 215,668</u>
Component Units:				
Alexander County				
Economic Development Corporation	\$ 273,136	\$ -	\$ 250,000	\$ -
ABC Board	<u>1,193,334</u>	<u>1,259,744</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 1,466,470</u>	<u>\$ 1,259,744</u>	<u>\$ 250,000</u>	<u>\$ -</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Net (Expense) Revenue and Changes in Net Position			Component Units	
	Primary Government			Alexander County Economic Development Corporation	Alexander County ABC Board
	Governmental Activities	Business-Type Activities	Total		
Functions/Programs:					
Primary Government:					
Governmental Activities:					
General government	\$ (6,614,055)	\$ -	\$ (6,614,055)		
Public safety	(13,275,673)	-	(13,275,673)		
Environmental protection	(575,137)	-	(575,137)		
Economic and physical development	(600,230)	-	(600,230)		
Human services	(3,789,855)	-	(3,789,855)		
Cultural and recreation	(1,082,039)	-	(1,082,039)		
Education	(8,816,298)	-	(8,816,298)		
Interest and fees	(33,413)	-	(33,413)		
Total governmental activities	(34,786,700)	-	(34,786,700)		
Business-Type Activities:					
Water and sewer	-	773,779	773,779		
Solid waste	-	4,039	4,039		
Total business-type activities	-	777,818	777,818		
Total primary government	(34,786,700)	777,818	(34,008,882)		
Component Units:					
Alexander County					
Economic Development Corporation				\$ (23,136)	\$ -
ABC Board				-	66,410
Total component units				(23,136)	66,410
General Revenues:					
Ad valorem taxes	23,782,653	-	23,782,653	-	-
Local option sales taxes	13,259,001	-	13,259,001	-	-
Other taxes and licenses	516,607	-	516,607	-	-
Unrestricted intergovernmental revenues	-	119,122	119,122	-	-
Miscellaneous	-	-	-	8,000	-
Investment earnings, unrestricted	85,563	10,127	95,690	1,623	-
Total general revenues, excluding transfers	37,643,824	129,249	37,773,073	9,623	-
Transfers	(851,020)	851,020	-	-	-
Total general revenues and transfers	36,792,804	980,269	37,773,073	9,623	-
Change in net position	2,006,104	1,758,087	3,764,191	(13,513)	66,410
Net Position:					
Beginning of year - July 1	17,170,289	17,258,839	34,429,128	1,106,298	47,180
End of year - June 30	\$ 19,176,393	\$ 19,016,926	\$ 38,193,319	\$ 1,092,785	\$ 113,590

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

ALEXANDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	Major			Other	
	General	American	Capital	Governmental	Total
	Fund	Rescue Plan	Improvements	Funds	
		Act Fund	Fund		
Assets:					
Cash and investments	\$ 21,469,290	\$ 9,657	\$ 5,289,521	\$ 584,827	\$ 27,353,295
Taxes receivable, net	1,008,548	-	-	74,894	1,083,442
Accounts receivable, net	398,374	-	-	-	398,374
Due from other governments	3,727,011	-	-	36,094	3,763,105
Due from other funds	-	-	7,311	-	7,311
Prepaid items	7,368	-	-	-	7,368
Restricted assets:					
Cash and investments, restricted	594,733	3,573,377	-	765,578	4,933,688
Total assets	<u>\$ 27,205,324</u>	<u>\$ 3,583,034</u>	<u>\$ 5,296,832</u>	<u>\$ 1,461,393</u>	<u>\$ 37,546,583</u>
Liabilities, Deferred Inflows of					
Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 735,543	\$ -	\$ -	\$ 2,761	\$ 738,304
Due to other funds	7,311	8,500	-	-	15,811
Miscellaneous liabilities	1,024,868	-	-	-	1,024,868
Unearned revenue	-	-	-	126,190	126,190
Advances from grantor	257,019	3,573,377	-	-	3,830,396
Liabilities payable from restricted assets:					
Payables	-	-	-	26,823	26,823
Total liabilities	<u>2,024,741</u>	<u>3,581,877</u>	<u>-</u>	<u>155,774</u>	<u>5,762,392</u>
Deferred Inflows of Resources:					
Taxes receivable	1,008,548	-	-	74,894	1,083,442
Health Department receivables	13,138	-	-	-	13,138
Prepaid taxes	60,297	-	-	-	60,297
Total deferred inflows of resources	<u>1,081,983</u>	<u>-</u>	<u>-</u>	<u>74,894</u>	<u>1,156,877</u>
Fund Balances:					
Non-spendable:					
Prepaid items	7,368	-	-	-	7,368
Restricted:					
Stabilization by state statute	4,112,247	-	7,311	36,094	4,155,652
Restricted, all other	396,072	-	3,000,000	493,104	3,889,176
Committed	-	1,157	2,289,521	701,527	2,992,205
Assigned	6,061,120	-	-	-	6,061,120
Unassigned	13,521,793	-	-	-	13,521,793
Total fund balances	<u>24,098,600</u>	<u>1,157</u>	<u>5,296,832</u>	<u>1,230,725</u>	<u>30,627,314</u>
Total liabilities, deferred inflows of					
resources, and fund balances	<u>\$ 27,205,324</u>	<u>\$ 3,583,034</u>	<u>\$ 5,296,832</u>	<u>\$ 1,461,393</u>	<u>\$ 37,546,583</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2022

	<u>Total</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Total fund balances	\$ 30,627,314
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	19,727,558
Right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	100,518
Net pension asset (ROD)	52,536
Net pension liability (LGERS)	(2,951,892)
OPEB liability	(27,084,178)
Total pension liability (LEOSSA)	(1,275,155)
Deferred inflows of resources related to pensions are not reported in the funds.	
ROD	(2,096)
LGERS	(4,365,826)
LEOSSA	(38,942)
Deferred inflows of resources related to OPEB are not reported in the funds.	(1,273,364)
Deferred outflows of resources related to pensions are not reported in the funds.	
ROD	8,993
LGERS	4,583,884
LEOSSA	305,572
Deferred outflows of resources related to OPEB are not reported in the funds.	3,942,114
Long-term liabilities, accrued interest, and compensated absences are not due and payable in the current period and, therefore, not reported in the funds.	(4,277,223)
Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 60 days of year-end. These receivables are a component of net position in the Statement of Net Position.	<u>1,096,580</u>
Net position of governmental activities	<u>\$ 19,176,393</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Major			Other	
	General	American	Capital	Governmental	Total
	Fund	Rescue Plan	Improvements	Funds	
		Act Fund	Fund		
Revenues:					
Ad valorem taxes	\$ 22,034,571	\$ -	\$ -	\$ 1,737,746	\$ 23,772,317
Local option sales taxes	13,259,001	-	-	-	13,259,001
Other taxes and licenses	284,732	-	-	231,875	516,607
Restricted intergovernmental revenue	5,405,768	68,300	-	32,413	5,506,481
Permits and fees	1,174,917	-	-	-	1,174,917
Sales and services	3,765,908	-	-	-	3,765,908
Interest earned on investments	76,185	1,106	6,971	1,301	85,563
Miscellaneous	914,157	-	-	63,276	977,433
Total revenues	<u>46,915,239</u>	<u>69,406</u>	<u>6,971</u>	<u>2,066,611</u>	<u>49,058,227</u>
Expenditures:					
General government	7,128,388	-	-	335,127	7,463,515
Public safety	13,244,974	-	-	1,558,020	14,802,994
Environmental protection	608,748	-	-	3,367	612,115
Economic and physical development	618,911	-	-	35,413	654,324
Human services	10,422,198	-	-	-	10,422,198
Cultural and recreation	1,194,066	-	-	1,185,022	2,379,088
Education	7,315,931	-	1,434,217	-	8,750,148
Debt service:					
Principal repayments	732,869	-	-	-	732,869
Interest	36,574	-	-	-	36,574
Total expenditures	<u>41,302,659</u>	<u>-</u>	<u>1,434,217</u>	<u>3,116,949</u>	<u>45,853,825</u>
Revenues over (under) expenditures	<u>5,612,580</u>	<u>69,406</u>	<u>(1,427,246)</u>	<u>(1,050,338)</u>	<u>3,204,402</u>
Other Financing Sources (Uses):					
Transfers in	-	-	4,192,451	164,632	4,357,083
Transfers (out)	(5,139,803)	(68,300)	-	-	(5,208,103)
Lease liabilities issued	126,966	-	-	-	126,966
Total other financing sources (uses)	<u>(5,012,837)</u>	<u>(68,300)</u>	<u>4,192,451</u>	<u>164,632</u>	<u>(724,054)</u>
Net change in fund balances	599,743	1,106	2,765,205	(885,706)	2,480,348
Fund Balances:					
Beginning of year - July 1	<u>23,498,857</u>	<u>51</u>	<u>2,531,627</u>	<u>2,116,431</u>	<u>28,146,966</u>
End of year - June 30	<u>\$ 24,098,600</u>	<u>\$ 1,157</u>	<u>\$ 5,296,832</u>	<u>\$ 1,230,725</u>	<u>\$ 30,627,314</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 2,480,348
Property tax revenues in the Statement of Activities earned in prior periods are reported as revenues in the governmental funds statement.	10,336
Health Department fees in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	(10,225)
Expenses related to compensated absences, other post-employment benefits, net pension obligation, and pension expense that do not require current financial resources and are not reported as expenditures in the governmental funds statement.	
Compensated absences	(149,578)
Pension expense - LGERS	265,332
Pension expense - ROD	(206)
Pension expense - LEOSSA	(89,233)
Other post-employment benefits	(1,106,225)
Expenses related to accrued interest that do not require current financial resources are not reported as expenditures in the governmental funds statement.	3,161
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets or right to use assets.	2,156,915
Cost of capital outlay disposed of in the current year, not recognized on the modified accrual basis	(509,044)
Depreciation and amortization expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,651,380)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	732,869
Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.	<u>(126,966)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 2,006,104</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund			
	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 21,208,064	\$ 21,208,064	\$ 22,034,571	\$ 826,507
Local option sales taxes	11,469,000	12,632,655	13,259,001	626,346
Other taxes and licenses	310,300	289,300	284,732	(4,568)
Restricted intergovernmental revenues	5,017,519	6,166,490	5,405,768	(760,722)
Permits and fees	878,501	1,082,901	1,174,917	92,016
Sales and services	3,561,524	3,844,493	3,765,908	(78,585)
Investment earnings	18,000	25,991	76,185	50,194
Miscellaneous	671,450	1,046,180	914,157	(132,023)
Total revenues	43,134,358	46,296,074	46,915,239	619,165
Expenditures:				
General government	7,094,765	8,461,552	7,128,388	1,333,164
Public safety	12,919,168	13,733,423	13,244,974	488,449
Environmental protection	621,801	676,599	608,748	67,851
Economic and physical development	487,511	672,192	618,911	53,281
Human services	11,423,166	12,835,821	10,422,198	2,413,623
Cultural and recreation	1,268,101	1,314,759	1,194,066	120,693
Education	7,402,585	7,419,029	7,315,931	103,098
Debt service:				
Principal retirement	709,000	744,000	732,869	11,131
Interest and fees	37,000	37,000	36,574	426
Contingency	250,000	257,024	-	257,024
Total expenditures	42,213,097	46,151,399	41,302,659	4,848,740
Revenues over (under) expenditures	921,261	144,675	5,612,580	5,467,905
Other Financing Sources (Uses):				
Lease liabilities issued	-	140,000	126,966	(13,034)
Transfers out	(3,714,000)	(5,293,557)	(5,139,803)	153,754
Appropriated fund balance	2,792,739	5,008,882	-	(5,008,882)
Total other financing sources (uses)	(921,261)	(144,675)	(5,012,837)	(4,868,162)
Net change in fund balance	\$ -	\$ -	599,743	\$ 599,743
Fund Balance:				
Beginning of year - July 1			23,498,857	
End of year - June 30			\$ 24,098,600	

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

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ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
Assets:			
Current assets:			
Cash and investments	\$ 2,643,807	\$ 4,066,970	\$ 155,116
Accounts receivable, net	197,182	200,613	250,546
Due from other funds	8,500	-	-
Total current assets	2,849,489	4,267,583	405,662
Non-current assets:			
Right to use lease assets, net of amortization	-	-	33,243
Land and other non-depreciable assets	5,449,199	-	240,573
Depreciable assets, net of depreciation	9,817,600	3,034,794	538,370
Total capital assets, net of accumulated depreciation	15,266,799	3,034,794	778,943
Total non-current assets	15,266,799	3,034,794	812,186
Total assets	18,116,288	7,302,377	1,217,848
Deferred Outflows of Resources:			
OPEB deferrals	-	-	69,873
Pension deferrals	-	-	92,591
Total deferred outflows of resources	-	-	162,464
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	8,500	500	122,594
Miscellaneous liabilities	-	-	18,917
Accrued interest	11,214	-	196
Current portion of long-term debt	592,015	-	9,734
Current portion of compensated absences	-	-	4,000
Total current liabilities	611,729	500	155,441
Non-current liabilities:			
Net pension liability	-	-	69,293
Non-current accrued landfill post-closure care costs	-	-	-
Non-current compensated absences	-	-	11,046
Total OPEB liability	-	-	485,221
Non-current portion of long-term debt	6,842,024	-	22,350
Total non-current liabilities	6,842,024	-	587,910
Total liabilities	7,453,753	500	743,351
Deferred Inflows of Resources:			
OPEB deferrals	-	-	126,486
Pension deferrals	-	-	66,778
Total deferred inflows of resources	-	-	193,264
Net Position:			
Net investment in capital assets	7,832,760	3,034,794	780,102
Unrestricted	2,829,775	4,267,083	(336,405)
Total net position	\$ 10,662,535	\$ 7,301,877	\$ 443,697

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Enterprise Funds		
	Landfill Closure Fund	Bethlehem Sewer Fund	Total
Assets:			
Current assets:			
Cash and investments	\$ 1,148,398	\$ 1,403,880	\$ 9,418,171
Accounts receivable, net	-	37,584	685,925
Due from other funds	-	-	8,500
Total current assets	1,148,398	1,441,464	10,112,596
Non-current assets:			
Right to use lease assets, net of amortization	-	-	33,243
Land and other non-depreciable assets	-	5,091,656	10,781,428
Depreciable assets, net of depreciation	-	538,755	13,929,519
Total capital assets, net of accumulated depreciation	-	5,630,411	24,710,947
Total non-current assets	-	5,630,411	24,744,190
Total assets	1,148,398	7,071,875	34,856,786
Deferred Outflows of Resources:			
OPEB deferrals	-	-	69,873
Pension deferrals	-	-	92,591
Total deferred outflows of resources	-	-	162,464
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	-	33,154	164,748
Miscellaneous liabilities	-	-	18,917
Accrued interest	-	6,563	17,973
Current portion of long-term debt	-	244,578	846,327
Current portion of compensated absences	-	-	4,000
Total current liabilities	-	284,295	1,051,965
Non-current liabilities:			
Net pension liability	-	-	69,293
Non-current accrued landfill post-closure care costs	2,924,750	-	2,924,750
Non-current compensated absences	-	-	11,046
Total OPEB liability	-	-	485,221
Non-current portion of long-term debt	-	4,402,411	11,266,785
Total non-current liabilities	2,924,750	4,402,411	14,757,095
Total liabilities	2,924,750	4,686,706	15,809,060
Deferred Inflows of Resources:			
OPEB deferrals	-	-	126,486
Pension deferrals	-	-	66,778
Total deferred inflows of resources	-	-	193,264
Net Position:			
Net investment in capital assets	-	983,422	12,631,078
Unrestricted	(1,776,352)	1,401,747	6,385,848
Total net position	\$ (1,776,352)	\$ 2,385,169	\$ 19,016,926

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
Operating Revenues:			
Water and sewer sales	\$ 1,631,878	\$ 1,706,776	\$ -
Convenience centers	-	-	289,164
Landfill	-	-	1,790,094
Total operating revenues	<u>1,631,878</u>	<u>1,706,776</u>	<u>2,079,258</u>
Operating Expenses:			
Convenience centers	-	-	226,078
Water and sewer operations	861,511	879,208	-
Landfill operations	-	-	1,650,077
Depreciation and amortization	<u>705,495</u>	<u>248,911</u>	<u>55,737</u>
Total operating expenses	<u>1,567,006</u>	<u>1,128,119</u>	<u>1,931,892</u>
Operating income (loss)	<u>64,872</u>	<u>578,657</u>	<u>147,366</u>
Non-Operating Revenues (Expenses):			
Investment earnings	3,374	4,058	-
Intergovernmental revenues	-	-	119,122
Interest and fees paid	<u>(72,732)</u>	<u>-</u>	<u>(477)</u>
Total non-operating revenues (expenses)	<u>(69,358)</u>	<u>4,058</u>	<u>118,645</u>
Income (loss) before contributions and transfers	(4,486)	582,715	266,011
Capital contributions	<u>147,368</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	<u>142,882</u>	<u>582,715</u>	<u>266,011</u>
Transfers:			
Transfer from other funds	507,812	-	160,000
Transfer to other funds	<u>-</u>	<u>(123,269)</u>	<u>(54,000)</u>
Total transfers	<u>507,812</u>	<u>(123,269)</u>	<u>106,000</u>
Change in net position	650,694	459,446	372,011
Net Position:			
Beginning of year - July 1	<u>10,011,841</u>	<u>6,842,431</u>	<u>71,686</u>
End of year - June 30	<u>\$ 10,662,535</u>	<u>\$ 7,301,877</u>	<u>\$ 443,697</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds		
	Landfill Closure Fund	Bethlehem Sewer Fund	Total
Operating Revenues:			
Water and sewer sales	\$ -	\$ 308,858	\$ 3,647,512
Convenience centers	-	-	289,164
Landfill	-	-	1,790,094
Total operating revenues	-	308,858	5,726,770
Operating Expenses:			
Convenience centers	-	-	226,078
Water and sewer operations	-	176,153	1,916,872
Landfill operations	142,850	-	1,792,927
Depreciation and amortization	-	35,570	1,045,713
Total operating expenses	142,850	211,723	4,981,590
Operating income (loss)	(142,850)	97,135	745,180
Non-Operating Revenues (Expenses):			
Investment earnings	2,695	-	10,127
Intergovernmental revenues	-	-	119,122
Interest and fees paid	-	(41,521)	(114,730)
Total non-operating revenues (expenses)	2,695	(41,521)	14,519
Income (loss) before contributions and transfers	(140,155)	55,614	759,699
Capital contributions	-	-	147,368
Income (loss) before transfers	(140,155)	55,614	907,067
Transfers:			
Transfer from other funds	54,000	306,477	1,028,289
Transfer to other funds	-	-	(177,269)
Total transfers	54,000	306,477	851,020
Change in net position	(86,155)	362,091	1,758,087
Net Position:			
Beginning of year - July 1	(1,690,197)	2,023,078	17,258,839
End of year - June 30	<u>\$ (1,776,352)</u>	<u>\$ 2,385,169</u>	<u>\$ 19,016,926</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,624,742	\$ 1,700,012	\$ 1,960,305
Cash paid for goods and services	(1,106,099)	(910,008)	(1,514,220)
Cash paid to employees for services	-	-	(355,846)
Net cash provided (used) by operating activities	518,643	790,004	90,239
Cash Flows from Non-Capital Financing Activities:			
Other non-operating revenues (expenses)	-	-	119,122
Change in due to/from other funds	(8,500)	-	(16,000)
Interfund transfer in (out), net	439,512	(123,269)	106,000
Net cash provided (used) by non-capital financing activities	431,012	(123,269)	209,122
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(415,893)	-	(263,584)
Principal paid on bonds, notes payable, and leases	(636,221)	-	(9,869)
Issuance of long-term debt	-	-	-
Interest and fees paid on debt	(73,822)	-	(281)
Interfund transfer in (out), net	68,300	-	-
Capital contributions	147,368	-	-
Net cash provided (used) by capital and related financing activities	(910,268)	-	(273,734)
Cash Flows from Investing Activities:			
Interest on investments	3,374	4,058	-
Net increase (decrease) in cash and cash equivalents	42,761	670,793	25,627
Cash and Cash Equivalents:			
Beginning of year - July 1	2,601,046	3,396,177	129,489
End of year - June 30	\$ 2,643,807	\$ 4,066,970	\$ 155,116
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 64,872	\$ 578,657	\$ 147,366
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	705,495	248,911	55,737
(Increase) decrease in accounts receivable	(7,136)	(6,764)	(118,953)
(Increase) decrease deferred outflows - pension	-	-	(9,300)
Increase (decrease) in net pension liability	-	-	(54,715)
Increase (decrease) deferred inflows - pension	-	-	58,722
Increase (decrease) in accounts payable	(244,588)	(30,800)	485
Increase (decrease) in accrued salaries	-	-	5,168
(Increase) decrease deferred outflows - OPEB	-	-	15,818
Increase (decrease) deferred inflows - OPEB	-	-	(16,924)
Increase (decrease) in other post-employment benefits	-	-	4,803
Increase (decrease) in landfill post-closure liability	-	-	-
Increase (decrease) in accrued vacation pay	-	-	2,032
Net cash provided (used) by operating activities	\$ 518,643	\$ 790,004	\$ 90,239
Non-Cash Transactions:			
Leases	\$ -	\$ -	\$ 41,953

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds		
	Landfill Closure Fund	Bethlehem Sewer Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	\$ -	\$ 305,978	\$ 5,591,037
Cash paid for goods and services	(45,690)	(166,553)	(3,742,570)
Cash paid to employees for services	-	-	(355,846)
Net cash provided (used) by operating activities	(45,690)	139,425	1,492,621
Cash Flows from Non-Capital Financing Activities:			
Other non-operating revenues (expenses)	-	-	119,122
Change in due to/from other funds	-	-	(24,500)
Interfund transfer in (out)	54,000	306,477	782,720
Net cash provided (used) by non-capital financing activities	54,000	306,477	877,342
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets and right to use assets	-	(1,234,773)	(1,914,250)
Principal paid on bonds, notes payable, and leases	-	(259,065)	(905,155)
Issuance of long-term debt and lease liabilities	-	1,403,717	1,403,717
Interest and fees paid on debt	-	(47,412)	(121,515)
Interfund transfer in (out), net	-	-	68,300
Capital contributions	-	-	147,368
Net cash provided (used) by capital and related financing activities	-	(137,533)	(1,321,535)
Cash Flows from Investing Activities:			
Interest on investments	2,695	-	10,127
Net increase (decrease) in cash and cash equivalents	11,005	308,369	1,058,555
Cash and Cash Equivalents:			
Beginning of year - July 1	1,137,393	1,095,511	8,359,616
End of year - June 30	<u>\$ 1,148,398</u>	<u>\$ 1,403,880</u>	<u>\$ 9,418,171</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (142,850)	\$ 97,135	\$ 745,180
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	-	35,570	1,045,713
(Increase) decrease in accounts receivable	-	(2,880)	(135,733)
(Increase) decrease deferred outflows - pension	-	-	(9,300)
Increase (decrease) in net pension liability	-	-	(54,715)
Increase (decrease) deferred inflows - pension	-	-	58,722
Increase (decrease) in accounts payable	(9,170)	9,600	(274,473)
Increase (decrease) in accrued salaries	-	-	5,168
(Increase) decrease deferred outflows - OPEB	-	-	15,818
Increase (decrease) deferred inflows - OPEB	-	-	(16,924)
Increase (decrease) in other post-employment benefits	-	-	4,803
Increase (decrease) in landfill post-closure liability	106,330	-	106,330
Increase (decrease) in accrued vacation pay	-	-	2,032
Net cash provided (used) by operating activities	<u>\$ (45,690)</u>	<u>\$ 139,425</u>	<u>\$ 1,492,621</u>
Non-Cash Transactions:			
Leases	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2022

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 10,224
Taxes receivable for other governments, net	<u>26,040</u>
Total assets	<u>36,264</u>
Liabilities:	
Due to other governments	<u>10,224</u>
Net Position:	
Restricted for:	
Individuals, organizations, and other governments	<u>26,040</u>
Total fiduciary net position	<u>\$ 26,040</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Funds
Additions:	
Property taxes collected for other governments	\$ 767,835
Collections on behalf of individuals/organizations	<u>57,435</u>
Total additions	<u>825,270</u>
Deductions:	
Property taxes distributed to other governments	765,789
Payments on behalf of individuals/organizations	<u>57,435</u>
Total deductions	<u>823,224</u>
Net increase (decrease) in fiduciary net position	2,046
Net position, beginning	<u>23,994</u>
Net position, ending	<u><u>\$ 26,040</u></u>

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ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1. Summary of Significant Accounting Policies

The accounting policies of Alexander County (the “County”), its discretely presented component units, and its blended component unit conform to generally accepted accounting principles as they apply to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The blended component unit, although it is a legally separate entity, is in substance, part of the County’s operations.

Component Units

Discretely Presented Component Units

The Alexander County Economic Development Corporation (the “EDC”) is a 501(c)(3) nonprofit exempt organization that exists for the purpose of engaging in charitable and educational efforts, and specifically to support economic and community development in Alexander County. The EDC Board of Directors is responsible for electing members to fill the seven-member Board. There are no statutory positions for elected officials. The EDC has a June 30 year-end and is presented on the government-wide statements of this report as a discretely presented component unit. The EDC issues separate financial statements, which may be obtained from Alexander County Economic Development Corporation 119 NC Hwy 16 N Suite A Taylorsville, NC 28681.

The Alexander County ABC Board (the “ABC Board”) was formed in 2020 and exists for the operation of the County’s ABC store. The members of the ABC Board’s governing board are appointed by the County. The ABC Board is required by state statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). The ABC Board issues separate financial statements, which may be obtained from General Manager Jacob R. Abernathy, Jr. at 9469-A Hwy 127 North, Hickory, 28601 or by calling 828-598-0251.

Blended Component Unit

The Bethlehem Water District exists to provide and maintain a water system for the County residents within its district. Under state law (G.S. 162A-89), the County’s Board of Commissioners also serve as the governing board for the District. Therefore, the District is reported as an enterprise fund in the County’s financial statements.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (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 and blended component unit. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The County reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the County. It is used to account for all financial resources, except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, federal and state grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, environmental protection, economic and physical development, human services, cultural and recreation, and education services.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

American Rescue Plan Act Fund. The American Rescue Plan Act Fund is a Special Revenue Fund used to account for federal grant funds that are restricted for use for a particular purpose. This fund tracks the activities of that funding.

Capital Improvements Fund. This capital project fund tracks the County's resources provided for school capital expenditures as well as receipt of school sales tax hold harmless funds.

The County reports the following major enterprise funds:

County Water and Sewer Fund – The County Water and Sewer Fund is used to account for the water and sewer operations for all areas of the County, except the Bethlehem Water District.

Bethlehem Water District Fund – The Bethlehem Water District Fund is used to account for the water system operations of the geographic area of the County designated as the Bethlehem Water District.

Solid Waste Fund – The Solid Waste Fund is used to account for the operations of the County's landfill, solid waste transfer station, and garbage disposal and recycling convenience centers.

Landfill Closure Fund – The Landfill Closure Fund is used to account for the closure and post-closure care costs of the County's landfill facility.

Bethlehem Sewer Fund – The Bethlehem Sewer Fund is used to account for the sewer operations of the geographic area of the County designated as the Bethlehem Sewer District.

The County has several enterprise fund capital project funds: Water Line Extension Project, Industrial Timber Project, and 2021 American Rescue Plan Water Line Extension Project Fund are consolidated with the County Water and Sewer Fund for reporting purposes. The Sewer Collection Line Extension and Pump Station Upgrade Project is consolidated with the Bethlehem Sewer Fund for reporting purposes.

The County reports the following fund types:

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but that are not revenues to the County, and the Sheriff's Civil Executions Fund, which accounts for monies collected by the Sheriff's office for civil judgements.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Nonmajor Special Revenue Funds. Special revenue funds are used to account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County has the following nonmajor special revenue funds: Fire Districts Fund, Revaluation Fund, Emergency Telephone System Fund, Paul Robert Chair, Inc. Building Renovation Project, Soil and Water State Emergency Disaster Funds – Stream Debris Removal, and Opioid Settlement Fund.

Nonmajor Capital Project Funds. Capital project funds are used to account for the acquisition and or construction of major governmental capital assets. The County has the following nonmajor capital project fund: Park Improvements Capital Project Fund.

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

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

The County considers all revenues available if they are collected within 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. These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received. Uncollected taxes that were billed by the County for periods prior to September 1, 2013, or those for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, 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. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is 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 the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds (excluding the American Rescue Plan Act Fund, Paul Robert Chair, Inc. Building Renovation Project, Soil and Water State Emergency Disaster Funds – Stream Debris Removal, and Opioid Settlement Fund), the Capital Improvements Fund, and the enterprise funds. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for all capital project funds (excluding the Capital Improvements Fund), enterprise capital project funds, and those special revenue funds noted above.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager is authorized by the budget ordinance to transfer appropriations between departmental areas within a fund up to \$15,000; however, any revisions that alter total expenditures of any fund or that change departmental appropriations by more than \$15,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

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

Deposits and Investments

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

State law [G.S. 159-30(c)(8)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

The County's investments are carried at fair value. The North Carolina Capital Management Trust (NCCMT) is authorized by G.S. 159-30(c)(8). The Government Portfolio is a 2a7 fund that invests in treasuries and government agencies and is rated AAAm by S&P and AAA-mf by Moody's Investor Services. The Government Portfolio is reported at fair value.

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 considered cash and cash equivalents.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Restricted Assets

Restricted assets in the General Fund consist of cash restricted for the purposes outlined below by external third parties or by law. For other governmental funds, money in the Revaluation Fund is classified as restricted because its use is restricted per North Carolina General Statute 153A-150. Monies in the American Rescue Plan Act and Opioid Settlement Funds are restricted due to unspent grant proceeds, funds to be used for a specific purpose only.

<u>Restricted Cash</u>	<u>Purpose</u>	<u>Amount</u>	<u>Total</u>
Governmental Activities:			
General Fund:			
Public safety	Sheriff/substance abuse	\$ 177,231	
Human services	Adoption services	32,888	
Human services	CSE Incentives	15,797	
Economic and physical development	Cooperative extension services	24,805	
General government	PEG Channel	86,993	
General government	Advance from grantor	257,019	
Total General Fund			\$ 594,733
Other governmental funds:			
Revaluation Fund	Tax revaluation	\$ 639,388	
American Rescue Plan Act Fund	Advance from grantor	3,573,377	
Opioid Settlement Fund	Unspent opioid settlement proceeds	126,190	
Total other governmental funds			<u>4,338,955</u>
Total governmental activities			<u>\$ 4,933,688</u>

Ad Valorem Taxes Receivable

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

Allowances for Doubtful Accounts

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used. Prepaid items for the County's governmental funds are treated using the consumption method.

Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical value. The County has elected not to capitalize those interest costs, which are incurred during the construction period of capital assets.

Minimum capitalization costs are as follows: land, \$5,000; other improvements, \$5,000; 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.

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

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings - new construction	40 years
Buildings - purchased	varies
Infrastructure	25 years
Other improvements	10-40 years
New vehicles	3-5 years
Equipment and used vehicles	3 years
Furniture and fixtures	3 years

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets 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 the criteria - pension and OPEB deferrals.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criteria for this category – prepaid taxes and pension and OPEB deferrals as presented on the Statement of Net Position and taxes receivable and health department receivables additionally presented on the governmental balance sheet.

Long-Term Obligations

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

The County's long-term debt for the water districts and landfill is carried within the Enterprise Fund. The debt service requirements for the water districts' debt are being met by water revenues.

Compensated Absences

The vacation policy of the County provides for the accumulation of up to two hundred forty (240) hours earned vacation leave, with such leave being fully vested when earned. In the County's governmental and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The County has assumed a FIFO method of using accumulated compensation time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide statements.

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 the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 \$126,190 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 30, 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.

Reimbursements for Pandemic-related Expenditures

In FY 2020/21 the American Rescue Plan (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 \$7,283,353 of fiscal recovery funds to be paid in two equal installments. The first installment of \$3,641,677 was received in June 2021. The second installment was received in August 2022. The County plans to use the ARPA funds for revenue replacement purposes. The Board of Commissioners adopted a resolution to use up to \$163,815 of the ARPA funds to support a project to deploy broadband services to approximately 305 households and businesses in Alexander County. The broadband project will be carried out by a retail provider of communications services with a grant from the Growing Rural Economies with Access to Technology Act (GREAT Act). The County plans to use the rest of the ARPA funds for a water capital project to extend water lines to unserved areas and provide networking of the existing water system for water quality and quantity purposes. Revenue replacement funds will be transferred to the appropriate funds when the expenditures for the intended use occur. During fiscal year 2022, the County spent \$68,300 in the water capital project fund and has transferred that amount to the County Water and Sewer Capital Project Fund.

Net Position/Fund Balances

Net Position

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

Restricted for General Government – portion of fund balance restricted by revenue source for general government purposes.

Restricted for Education – portion of fund balance restricted by revenue source for school debt service and school capital outlay.

Restricted for Human Services – portion of fund balance restricted by revenue source for Human Services related activities such as DSS Adoption Enhancement funds – state, CSE Incentive – state, and DSS representative payee.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Restricted for Economic and Physical Development – portion of fund balance restricted by revenue source for economic and physical development purposes.

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety related activities such as Sheriff (\$36,080 federal shared assets and \$141,151 state unauthorized substance in the General Fund) and fire protection (\$145,668) and Emergency Telephone System Fund (\$347,436) in the Special Revenue Funds.

Restricted fund balance at June 30, 2022, is as follows:

Purpose	General Fund	Capital Improvements Fund	Other Governmental Funds
Restricted, All Other:			
Register of Deeds	\$ 23,751	\$ -	\$ -
General government	86,993	-	-
Education	-	3,000,000	-
Human services	83,292	-	-
Economic and physical development	24,805	-	-
Public safety	-	-	493,104
Public safety - Federal Shared Asset program	36,080	-	-
Public safety - state unauthorized substance	141,151	-	-
Total	<u>\$ 396,072</u>	<u>\$ 3,000,000</u>	<u>\$ 493,104</u>

Restricted fund balance on Exhibit C differs from restricted net position on Exhibit A due to restricted for Register of Deeds pension plan of \$59,433.

Committed Fund Balance. This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Alexander County's governing body (highest level of decision-making authority, Board of Commissioners). The Board of Commissioners can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (adoption of another ordinance) to remove or reverse the limitation.

Committed for General Government – portion of fund balance committed by revenue source for general government purposes.

Committed for Tax Revaluation – portion of fund balance budgeted by the Board to be used for tax revaluation.

Committed for Future Capital Projects – portion of fund balance budgeted by the Board to be used for various future capital projects.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Committed fund balance at June 30, 2022, is as follows:

Purpose	American Rescue Plan Act Fund	Capital Improvements Fund	Other Governmental Funds
General government	\$ 1,157	\$ -	\$ -
Tax revaluation	-	-	612,565
Future capital projects	-	2,289,521	88,962
Total	<u>\$ 1,157</u>	<u>\$ 2,289,521</u>	<u>\$ 701,527</u>

Assigned Fund Balance. Assigned fund balance is the portion of fund balance that Alexander County intends to use for specific purposes. The County's governing body has the authority to assign fund balance.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorized the Manager to modify appropriations up to \$15,000 between departments within a fund.

Purpose	General Fund
Subsequent year's expenditures	<u>\$ 6,061,120</u>

Unassigned Fund Balance. Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Alexander 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: debt proceeds, federal funds, state funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

The County has not officially adopted a minimum fund balance policy.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 24,098,600
Less:	
Prepays	(7,368)
Stabilization by state statute	<u>(4,112,247)</u>
Fund balance available for appropriation	<u>\$ 19,978,985</u>

Defined Benefit Pension and OPEB Plans

The County participates in two 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"). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

2. Detail Notes on All Funds

A. Assets

Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in its 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 entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization, and this

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

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

At June 30, 2022, the County's deposits had a carrying amount of \$12,148,814 and a bank balance of \$12,194,594. Of the bank balance, \$250,000 was covered by federal depository insurance and \$11,944,594 was covered by collateral held under the Pooling Method. Cash on hand was \$4,730 at June 30, 2022.

Investments

At June 30, 2022, the County had the following investments and maturities:

	Valuation				
Investment Type	Measurement Method	Fair Value	Less Than 6 Months	6-12 Months	1 - 3 Years
First Citizens Wealth Management:					
US Treasuries	Fair Value - Level 1	\$ 5,273,557	\$ 1,048,284	\$ 1,044,071	\$ 3,181,202
N.C. Capital Management Trust - Government Portfolio	Fair Value - Level 1	36,775	36,775	-	-
N.C. Capital Management Trust - Government Portfolio	Fair Value - Level 1	24,251,502	24,251,502	-	-
Total investments		\$ 29,561,834	\$ 25,336,561	\$ 1,044,071	\$ 3,181,202

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P and AAA-mf by Moody's Investor Service.

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

Level of Fair Value Hierarchy: Level 1: debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk. The County has not adopted a formal investment policy addressing interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's internal investment policy limits at least half of the County's

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

investment portfolio to maturities of less than 12 months. Also, the County's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. The County has no formal policy regarding credit risk but 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 N.C. Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investor Services as of June 30, 2022. The County's investments in US Treasuries are rated AA- by Standard and Poor's and Aa3 by Moody's Investor Services.

Property Tax – Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present-use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
2019	\$ 2,181,609	\$ 567,218	\$ 2,748,827
2020	2,193,284	372,858	2,566,142
2021	2,211,043	176,883	2,387,926
2022	2,216,125	-	2,216,125
Total	<u>\$ 8,802,061</u>	<u>\$ 1,116,959</u>	<u>\$ 9,919,020</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Receivables

Receivables at the government-wide level (Exhibit A) at June 30, 2022 were as follows:

	<u>Accounts Receivable</u>	<u>Taxes Receivable</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 450,005	\$ 1,331,558	\$ 3,727,011	\$ 5,508,574
Other governmental	-	84,884	36,094	120,978
Total receivables	450,005	1,416,442	3,763,105	5,629,552
Allowance for doubtful accounts	(51,631)	(333,000)	-	(384,631)
Total governmental activities	<u>\$ 398,374</u>	<u>\$ 1,083,442</u>	<u>\$ 3,763,105</u>	<u>\$ 5,244,921</u>
Business-Type Activities:				
County Water and Sewer	\$ 197,182	\$ -	\$ -	\$ 197,182
Bethlehem Water	200,613	-	-	200,613
Solid Waste	250,558	-	-	250,558
Nonmajor funds	37,584	-	-	37,584
Total receivables	685,937	-	-	685,937
Allowance for doubtful accounts	(12)	-	-	(12)
Total business-type activities	<u>\$ 685,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 685,925</u>

Due from other governments consisted of the following:

Local option sales tax	\$ 2,066,835
DSS revenues	745,497
Sales tax refund	220,260
Motor vehicle taxes	259,095
Medicaid hold harmless	28,419
Other	442,999
Total	<u>\$ 3,763,105</u>

At June 30, 2022, property taxes for other governments in the custodial fund is net of an allowance for doubtful account of \$25,455.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Capital Assets

A summary of changes in the County's governmental capital assets are as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2022</u>
Governmental Activities:					
Non-Depreciable Assets:					
Land	\$ 4,404,204	\$ -	\$ (499,495)	\$ -	\$ 3,904,709
Construction in progress	168,165	1,127,929	-	(1,148,052)	148,042
Total non-depreciable assets	<u>4,572,369</u>	<u>1,127,929</u>	<u>(499,495)</u>	<u>(1,148,052)</u>	<u>4,052,751</u>
Depreciable Assets:					
Buildings	22,923,713	33,637	-	-	22,957,350
Other improvements	419,075	-	-	1,148,052	1,567,127
Infrastructure	395,402	-	(395,402)	-	-
Equipment and machinery	5,328,884	295,008	(35,169)	-	5,588,723
Vehicles	4,311,194	573,375	(416,558)	-	4,468,011
Furniture and fixtures	104,022	-	-	-	104,022
Total depreciable assets	<u>33,482,290</u>	<u>902,020</u>	<u>(847,129)</u>	<u>1,148,052</u>	<u>34,685,233</u>
Total assets	<u>38,054,659</u>	<u>2,029,949</u>	<u>(1,346,624)</u>	<u>-</u>	<u>38,737,984</u>
Less Accumulated Depreciation:					
Buildings	(9,055,507)	(789,431)	-	-	(9,844,938)
Other improvements	(418,751)	(7,977)	-	-	(426,728)
Infrastructure	(395,402)	-	395,402	-	-
Equipment and machinery	(4,772,563)	(349,329)	35,169	-	(5,086,723)
Vehicles	(3,565,211)	(447,630)	407,009	-	(3,605,832)
Furniture and fixtures	(15,640)	(30,565)	-	-	(46,205)
Total accumulated depreciation	<u>(18,223,074)</u>	<u>(1,624,932)</u>	<u>837,580</u>	<u>-</u>	<u>(19,010,426)</u>
Capital assets, net	<u>\$ 19,831,585</u>	<u>\$ 405,017</u>	<u>\$ (509,044)</u>	<u>\$ -</u>	<u>\$ 19,727,558</u>

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

Governmental Activities:

General government	\$ 458,671
Public safety	791,222
Environmental protection	10,432
Human services	136,696
Cultural and recreation	32,936
Economic and physical development	4,321
Education	190,654
Total	<u>\$ 1,624,932</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Proprietary Capital Assets

The capital assets of the proprietary funds at June 30, 2022 are as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2022</u>
Business-Type Activities:					
County Water and Sewer Fund:					
Non-Depreciable Assets:					
Construction in progress	\$ 5,222,160	\$ 374,406	\$ -	\$ (147,367)	\$ 5,449,199
Depreciable Assets:					
Infrastructure	19,288,505	-	-	147,367	19,435,872
Equipment and machinery	8,500	-	-	-	8,500
Total depreciable assets	<u>19,297,005</u>	<u>-</u>	<u>-</u>	<u>147,367</u>	<u>19,444,372</u>
Total assets	<u>24,519,165</u>	<u>374,406</u>	<u>-</u>	<u>-</u>	<u>24,893,571</u>
Less Accumulated Depreciation:					
Infrastructure	(8,912,777)	(705,495)	-	-	(9,618,272)
Equipment and machinery	<u>(8,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,500)</u>
Total accumulated depreciation	<u>(8,921,277)</u>	<u>\$ (705,495)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(9,626,772)</u>
County Water and Sewer capital assets, net	<u>15,597,888</u>				<u>15,266,799</u>
Bethlehem Water District Fund:					
Depreciable Assets:					
Infrastructure	<u>6,814,232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,814,232</u>
Less Accumulated Depreciation:					
Infrastructure	<u>(3,530,527)</u>	<u>\$ (248,911)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,779,438)</u>
Bethlehem Water capital assets, net	<u>3,283,705</u>				<u>3,034,794</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Business-Type Activities (cont):				
Solid Waste Fund:				
Non-Depreciable Assets:				
Land	<u>240,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>240,573</u>
Depreciable Assets:				
Buildings	651,404	-	-	651,404
Other improvements	-	263,584	-	263,584
Infrastructure	217,411	-	-	217,411
Vehicles	352,494	-	-	352,494
Equipment and machinery	<u>640,381</u>	<u>-</u>	<u>-</u>	<u>640,381</u>
Total depreciable assets	<u>1,861,690</u>	<u>263,584</u>	<u>-</u>	<u>2,125,274</u>
Total assets	<u>2,102,263</u>	<u>263,584</u>	<u>-</u>	<u>2,365,847</u>
Less Accumulated Depreciation:				
Buildings	(387,660)	(16,626)	-	(404,286)
Other improvements	-	(2,197)	-	(2,197)
Infrastructure	(216,745)	(34)	-	(216,779)
Vehicles	(341,645)	(7,626)	-	(349,271)
Equipment and machinery	<u>(593,827)</u>	<u>(20,544)</u>	<u>-</u>	<u>(614,371)</u>
Total accumulated depreciation	<u>(1,539,877)</u>	<u>\$ (47,027)</u>	<u>\$ -</u>	<u>(1,586,904)</u>
Solid Waste capital assets, net	<u>562,386</u>			<u>778,943</u>
Bethlehem Sewer Fund:				
Non-Depreciable Assets:				
Construction in progress	<u>5,088,893</u>	<u>\$ 2,763</u>	<u>\$ -</u>	<u>5,091,656</u>
Depreciable Assets:				
Infrastructure	<u>1,422,797</u>	<u>-</u>	<u>-</u>	<u>1,422,797</u>
Total assets	<u>6,511,690</u>	<u>2,763</u>	<u>-</u>	<u>6,514,453</u>
Less Accumulated Depreciation:				
Infrastructure	<u>(848,472)</u>	<u>\$ (35,570)</u>	<u>\$ -</u>	<u>(884,042)</u>
Bethlehem Sewer capital assets, net	<u>5,663,218</u>			<u>5,630,411</u>
Total business-type activities capital assets, net	<u>\$ 25,107,197</u>			<u>\$ 24,710,947</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The County contracts with the City of Hickory to provide billing and collection services, as well as maintenance on the water and sewer lines for the County Water and Sewer Fund, the Bethlehem Water District, and the Bethlehem Sewer Fund. Total service fees paid for the year ended June 30, 2022, were \$815,939 for the County Water and Sewer Fund, \$853,388 for the Bethlehem Water District, and \$154,429 for the Bethlehem Sewer Fund.

Construction Commitments

The County has active construction projects at June 30, 2022. The County's commitments with contractors are listed as follows for the following projects:

Project	Spent-to-Date	Remaining Commitment
2018 Water Line Extension Project	\$ 4,751,259	\$ 408,640
Sewer System Extension & Pump Station Upgrade Project	4,961,329	46,242
2019 Water System Extension Project	661,982	101,226
American Rescue Plan Water Capital Project	68,300	510,000
Total	<u>\$ 10,442,870</u>	<u>\$ 1,066,108</u>

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2022 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets and right-to-use leased assets	\$ 19,828,076	\$ 24,744,190
Long-term debt	(2,790,097)	(12,113,112)
Net investment in capital assets	<u>\$ 17,037,979</u>	<u>\$ 12,631,078</u>

Right-to-Use Leased Assets

The County has recorded eight right-to-use leased assets. The assets are right-to-use assets for leased buildings, equipment, and land. 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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Governmental Activities:				
Right-to-Use Lease Assets:				
Leased buildings	\$ -	\$ 117,994	\$ -	\$ 117,994
Leased equipment	-	8,972	-	8,972
Total leased assets	-	126,966	-	126,966
Less Accumulated Amortization:				
Leased buildings	-	25,426	-	25,426
Leased equipment	-	1,022	-	1,022
Total accumulated amortization	-	26,448	-	26,448
Leased assets, net	<u>\$ -</u>	<u>\$ 100,518</u>	<u>\$ -</u>	<u>\$ 100,518</u>

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Business-Type Activities:				
Solid Waste Fund:				
Right-to-Use Lease Assets:				
Leased land	\$ -	\$ 41,953	\$ -	\$ 41,953
Less Accumulated Amortization:				
Leased land	-	8,710	-	8,710
Leased assets, net	<u>\$ -</u>	<u>\$ 33,243</u>	<u>\$ -</u>	<u>\$ 33,243</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

B. Liabilities

Payables

Payables at the government-wide level (Exhibit A) at June 30, 2022 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 735,543	\$ 1,024,868	\$ 1,760,411
Other governmental	2,761	-	2,761
Total governmental activities	<u>\$ 738,304</u>	<u>\$ 1,024,868</u>	<u>\$ 1,763,172</u>
Business-Type Activities:			
County Water and Sewer	\$ 8,500	\$ -	\$ 8,500
Bethlehem Water	500	-	500
Solid Waste	122,594	18,917	141,511
Bethlehem Sewer	33,154	-	33,154
Total business-type activities	<u>\$ 164,748</u>	<u>\$ 18,917</u>	<u>\$ 183,665</u>

Pension Plan and Other Post-Employment Obligations

Local Governmental Employees' Retirement System

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2022, was 12.04% of compensation for law enforcement officers and 11.41% 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 \$1,603,507 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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS 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 a liability of \$3,021,185 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the County's proportion was 0.19700% (measured as of June 30, 2021), which was an increase of 0.00608% from its proportion as of June 30, 2021 (measured as of June 30, 2020).

For the year ended June 30, 2022, the County recognized pension expense of \$1,357,913. 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	\$ 961,148	\$ -
Changes of assumptions	1,898,075	-
Net difference between projected and actual earnings on pension plan investments	-	4,316,364
Changes in proportion and differences between County contributions and proportionate share of contributions	213,745	116,240
County contributions subsequent to the measurement date	1,603,507	-
Total	<u>\$ 4,676,475</u>	<u>\$ 4,432,604</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

\$1,603,507 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ 320,334
2024	(45,653)
2025	(313,483)
2026	(1,320,834)
2027	-
Thereafter	-
Total	<u>\$ (1,359,636)</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	2.5 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the *R-P 2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e., general, law enforcement officer), and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 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. 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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Opportunistic fixed income	7.0%	6.0%
Inflation sensitive	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. 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%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	<u>\$ 11,727,985</u>	<u>\$ 3,021,185</u>	<u>\$ 4,144,007</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Law Enforcement Officers' Special Separation Allowance

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

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Active plan members	<u>38</u>
Total	<u><u>46</u></u>

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 Governmental Employees' Retirement System for the five-year period ended December 31, 2019.

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and set forward by 1 year.

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are set back 3 years for all ages.

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Prior to Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

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. 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 \$72,350 as benefits came due for the reporting period.

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

At June 30, 2022, the County reported a total pension liability of \$1,275,155. 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 the measurement date of December 31, 2021, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$162,616.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 41,026	\$ 189
Changes of assumptions	228,986	38,753
County benefit payments and plan administrative expense made subsequent to the measurement date	35,560	-
Total	<u>\$ 305,572</u>	<u>\$ 38,942</u>

The County paid \$35,560 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ 64,954
2024	62,081
2025	61,503
2026	41,982
2027	550
Thereafter	-
Total	<u>\$ 231,070</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:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	<u>\$ 1,383,701</u>	<u>\$ 1,275,155</u>	<u>\$ 1,176,503</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

	<u>2022</u>
Beginning balance	\$ 1,246,557
Service cost	72,243
Interest on the total pension liability	23,360
Difference between expected and actual experience in the measurement of the total pension liability	38,969
Changes of assumptions or other inputs	(33,624)
Benefit payments	<u>(72,350)</u>
Ending balance of the total pension liability	<u>\$ 1,275,155</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 1.93% at December 31, 2020, to 2.25% at December 31, 2021 (measurement date).

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

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

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The County contributed \$87,450 for the reporting year. No amounts were forfeited.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Register of Deeds' Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, cost-sharing, multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,289 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 \$52,536 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 0.27344% (measured as of June 30, 2021), which was an increase of 0.00440% from its proportion as of June 30, 2021 (measured as of June 30, 2020).

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

For the year ended June 30, 2022, the County recognized pension expense of \$3,495. 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	\$ 561	\$ 637
Net difference between projected and actual earnings on pension plan investments	3,831	161
Changes in proportion and differences between County contributions and proportionate share of contributions	1,312	1,298
County contributions subsequent to the measurement date	3,289	-
Total	<u>\$ 8,993</u>	<u>\$ 2,096</u>

\$3,289 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2023.

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

Year Ending June 30	Amount
2023	\$ 1,803
2024	703
2025	(123)
2026	1,225
2027	-
Thereafter	-
Total	<u>\$ 3,608</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	2.50 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 percent, net of pension plan investment expense, including inflation

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 was based on the results of an actuarial experience study as of 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, 2021 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. 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%. Return projections do not include any excess return expectations over benchmark averages. 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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	<u>\$ (41,730)</u>	<u>\$ (52,536)</u>	<u>\$ (61,617)</u>

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

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

The net pension liability (asset) for LGERS and ROD was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020. The total pension liability for LEOSSA was measured as of December 31, 2021, with an actuarial valuation date of December 31, 2020. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities.

Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate share of net pension liability (asset)	\$ 3,021,185	\$ (52,536)	n/a	\$ 2,968,649
Proportion of the net pension liability (asset)	0.19700%	0.27344%	n/a	-
Total pension liability	-	-	1,275,155	1,275,155
Pension expense	1,357,913	3,495	162,616	1,524,024

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>				
Pensions - difference between expected and actual experience	\$ 961,148	\$ 561	\$ 41,026	\$ 1,002,735
Pensions - difference between projected and actual investment earnings	-	3,831	-	3,831
Changes of assumptions	1,898,075	-	228,986	2,127,061
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	213,745	1,312	-	215,057
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	1,603,507	3,289	35,560	1,642,356
Total	<u>\$ 4,676,475</u>	<u>\$ 8,993</u>	<u>\$ 305,572</u>	<u>\$ 4,991,040</u>
<u>Deferred Inflows of Resources:</u>				
Pensions - difference between expected and actual experience	\$ -	\$ 637	\$ 189	\$ 826
Net difference between projected and actual earnings on pension plan investments	4,316,364	161	-	4,316,525
Changes of assumptions	-	-	38,753	38,753
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	116,240	1,298	-	117,538
Total	<u>\$ 4,432,604</u>	<u>\$ 2,096</u>	<u>\$ 38,942</u>	<u>\$ 4,473,642</u>

Other Post-Employment Benefits

Plan Description. The County (by local policy) provides post-employment medical insurance benefits to retirees of the County through a single employer defined benefit plan, provided they retire through the North Carolina Local Governmental Employees' Retirement System (LGERS) and meet the following requirements.

Benefits Provided. Employees who have at least fifteen (15) years of consecutive service with Alexander County, were hired before July 1, 2008, retire under the North Carolina Local Governmental Employees' Retirement System (NCLGERS), and are actively employed with the County at the time of retirement are eligible to participate in the County's retiree health care benefits plan upon retirement.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Employees who have at least thirty (30) years of consecutive service with Alexander County, were hired on and after July 1, 2008, but before July 1, 2009, retire under the North Carolina Local Governmental Employees' Retirement System (NCLGERS), and are actively employed with the County at the time of retirement are eligible to participate in the County's retiree health care benefits plan upon retirement.

Employees hired on or after July 1, 2009, are not eligible to participate in the County's retiree health care benefits plan upon retirement.

Contributions. The County will contribute to the cost of retiree insurance premiums based on the years of service with Alexander County at retirement using the following schedule:

<u>Date of Hire with County</u>	<u>Years of County Service at Retirement</u>	<u>County Contribution</u>
On or After July 1, 2009	Any	Not eligible
July 1, 2008 to June 30, 2009	30 or more	100%
July 1, 2008 to June 30, 2009	Less than 30	Not eligible
Before July 1, 2008	20 or more	100%*
Before July 1, 2008	15 – 19	0%
Before July 1, 2008	Less than 15	Not eligible

*For qualified retirees who occupy a part-time with benefits position (50% or greater) and are paying a pro-rated share of insurance at retirement, the retiree will continue to pay the pro-rated share.

Qualified retirees (those receiving 100% County Contribution in the table above) will be provided with Medicare Supplement insurance upon Medicare eligibility age. Healthcare and prescription drugs are provided in the County's retiree healthcare plan. Dependents are offered COBRA coverage for 18 months after retirement, and the coverage must be paid in full by the retiree. COBRA benefits were deemed to be de minimis and were not valued.

A separate report was not issued for the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Medical insurance coverage will only be extended to qualified retirees until they become eligible for Medicare. For participants in the non-reduced retiree health benefits plan: when the qualified retiree becomes eligible for Medicare, the County will provide retiree health benefits by supplemental medical insurance only. For participants in the reduced retiree health benefits plan: when the qualified retiree becomes eligible for Medicare, participation in the County's group health plan will cease. The County Commissioners may amend the benefit provisions. The County has chosen to fund the benefits on a pay-as-you-go basis.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Membership of the Plan consisted of the following at June 30, 2020:

Inactive plan members or beneficiaries currently receiving benefit payments	55
Active plan members	89
Total	<u>144</u>

Total OPEB Liability

The County's total OPEB liability of \$27,569,399 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation	
General employees	3.25 to 8.41 percent
Firefighters	3.25 to 8.15 percent
Law enforcement officers	3.25 to 7.90 percent
Municipal bond index rate	
Prior measurement date	2.21 percent
Measurement date	2.16 percent
Health Care Cost Trends	
Pre-Medicare medical and prescription drug	7.00 percent for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare medical and prescription drug	5.25 percent for 2020 decreasing to an ultimate rate of 4.50% by 2024

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 26,396,584
Changes for the year:	
Service cost	625,155
Interest	591,161
Differences between expected and actual experience	2,800
Changes of assumptions or other inputs	501,467
Benefit payments	(547,768)
Net changes	1,172,815
Balance at June 30, 2022	\$ 27,569,399

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.21% to 2.16%.

The County selected a Municipal Bond Index Rate equal to the Bond Buyer 20-Year General Obligation Bond Index published at the last Thursday of June by the bond buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020, valuation were based on a review of recent plan experience performed concurrently with the June 30, 2020, valuation.

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

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 32,823,670	\$ 27,569,399	\$ 23,472,518

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 22,991,524	\$ 27,569,399	\$ 33,499,975

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$1,680,194. At June 30, 2022, the County reported deferred outflows 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	\$ 11,189	\$ 552,313
Changes of assumptions	3,430,524	847,537
Benefit payments and plan administrative expense made subsequent to the measurement date	570,274	-
Total	\$ 4,011,987	\$ 1,399,850

\$570,274 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date and an estimated implicit subsidy credit, will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2023	\$ 463,878
2024	990,484
2025	555,617
2026	31,884
2027	-
Thereafter	-
Total	\$ 2,041,863

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE 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 (the "Death Benefit Plan"), a multiple-employer, state-administered, cost-sharing plan funded on a one-year-term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the Death Benefit Plan, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the Death Benefit Plan at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

The County provides life insurance in the amount of \$12,500 to all full-time and eligible part-time employees. Internal Revenue Service (IRS) regulations dictate that the cost of group-term life insurance provided to an employee by his employer for coverage that exceeds \$50,000 is taxable to the employee as a fringe benefit.

Closure and Post-Closure Care Costs – Landfill Facility

Federal and state laws and regulations require the County to place a final cover on its current operating cell at the landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The County also has a closed cell at the landfill facility for which the entire amount of the closure and post-closure costs has been recognized as the cell capacity was used. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,924,750 reported as landfill closure and post-closure care liability at June 30, 2022, represents a cumulative amount reported to date based on the use of 57% of the total estimated capacity of the construction and demolition operating cell of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$2,206,381 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2022. The County closed the material solid waste operating cell at the landfill facility in fiscal year 1998 and expects to close the construction and demolition operating cell in 2033. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The County has met the requirements of a local government financial test that is one option under federal and state laws and regulations that help determine if a unit is financially able to meet closure and post-closure care requirements. However, the County has elected to establish a Landfill Closure Fund, a proprietary fund type, to accumulate resources for the payment of closure and post-closure care costs. A transfer of \$54,000 was made to the Landfill Closure Fund during the fiscal year ended June 30, 2022. The Landfill Closure Fund has \$1,148,398 in cash at June 30, 2022.

The County expects that future inflation costs will be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

Deferred Outflows and Inflows of Resources

Deferred inflows and outflows of resources at year-end are comprised of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience (pensions, OPEB)	\$ 1,013,924	\$ 553,139
Changes of assumptions (pensions, OPEB)	5,557,585	886,290
Net difference between projected and actual earnings on pension plan investments (pensions)	3,831	4,316,525
Changes in proportion and differences between County contributions and proportionate share of contributions (pensions)	215,057	117,538
Benefit payments for the OPEB plan paid subsequent to the measurement date	570,274	-
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	35,560	-
County contributions subsequent to the measurement date (LGERS & ROD)	1,606,796	-
Taxes receivable, net (General Fund and Special Revenue Fund)	-	1,083,442
Health department receivables, net (General Fund)	-	13,138
Prepaid taxes (General Fund)	-	60,297
Total	<u>\$ 9,003,027</u>	<u>\$ 7,030,369</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 obtains workers' compensation and employer liability insurance through Key Risk Insurance Company with workers' compensation coverage up to the statutory limits and employer liability coverage subject to a limit of \$1,000,000. The County obtains property coverage through Argonaut Great Central Insurance Company equal to replacement cost values of owned property subject to a limit of \$51 million for any one occurrence; general, auto, public officials, law enforcement, and employment practices liability coverage of \$1 million per occurrence; auto physical damage coverage for owned autos at actual cash value (ambulances at replacement cost); and crime coverage of \$250,000 per occurrence. The County obtains medical and dental insurance for employees through BlueCross BlueShield of NC and Ameritas, respectively. The County uses a third-party administrator to manage the group medical and dental insurance plans.

The County participates in the National Flood Insurance Program (NFIP) with Flood Insurance Rate Maps that designate two County-owned properties as having a one-percent annual chance of a 100-year flood in any given year. For the Law Enforcement and Detention Center, the County carries a NFIP policy through Auto-Owners Insurance with a \$500,000 limit and a \$5,000 deductible. For all other properties, the County has not secured flood insurance through the NFIP but carries flood insurance with a \$1,000,000 limit and a \$50,000 deductible through the County's property insurance carrier.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year. One settled claim during the 2020-2021 fiscal year exceeded insurance coverage by approximately \$27,000. The County increased the amount of coverage for that type of loss during 2020-2021 to prevent such occurrences in the future.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Director, the Tax Administrator/Collector, and the County Manager are individually bonded for \$100,000 each. The Sheriff and Register of Deeds are bonded for \$25,000 and \$10,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000. This blanket bond also covers the County positions named above.

Contingent Liabilities

At June 30, 2022, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Long-Term Obligations

Leases

The County has entered into agreements to lease certain buildings, equipment, and land. 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.

Governmental Funds:

On 5/1/2020, Alexander County, NC entered into a 36-month lease as lessee for the use of office space for probation, parole, and pre-trial release services of the court. An initial lease liability was recorded in the amount of \$94,472. The County is required to make monthly fixed payments of \$1,675. The lease has an interest rate of 1.1770%. At June 30, 2022, the lease liability was \$75,291. The value of the right to use asset at year end is \$94,472 with accumulated amortization of \$19,546. This is included with buildings on the lease asset roll-forward schedule. Alexander County has 1 extension option available for 36 months.

On 12/6/2021, Alexander County, NC entered into a 60-month lease as lessee for the use of a postage machine for the Elections Department. An initial lease liability was recorded in the amount of \$8,972. The County is required to make quarterly fixed payments of \$468. The lease has an interest rate of 1.7850%. At June 30, 2022, the lease liability was \$8,084. The value of the right to use asset at year end is \$8,972 with accumulated amortization of \$1,022. This is included with equipment on the lease asset roll-forward schedule.

On 7/1/2019, Alexander County, NC entered into a 36-month lease as lessee for the use of a building for an EMS base-Sugar Loaf location. An initial lease liability was recorded in the amount of \$23,522. The County is required to make monthly fixed payments of \$500. The lease has an interest rate of 1.0110%. At June 30, 2022, the lease liability was \$17,722. The value of the right to use asset at year end is \$23,522 with accumulated amortization of \$5,881. This is included with buildings on the lease asset roll-forward schedule. Alexander County has 1 extension option for 36 months. The County had a termination period of 3 months as of the lease commencement.

	Lease Liability	Right to Use Leased Asset
Office space	\$ 75,291	\$ 74,926
Postage machine	8,084	7,950
Building	17,722	17,642
Total governmental funds	<u>\$ 101,097</u>	<u>\$ 100,518</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Proprietary Funds:

Solid Waste Fund:

On 1/1/2017, Alexander County, NC entered into a 60-month lease as lessee for the use of land for the solid waste convenience center-Highway 16 South site. An initial lease liability was recorded in the amount of \$8,221. The County is required to make annual fixed payments of \$1,700. The lease has an interest rate of 1.3350%. At June 30, 2022, the lease liability was \$6,579. The value of the right to use asset at year end is \$8,221 with accumulated amortization of \$1,494. This is included with land on the lease asset roll-forward schedule. Alexander County has 1 extension option for 60 months. The County had a termination period of 2 months as of the lease commencement.

On 1/1/2017, Alexander County, NC entered into a 60-month lease as lessee for the use of land for the solid waste convenience center-Stony Point site. An initial lease liability was recorded in the amount of \$8,221. The County is required to make annual fixed payments of \$1,700. The lease has an interest rate of 1.3350%. At June 30, 2022, the lease liability was \$6,579. The value of the right to use asset at year end is \$8,221 with accumulated amortization of \$1,495. This is included with land on the lease asset roll-forward schedule. Alexander County has 1 extension option for 60 months. The County had a termination period of 2 months as of the lease commencement.

On 7/1/2017, Alexander County, NC entered into a 60-month lease as lessee for the use of land for the solid waste convenience center-Vashti site. An initial lease liability was recorded in the amount of \$4,957. The County is required to make annual fixed payments of \$2,500. The lease has an interest rate of 0.8450%. At June 30, 2022, the lease liability was \$2,479. The value of the right to use asset at year end is \$4,957 with accumulated amortization of \$1,983. This is included with land on the lease asset roll-forward schedule. Alexander County has 1 extension option for 24 months. The County had a termination period of 2 months as of the lease commencement.

On 1/1/2019, Alexander County, NC entered into a 60-month lease as lessee for the use of land for the solid waste convenience center-Bethlehem site. An initial lease liability was recorded in the amount of \$8,463. The County is required to make annual fixed payments of \$1,750. The lease has an interest rate of 1.3350%. At June 30, 2022, the lease liability was \$6,772. The value of the right to use asset at year end is \$8,463 with accumulated amortization of \$1,539. This is included with land on the lease asset roll-forward schedule. Alexander County has 1 extension option for 36 months. The County had a termination period of 2 months as of the lease commencement.

On 1/1/2019, Alexander County, NC entered into a 60-month lease as lessee for the use of land for the solid waste convenience center-Sugar Loaf site. An initial lease liability was recorded in the amount of \$12,090. The County is required to make annual fixed payments of \$2,500. The lease has an interest rate of 1.3350%. At June 30, 2022, the lease liability was \$9,675. The value of the right to use asset at year end is \$12,090 with accumulated amortization of \$2,198. This is included with land on the lease asset roll-forward schedule. Alexander County has 1 extension option for 36 months. The County had a termination period of 2 months as of the lease commencement.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	Lease Liability	Right to Use Leased Asset
<i>Solid Waste Fund:</i>		
Solid waste convenience centers:		
Highway 16 South site	\$ 6,579	\$ 6,727
Stony Point site	6,579	6,726
Vashti site	2,479	2,974
Bethlehem site	6,772	6,924
Sugar Loaf site	9,675	9,892
Total proprietary funds	<u>\$ 32,084</u>	<u>\$ 33,243</u>

Annual debt service requirements to maturity for the County's lease liabilities are as follows:

Governmental Activities:

Governmental Funds:

Year Ending June 30	Principal	Interest	Total
2023	\$ 26,911	\$ 1,059	\$ 27,970
2024	27,231	740	27,971
2025	27,554	417	27,971
2026	18,502	119	18,621
2027	899	38	937
Total governmental funds	<u>\$ 101,097</u>	<u>\$ 2,373</u>	<u>\$ 103,470</u>

Business-Type Activities:

Proprietary Funds:

Year Ending June 30	Principal	Interest	Total
2023	\$ 9,734	\$ 416	\$ 10,150
2024	7,351	299	7,650
2025	7,450	200	7,650
2026	7,549	101	7,650
Total proprietary funds	<u>\$ 32,084</u>	<u>\$ 1,016</u>	<u>\$ 33,100</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Direct Placement Notes Payable

Notes payable at June 30, 2022 are comprised of the following individual agreements:

\$3,396,000 October 2020 agreement to refinance an existing loan that paid for the construction of the County's law enforcement and detention center, due in 10 semi-annual principal payments ranging from \$326,000 to \$354,000, plus interest at 1.10% through January 2026, secured by a deed of trust. \$ 2,689,000

The County's outstanding note from direct placement related to the law enforcement and detention center and courthouse of \$2,689,000 is secured by a deed of trust. This borrowing contains provisions that in the event of a default, the bank may, without any further demand or notice, exercise any one or more of the following remedies:

- (a) Declare the unpaid principal components of the installment payments immediately due and payable;
- (b) Proceed by appropriate court action to enforce the County's performance of the applicable covenants of the contract or to recover for the breach thereof; and
- (c) Avail itself of all available remedies under the contract, including execution and foreclosure on the mortgaged property and recovery of attorneys' fees and other expenses.

County Water and Sewer Fund:

\$3,600,645 June 2009 Drinking Water State Revolving Fund agreement to construct water system due on May 1 in installments of \$200,036, with interest payable on May 1 and November 1 at 2.10% through May 2028, unsecured. \$ 1,200,215

\$3,287,176 February 2015 Drinking Water State Revolving Fund agreement to construct a water system improvement project payments beginning May 2016 in annual installments of \$165,439, with 0% interest payable through May 2035, unsecured. 2,136,665

\$4,640,812 March 2020 Drinking Water State Revolving Fund agreement to construct water lines due on May 1 in annual installments of \$229,947, with interest payable on May 1 and November 1 at 0.86% through May 2040, unsecured. The project is still active and once completed, the full amount of the loan will be \$5,436,528. The amount here is what has been drawn down to date. The County expects to complete this project during FY 2023. 4,097,159

Bethlehem Sewer Fund:

\$4,906,054 June 2020 Drinking Water State Revolving Fund agreement to construct sewage system due on May 1 in annual installments of \$175,117, with interest payable on May 1 and November 1 at 0.80% through May 2041, unsecured. The project is still active and once completed, the full amount of the loan will be \$5,181,300. The amount here is what has been drawn down to date. The County expects to complete this project during FY 2023. 4,646,989

Total proprietary funds 12,081,028

Total all funds \$ 14,770,028

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The County's outstanding notes from direct borrowings related to construction of a water system, construction of water system improvement project, construction of water lines, and construction of a sewage system of \$1,200,215, \$2,136,665, \$4,097,159, and \$4,646,989 respectively, contain provisions that the County may be required by NC Department of Environmental Quality to prepay the promissory note in whole and any further commitment of funds be withdrawn if the County fails to adopt on or before completion of the project, place into effect, and agree to maintain until the principal sum is paid, a schedule of fees, charges and other available funds, that will adequately provide for proper operation, maintenance, and administration of the project and for repayment of all principal and interest on the loans. Additionally, any monies due to the County from the state may be withheld by the state and applied to the payment of the obligation whenever the County fails to pay any payment of principal or interest on the note when due.

Annual debt service requirements to maturity for the County's direct placements and direct borrowings notes payable are as follows:

Governmental Activities:

Governmental Funds:

Year Ending June 30	Principal	Interest	Total
2023	\$ 693,000	\$ 27,676	\$ 720,676
2024	679,000	20,092	699,092
2025	665,000	12,661	677,661
2026	652,000	5,379	657,379
Total governmental funds	2,689,000	65,808	2,754,808

Business-Type Activities:

Proprietary Funds:

Year Ending June 30	County Water and Sewer		Bethlehem Sewer Fund	
	Principal	Interest	Principal	Interest
2023	\$ 592,015	\$ 60,440	\$ 244,578	\$ 37,176
2024	592,015	54,282	244,578	35,219
2025	592,015	48,123	244,578	33,263
2026	592,015	41,965	244,578	31,306
2027	592,015	35,807	244,578	29,349
2028-2032	2,159,930	111,865	1,222,892	117,398
2033-2037	1,631,176	58,726	1,222,892	68,482
2038-2041	682,858	11,746	978,315	19,566
Total proprietary funds	7,434,039	422,954	4,646,989	371,759

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Business-Type Activities:

Year Ending June 30	Principal	Interest	Total
2023	\$ 836,593	\$ 97,616	\$ 934,209
2024	836,593	89,501	926,094
2025	836,593	81,386	917,979
2026	836,593	73,271	909,864
2027	836,593	65,156	901,749
2028-2032	3,382,822	229,263	3,612,085
2033-2037	2,854,068	127,208	2,981,276
2038-2042	1,661,173	31,312	1,692,485
Total proprietary funds	<u>12,081,028</u>	<u>794,713</u>	<u>12,875,741</u>
Total notes payable	<u>\$ 14,770,028</u>	<u>\$ 860,521</u>	<u>\$ 15,630,549</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

A summary of changes in long-term obligations follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>	<u>Current Portion</u>
Governmental Activities:					
Notes payable - direct placements	\$ 3,396,000	\$ -	\$ 707,000	\$ 2,689,000	\$ 693,000
Lease liabilities	-	126,966	25,869	101,097	26,911
Compensated absences	1,325,144	1,034,720	885,142	1,474,722	885,000
Total OPEB liability	25,916,166	1,706,136	538,124	27,084,178	-
Total pension liability (LEOSSA)	1,246,557	100,948	72,350	1,275,155	-
Net pension obligation (LGERS)	<u>6,698,376</u>	<u>-</u>	<u>3,746,484</u>	<u>2,951,892</u>	<u>-</u>
Total	<u>\$ 38,582,243</u>	<u>\$ 2,968,770</u>	<u>\$ 5,974,969</u>	<u>\$ 35,576,044</u>	<u>\$ 1,604,911</u>
Business-Type Activities:					
County Water and Sewer Fund:					
Notes payable - direct borrowings	<u>\$ 8,070,260</u>	<u>\$ -</u>	<u>\$ 636,221</u>	<u>\$ 7,434,039</u>	<u>\$ 592,015</u>
Bethlehem Sewer Fund:					
Notes payable - direct borrowings	<u>3,502,337</u>	<u>1,403,717</u>	<u>259,065</u>	<u>4,646,989</u>	<u>244,578</u>
Solid Waste Fund:					
Lease liabilities	-	41,953	9,869	32,084	9,734
Total OPEB liability	480,418	14,447	9,644	485,221	-
Compensated absences	13,014	6,032	4,000	15,046	4,000
Net pension obligation (LGERS)	<u>124,008</u>	<u>-</u>	<u>54,715</u>	<u>69,293</u>	<u>-</u>
Total	<u>617,440</u>	<u>62,432</u>	<u>78,228</u>	<u>601,644</u>	<u>13,734</u>
Landfill Closure Fund:					
Accrued landfill post-closure costs	<u>2,818,420</u>	<u>142,850</u>	<u>36,520</u>	<u>2,924,750</u>	<u>-</u>
Total business-type activities	<u>\$ 15,008,457</u>	<u>\$ 1,608,999</u>	<u>\$ 1,010,034</u>	<u>\$ 15,607,422</u>	<u>\$ 850,327</u>

At June 30, 2022, the County had a legal debt margin of \$210,446,555.

Compensated absences, pension obligations, and OPEB for governmental activities have typically been liquidated in the General Fund.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

C. Interfund Balances and Activity

The following is a summary of interfund receivables and payables as of June 30, 2022:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>	<u>Purpose</u>
EF County Water and Sewer Fund	American Rescue Plan Act Fund - major SRF	\$ 8,500	Time lag for when transfer was made to EFCPF to reimburse expenditures
Capital Improvements Fund CPF	General Fund	7,311	Sales tax hold harmless amount due to schools
Total		<u>\$ 15,811</u>	

Transfers for the year ended June 30, 2022, are summarized below:

	<u>Transfers</u>		
	<u>From</u>	<u>To</u>	<u>Purpose</u>
Transfers From/to Other Funds:			
General Fund	\$ 5,139,803	\$ -	
Major Capital Project (Capital Improvements) Fund	-	4,192,451	School sales tax hold harmless funds; Resources for school capital expenditures
Special Revenue (Emergency Telephone System) Fund	-	6,632	Reimburse for FY 2020 and 2021 ineligible expenditures
Special Revenue (Paul Robert Chair, Inc. Building Renovation Project) Fund	-	3,000	Local funds for economic development grant project
Special Revenue (Soil and Water State Emergency Disaster Funds - Stream Debris Removal) Fund	-	4,000	Local funds for environmental protection grant project
Capital Project (Park Improvements Project) Fund	-	151,000	Local funds for park project (no grant funds in the projects)
Enterprise (County Water and Sewer) Fund	-	316,243	Use of Art. 44*524 sales tax for debt service payment
Enterprise (Solid Waste) Fund	-	160,000	Resources for current year operations
Enterprise (Bethlehem Sewer) Fund	-	306,477	Use of Art. 44*524 sales tax for debt service payment
Enterprise (Solid Waste) Fund	54,000	-	Resources for landfill closure and postclosure
Enterprise (Landfill Closure) Fund	-	54,000	
Major Special Revenue Fund (American Rescue Plan Act Fund)	68,300	-	Use ARPA funds for eligible water project expenses
Enterprise (County Water and Sewer Capital Project Fund 2021 American Rescue Plan Water Line Extension Project) Fund	-	68,300	
Enterprise (Bethlehem Water) Fund	123,269	-	Resources for debt service on a project that benefits both water funds
Enterprise (County Water and Sewer) Fund	-	123,269	
Total transfers	<u>\$ 5,385,372</u>	<u>\$ 5,385,372</u>	

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

3. 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.

4. Jointly Governed Organizations

The County, in conjunction with three other counties and twenty-three municipalities, established the Western Piedmont Council of Governments (the "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 \$50,705 and administrative and other fees of \$60,900 to the Council during the fiscal year ended June 30, 2022.

Vaya Health is the MH/DD/SAS area program for the following 22 counties: Alexander, Alleghany, Ashe, Avery, Buncombe, Caldwell, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Swain, Transylvania, Watauga, Wilkes, and Yancey. The County Commissioners are responsible for appointing two of the 46 members of the Board of Directors of Vaya Health for MH/DD/SAS. The County Commissioners also appoint one at-large member to the Vaya Health Board, but this member has no voting power. The County's accountability for this organization does not extend beyond making these appointments.

The County, in conjunction with three other counties (Burke, Caldwell, and Catawba) and three municipalities (Hickory, Conover, and Newton), established the Western Piedmont Regional Transit Authority (RTA) which began operations as of July 1, 2008. Each participating government appoints one member and one alternate to the RTA's governing board. The County paid \$47,498 as a special appropriation to the RTA during the fiscal year ended June 30, 2022.

5. Related Organizations and Parties

The Alexander County Economic Development Corporation and the Alexander County ABC Board are component units of Alexander County and, therefore, are related parties. For the fiscal year ended June 30, 2022, the County gave a contribution to the EDC of \$225,000 for operational costs.

For the fiscal year ended June 30, 2022, the County received the following from the Alexander County ABC Board: \$3,383 for tax distributions, \$1,058 for profit distributions-law enforcement, and \$1,481 for profit distributions-alcohol education. At June 30, 2022 the Alexander County ABC Board owed profit distributions to Alexander County in the following amounts: \$3,790 law enforcement, \$5,306 alcohol education, and \$35,759 County general distributions.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

6. Change in Accounting Principle

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

7. Subsequent Event

In addition to the County's federal ARPA funds already discussed in a previous footnote, the County was awarded over \$3.5 million in State ARPA funds subsequent to year end, to assist with the Bethlehem Water Tank and the Bowman Court Sewer projects. The funding will be received on a reimbursement basis as project expenditures take place. The County expects construction to begin on the Bethlehem Water Tank project in the 4th quarter of calendar year 2023, while construction for the Bowman Court Sewer project is expected to start in the 2nd quarter of calendar year 2023.

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ALEXANDER COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS**

	Other Post-Employment Benefits				
	2022	2021	2020	2019	2018
Beginning balance	\$ 26,396,584	\$ 21,063,577	\$ 18,919,608	\$ 21,096,276	\$ 22,281,113
Service cost	625,155	502,516	447,913	614,532	701,420
Interest on TOL and cash flows	591,161	747,199	728,543	746,404	666,149
Differences between expected and actual experience	2,800	(44,869)	20,141	(2,026,704)	318
Changes of assumptions or other inputs	501,467	4,567,029	1,333,049	(1,248,862)	(2,250,682)
Benefit payments	(547,768)	(438,868)	(385,677)	(262,038)	(302,042)
Ending balance of the total pension liability	<u>\$ 27,569,399</u>	<u>\$ 26,396,584</u>	<u>\$ 21,063,577</u>	<u>\$ 18,919,608</u>	<u>\$ 21,096,276</u>
Covered payroll	\$ 4,313,896	\$ 4,313,896	\$ 4,844,429	\$ 4,844,429	\$ 5,395,422
Total OPEB liability as a percentage of covered employee payroll	639.08%	611.90%	434.80%	390.54%	391.00%

Notes to Schedule:

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

Fiscal Year	Rate
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

ALEXANDER COUNTY, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2022	2021	2020	2019	2018
County's proportion of the net pension liability (asset) (%)	0.19700%	0.19092%	0.18491%	0.18217%	0.18628%
County's proportion of the net pension liability (asset) (\$)	\$ 3,021,185	\$ 6,822,384	\$ 5,049,748	\$ 4,321,696	\$ 2,845,844
County's covered payroll	\$ 13,462,439	\$ 13,224,436	\$ 12,478,024	\$ 11,840,407	\$ 11,273,216
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	22.44%	51.59%	40.47%	36.50%	25.24%
Plan fiduciary net position as a percentage of total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%

Notes to the Schedule:

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

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

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

ALEXANDER COUNTY, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System			
	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.19470%	0.19330%	0.19219%	0.17920%
County's proportion of the net pension liability (asset) (\$)	\$ 4,132,187	\$ 867,519	\$ (1,133,437)	\$ 2,160,048
County's covered payroll	\$ 11,190,724	\$ 11,199,058	\$ 10,804,503	\$ 9,947,711
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.93%	7.75%	-10.49%	21.71%
Plan fiduciary net position as a percentage of total pension liability**	91.47%	98.09%	102.64%	94.35%

ALEXANDER COUNTY, NORTH CAROLINA**ALEXANDER COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

Local Governmental Employees' Retirement System					
	2022	2021	2020	2019	2018
Contractually required contribution	\$ 1,603,507	\$ 1,384,770	\$ 1,203,342	\$ 986,192	\$ 905,906
Contributions in relation to the contractually required contribution	<u>1,603,507</u>	<u>1,384,770</u>	<u>1,203,342</u>	<u>986,192</u>	<u>905,906</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 13,960,240	\$ 13,462,439	\$ 13,224,436	\$ 12,478,024	\$ 11,840,407
Contributions as a percentage of covered payroll	11.49%	10.29%	9.10%	7.90%	7.65%

Notes to the Schedule:

This schedule is intended to show information for ten years.

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

ALEXANDER COUNTY, NORTH CAROLINA

**ALEXANDER COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

	Local Governmental Employees' Retirement System			
	2017	2016	2015	2014
Contractually required contribution	\$ 843,491	\$ 771,344	\$ 800,901	\$ 767,041
Contributions in relation to the contractually required contribution	<u>843,491</u>	<u>771,344</u>	<u>800,901</u>	<u>767,041</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 11,273,216	\$ 11,190,724	\$ 11,199,058	\$ 10,804,503
Contributions as a percentage of covered payroll	7.48%	6.89%	7.15%	7.10%

ALEXANDER COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund				
	2022	2021	2020	2019	2018
County's proportion of the net pension liability (asset) (%)	0.27344%	0.26904%	0.25802%	0.28513%	0.27700%
County's proportion of the net pension liability (asset) (\$)	\$ (52,536)	\$ (61,659)	\$ (50,938)	\$ (47,226)	\$ (47,281)
County's covered payroll	\$ 55,912	\$ 54,478	\$ 51,258	\$ 54,734	\$ 53,738
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-93.96%	-113.18%	-99.38%	-86.28%	-87.98%
Plan fiduciary net position as a percentage of the total pension liability**	156.53%	173.62%	164.11%	153.31%	153.77%

Notes to the Schedule:

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

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

This schedule is intended to show information for ten years.

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

ALEXANDER COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund			
	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.28472%	0.28474%	0.29199%	0.26106%
County's proportion of the net pension liability (asset) (\$)	\$ (53,232)	\$ (65,986)	\$ (66,171)	\$ (55,762)
County's covered payroll	\$ 53,687	\$ 53,635	\$ 53,583	\$ 53,532
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-99.15%	-123.03%	-123.49%	-104.17%
Plan fiduciary net position as a percentage of the total pension liability**	160.17%	197.29%	193.88%	190.50%

ALEXANDER COUNTY, NORTH CAROLINA**ALEXANDER COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

Register of Deeds' Supplemental Pension Fund					
	2022	2021	2020	2019	2018
Contractually required contribution	\$ 3,289	\$ 3,282	\$ 2,576	\$ 2,452	\$ 2,440
Contributions in relation to the contractually required contribution	<u>3,289</u>	<u>3,282</u>	<u>2,576</u>	<u>2,452</u>	<u>2,440</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Alexander County's covered payroll	\$ 61,286	\$ 55,912	\$ 54,478	\$ 51,258	\$ 54,734
Contributions as a percentage of covered payroll	5.37%	5.87%	4.73%	4.78%	4.46%

Notes to the Schedule:

This schedule is intended to show information for ten years.

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

ALEXANDER COUNTY, NORTH CAROLINA

**ALEXANDER COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

Register of Deeds' Supplemental Pension Fund				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,407	\$ 2,326	\$ 2,278	\$ 2,384
Contributions in relation to the contractually required contribution	<u>2,407</u>	<u>2,326</u>	<u>2,278</u>	<u>2,384</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Alexander County's covered payroll	\$ 53,738	\$ 53,687	\$ 53,635	\$ 53,583
Contributions as a percentage of covered payroll	4.48%	4.33%	4.25%	4.45%

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance		
	2022	2021	2020
Beginning balance	\$ 1,246,557	\$ 900,925	\$ 831,550
Service cost	72,243	48,443	37,141
Interest on the total pension liability	23,360	28,438	29,627
Differences between expected and actual experience in the measurement of the total pension liability	38,969	3,238	12,183
Changes of assumptions or other inputs	(33,624)	322,680	25,642
Benefit payments	(72,350)	(57,167)	(35,218)
Ending balance of the total pension liability	<u>\$ 1,275,155</u>	<u>\$ 1,246,557</u>	<u>\$ 900,925</u>

Notes to the Schedule:

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

This schedule is intended to show information for ten years.

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

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance		
	2019	2018	2017
Beginning balance	\$ 828,599	\$ 736,944	\$ 703,068
Service cost	36,574	36,484	42,066
Interest on the total pension liability	25,679	27,937	24,851
Differences between expected and actual experience in the measurement of the total pension liability	4,957	(1,409)	-
Changes of assumptions or other inputs	(32,286)	55,020	(19,122)
Benefit payments	(31,973)	(26,377)	(13,919)
Ending balance of the total pension liability	<u>\$ 831,550</u>	<u>\$ 828,599</u>	<u>\$ 736,944</u>

ALEXANDER COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE
PAYROLL LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance		
	2022	2021	2020
Total pension liability	\$ 1,275,155	\$ 1,246,557	\$ 900,925
Covered-employee payroll	1,676,493	1,700,625	1,499,809
Total pension liability as a percentage of covered-employee payroll	76.06%	73.30%	60.07%

Notes to the Schedule:

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

This schedule is intended to show information for ten years.

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

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE
PAYROLL LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance		
	2019	2018	2017
Total pension liability	\$ 831,550	\$ 828,599	\$ 736,944
Covered-employee payroll	1,390,740	1,580,388	1,652,773
Total pension liability as a percentage of covered-employee payroll	59.79%	52.43%	44.59%

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Over/Under
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 21,058,064	\$ 21,864,078	\$ 806,014
Penalties and interest	150,000	170,493	20,493
Total	21,208,064	22,034,571	826,507
Local Option Sales Taxes:			
Article 39 one percent	3,281,375	3,409,990	128,615
Article 40 one-half of one percent	3,325,000	3,588,220	263,220
Article 42 one-half of one percent	1,735,280	1,863,953	128,673
Article 46 one-fourth of one percent	745,000	821,313	76,313
Article 44*524	1,916,000	1,916,328	328
Medicaid Hold Harmless	1,630,000	1,659,197	29,197
Total	12,632,655	13,259,001	626,346
Other Taxes and Licenses:			
ABC \$.05 per bottle	3,300	8,696	5,396
Alcoholic beverage tax distribution	135,000	135,161	161
Video programming distribution	151,000	140,875	(10,125)
Total	289,300	284,732	(4,568)
Restricted Intergovernmental Revenues:			
Federal and state grants	5,932,704	5,117,060	(815,644)
Controlled substance tax	68,786	148,472	79,686
Representative payee	140,000	102,880	(37,120)
Court facility fees	25,000	37,356	12,356
Total	6,166,490	5,405,768	(760,722)
Permits and Fees:			
Register of Deeds	590,000	615,940	25,940
Building inspections	400,000	437,250	37,250
Gun and concealed weapon permits	12,500	18,370	5,870
Other fees	80,401	103,357	22,956
Total	1,082,901	1,174,917	92,016
Sales and Services:			
Rents, concessions, and fees	154,230	164,955	10,725
Detention center fees	56,500	64,312	7,812
Ambulance fees	1,776,119	1,580,141	(195,978)
Parks and Recreation Department	88,700	58,288	(30,412)
Health department	1,334,965	1,506,185	171,220
Information technology	1,000	974	(26)
Social services	26,500	14,669	(11,831)
Senior center	8,000	6,596	(1,404)
License plate agency	169,000	174,644	5,644
Library	4,000	199	(3,801)
Animal services	55,000	44,308	(10,692)
Fines and Forfeitures	145,000	124,504	(20,496)
State payments - soil and water technical assistance	25,479	26,133	654
Total	3,844,493	3,765,908	(78,585)

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Over/Under
Investment Earnings	25,991	76,185	50,194
Miscellaneous:			
Insurance claim reimbursement	69,981	70,131	150
Donations	29,359	72,789	43,430
Grant	267,677	96,471	(171,206)
Sale of capital assets	648,000	648,116	116
Other	31,163	26,650	(4,513)
Total	1,046,180	914,157	(132,023)
Total revenues	46,296,074	46,915,239	619,165
Expenditures:			
General Government:			
Governing body	945,563	369,708	575,855
Administration	442,244	432,111	10,133
Planning	100,235	66,075	34,160
Elections	350,010	259,265	90,745
Finance	813,227	764,792	48,435
Tax office	703,880	660,434	43,446
Legal	92,201	29,552	62,649
Information technology	1,395,155	1,288,571	106,584
Register of Deeds	568,040	542,362	25,678
License plate agency	180,043	172,078	7,965
Public buildings	1,135,015	1,077,239	57,776
Garage	328,270	320,638	7,632
Human resources	1,179,789	955,160	224,629
Court facilities	227,880	190,403	37,477
Total	8,461,552	7,128,388	1,333,164
Public Safety:			
Sheriff's office	4,079,757	3,988,380	91,377
Detention center	3,091,435	2,978,703	112,732
Pre-trial release program	127,832	71,911	55,921
RRS program	116,943	106,358	10,585
Fire/emergency services	706,229	654,333	51,896
Emergency communications	1,041,011	1,027,758	13,253
Forestry	71,912	56,819	15,093
Inspections	554,618	519,346	35,272
Emergency medical services	3,893,686	3,806,966	86,720
Medical examiner	50,000	34,400	15,600
Total	13,733,423	13,244,974	488,449
Environmental Protection:			
Soil and water	165,468	162,009	3,459
Animal services	511,131	446,739	64,392
Total	676,599	608,748	67,851

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Over/Under
Economic and Physical Development:			
Economic development	430,152	397,446	32,706
Agricultural extension	242,040	221,465	20,575
Total	672,192	618,911	53,281
Health Department:			
Environmental health	378,939	439,657	(60,718)
General health	303,793	220,133	83,660
Maternal health	171,462	112,909	58,553
WIC program	156,401	157,066	(665)
Dental health	791,024	711,743	79,281
Family planning	187,510	187,237	273
Communicable disease	378,019	153,659	224,360
Health promotion	125,357	85,065	40,292
Child health	234,676	219,824	14,852
Preparedness	77,337	49,316	28,021
Care management for at-risk children	143,758	97,066	46,692
Care management for high-risk pregnancy	122,961	73,628	49,333
Behavioral health	109,110	30,703	78,407
COVID-19 crisis response	538,323	279,101	259,222
Primary care	228,609	176,794	51,815
Total	3,947,279	2,993,901	953,378
Veterans Service	85,098	81,684	3,414
Juvenile Crime Prevention	147,443	144,219	3,224
Social Services Department:			
Administration	5,617,876	4,670,844	947,032
In-home services	115,511	76,505	39,006
Public assistance	143,200	110,207	32,993
Emergency assistance account	7,580	4,519	3,061
Medical assistance	32,500	12,404	20,096
General assistance	973,379	727,600	245,779
Foster care	551,170	523,929	27,241
Adoption Enhancement Fund	18,500	7,151	11,349
Work first	32,325	29,180	3,145
Representative Payee	185,000	156,191	28,809
Aging nutrition	175,011	103,415	71,596
Total	7,852,052	6,421,945	1,430,107
Special appropriations	627,353	623,028	4,325
Senior center	176,596	157,421	19,175
Total human services	12,835,821	10,422,198	2,413,623
Cultural and Recreation:			
Parks and recreation	702,991	603,912	99,079
Library	611,768	590,154	21,614
Total	1,314,759	1,194,066	120,693

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Education:			
Alexander County Board of Education:			
Current expenses	7,065,060	7,065,060	-
Special funding	65,000	-	65,000
Total	<u>7,130,060</u>	<u>7,065,060</u>	<u>65,000</u>
CVCC - Alexander County:			
Current expenses	121,969	104,367	17,602
Adult Basic Education Academy	22,000	22,000	-
Total	<u>143,969</u>	<u>126,367</u>	<u>17,602</u>
Fines and forfeitures:	<u>145,000</u>	<u>124,504</u>	<u>20,496</u>
Total education	<u>7,419,029</u>	<u>7,315,931</u>	<u>103,098</u>
Debt Service:			
Principal retirement	744,000	732,869	11,131
Interest and fees	37,000	36,574	426
Total	<u>781,000</u>	<u>769,443</u>	<u>11,557</u>
Contingency	<u>257,024</u>	<u>-</u>	<u>257,024</u>
Total expenditures	<u>46,151,399</u>	<u>41,302,659</u>	<u>4,848,740</u>
Revenues over (under) expenditures	<u>144,675</u>	<u>5,612,580</u>	<u>5,467,905</u>
Other Financing Sources (Uses):			
Lease liabilities issued	140,000	126,966	(13,034)
Transfers out:			
Special revenue funds	(13,633)	(13,632)	1
Capital project funds	(4,494,924)	(4,343,451)	151,473
Enterprise funds	(785,000)	(782,720)	2,280
Appropriated fund balance	<u>5,008,882</u>	<u>-</u>	<u>(5,008,882)</u>
Total	<u>(144,675)</u>	<u>(5,012,837)</u>	<u>(4,868,162)</u>
Net change in fund balance	<u>\$ -</u>	<u>599,743</u>	<u>\$ 599,743</u>
Fund Balance:			
Beginning of year - July 1		<u>23,498,857</u>	
End of year - June 30		<u>\$ 24,098,600</u>	

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR SPECIAL REVENUE FUND

AMERICAN RESCUE PLAN ACT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

		Actual		
	Budget	Prior Years	Current Year	Total to Date
Revenues:				
American Rescue Plan Act funds	\$ 7,283,353	\$ -	\$ 68,300	\$ 68,300
Investment earnings	-	51	1,106	1,157
Total revenues	<u>7,283,353</u>	<u>51</u>	<u>69,406</u>	<u>69,457</u>
Other Financing Sources (Uses):				
Transfers out:				
County Water and Sewer Capital Project Fund	<u>(7,283,353)</u>	<u>-</u>	<u>(68,300)</u>	<u>(68,300)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ 1,106</u>	<u>\$ 1,157</u>

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND
 CAPITAL IMPROVEMENTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Public School Building Capital Fund	\$ 262,823	\$ -	\$ (262,823)
Investment earnings	350	6,971	6,621
Total revenues	<u>263,173</u>	<u>6,971</u>	<u>(256,202)</u>
Expenditures:			
Education	4,482,097	1,434,217	3,047,880
Contingency	<u>125,000</u>	<u>-</u>	<u>125,000</u>
Total expenditures	<u>4,607,097</u>	<u>1,434,217</u>	<u>3,172,880</u>
Revenues over (under) expenditures	(4,343,924)	(1,427,246)	2,916,678
Other Financing Sources (Uses):			
Transfers in	<u>4,343,924</u>	<u>4,192,451</u>	<u>(151,473)</u>
Net change in fund balance	<u>\$ -</u>	2,765,205	<u>\$ 2,765,205</u>
Fund Balance:			
Beginning of year - July 1		<u>2,531,627</u>	
End of year - June 30		<u>\$ 5,296,832</u>	

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total
Assets:			
Cash and investments	\$ 496,498	\$ 88,329	\$ 584,827
Taxes receivable, net	74,894	-	74,894
Due from other governments	36,094	-	36,094
Cash and investments, restricted	765,578	-	765,578
Total assets	<u>\$ 1,373,064</u>	<u>\$ 88,329</u>	<u>\$ 1,461,393</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 2,761	\$ -	\$ 2,761
Unearned revenue	126,190	-	126,190
Liabilities payable from restricted assets:			
Payables	26,823	-	26,823
Total liabilities	<u>155,774</u>	<u>-</u>	<u>155,774</u>
Deferred Inflows of Resources:			
Taxes receivable	<u>74,894</u>	<u>-</u>	<u>74,894</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	36,094	-	36,094
Restricted for public safety	493,104	-	493,104
Committed for tax revaluation	612,565	-	612,565
Committed for culture & recreation	-	88,329	88,329
Committed for environmental protection	633	-	633
Total fund balances	<u>1,142,396</u>	<u>88,329</u>	<u>1,230,725</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,373,064</u>	<u>\$ 88,329</u>	<u>\$ 1,461,393</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total
Revenues:			
Ad valorem taxes	\$ 1,737,746	\$ -	\$ 1,737,746
Other taxes and licenses	231,875	-	231,875
Intergovernmental revenues	32,413	-	32,413
Miscellaneous revenues	-	63,276	63,276
Investment earnings	1,301	-	1,301
Total revenues	<u>2,003,335</u>	<u>63,276</u>	<u>2,066,611</u>
Expenditures:			
Public safety	1,558,020	-	1,558,020
General government	335,127	-	335,127
Cultural and recreation	-	1,185,022	1,185,022
Environmental protection	3,367	-	3,367
Economic and physical development	35,413	-	35,413
Total expenditures	<u>1,931,927</u>	<u>1,185,022</u>	<u>3,116,949</u>
Revenues over (under) expenditures	71,408	(1,121,746)	(1,050,338)
Other Financing Sources (Uses):			
Transfers in	<u>13,632</u>	<u>151,000</u>	<u>164,632</u>
Net change in fund balances	85,040	(970,746)	(885,706)
Fund Balances:			
Beginning of year - July 1	<u>1,057,356</u>	<u>1,059,075</u>	<u>2,116,431</u>
End of year - June 30	<u>\$ 1,142,396</u>	<u>\$ 88,329</u>	<u>\$ 1,230,725</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Special Revenue Funds			
	Fire Districts Fund	Revaluation Fund	Emergency Telephone System Fund	Paul Robert Chair, Inc. Building Renovation Project
Assets:				
Cash and investments	\$ 145,668	\$ -	\$ 347,521	\$ -
Taxes receivable, net	74,894	-	-	-
Due from other governments	16,771	-	19,323	-
Cash and investments, restricted	-	639,388	-	-
Total assets	<u>\$ 237,333</u>	<u>\$ 639,388</u>	<u>\$ 366,844</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 85	\$ -
Unearned revenue	-	-	-	-
Liabilities payable from restricted assets:				
Payables	-	26,823	-	-
Total liabilities	<u>-</u>	<u>26,823</u>	<u>85</u>	<u>-</u>
Deferred Inflows of Resources:				
Taxes receivable	<u>74,894</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted:				
Stabilization by state statute	16,771	-	19,323	-
Restricted for public safety	145,668	-	347,436	-
Committed for tax revaluation	-	612,565	-	-
Committed for environmental protection	-	-	-	-
Total fund balances	<u>162,439</u>	<u>612,565</u>	<u>366,759</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 237,333</u>	<u>\$ 639,388</u>	<u>\$ 366,844</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	<u>Special Revenue Funds</u>		
	<u>Soil and Water State Emergency Disaster Funds - Stream Debris Removal</u>	<u>Opioid Settlement Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:			
Cash and investments	\$ 3,309	\$ -	\$ 496,498
Taxes receivable, net	-	-	74,894
Due from other governments	-	-	36,094
Cash and investments, restricted	-	126,190	765,578
Total assets	<u>\$ 3,309</u>	<u>\$ 126,190</u>	<u>\$ 1,373,064</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 2,676	\$ -	\$ 2,761
Unearned revenue	-	126,190	126,190
Liabilities payable from restricted assets:			
Payables	-	-	26,823
Total liabilities	<u>2,676</u>	<u>126,190</u>	<u>155,774</u>
Deferred Inflows of Resources:			
Taxes receivable	-	-	74,894
Fund Balances:			
Restricted:			
Stabilization by state statute	-	-	36,094
Restricted for public safety	-	-	493,104
Committed for tax revaluation	-	-	612,565
Committed for environmental protection	633	-	633
Total fund balances	<u>633</u>	<u>-</u>	<u>1,142,396</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,309</u>	<u>\$ 126,190</u>	<u>\$ 1,373,064</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	Fire Districts Fund	Revaluation Fund	Emergency Telephone System Fund	Paul Robert Chair, Inc. Building Renovation Project
Revenues:				
Ad valorem taxes	\$ 1,430,746	\$ 307,000	\$ -	\$ -
Other taxes and licenses	-	-	231,875	-
Intergovernmental revenues	-	-	-	32,413
Investment earnings	-	702	599	-
Total revenues	<u>1,430,746</u>	<u>307,702</u>	<u>232,474</u>	<u>32,413</u>
Expenditures:				
Public safety	1,404,748	-	153,272	-
General government	-	335,127	-	-
Environmental protection	-	-	-	-
Economic and physical development	-	-	-	35,413
Total expenditures	<u>1,404,748</u>	<u>335,127</u>	<u>153,272</u>	<u>35,413</u>
Revenues over (under) expenditures	25,998	(27,425)	79,202	(3,000)
Other Financing Sources (Uses):				
Transfers in	-	-	6,632	3,000
Net change in fund balances	25,998	(27,425)	85,834	-
Fund Balances:				
Beginning of year - July 1	<u>136,441</u>	<u>639,990</u>	<u>280,925</u>	<u>-</u>
End of year - June 30	<u>\$ 162,439</u>	<u>\$ 612,565</u>	<u>\$ 366,759</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Special Revenue Funds</u>		
	<u>Soil and Water State Emergency Disaster Funds - Stream Debris Removal</u>	<u>Opioid Settlement Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues:			
Ad valorem taxes	\$ -	\$ -	\$ 1,737,746
Other taxes and licenses	-	-	231,875
Intergovernmental revenues	-	-	32,413
Investment earnings	-	-	1,301
Total revenues	-	-	2,003,335
Expenditures:			
Public safety	-	-	1,558,020
General government	-	-	335,127
Environmental protection	3,367	-	3,367
Economic and physical development	-	-	35,413
Total expenditures	3,367	-	1,931,927
Revenues over (under) expenditures	(3,367)	-	71,408
Other Financing Sources (Uses):			
Transfers in	4,000	-	13,632
Net change in fund balances	633	-	85,040
Fund Balances:			
Beginning of year - July 1	-	-	1,057,356
End of year - June 30	\$ 633	\$ -	\$ 1,142,396

ALEXANDER COUNTY, NORTH CAROLINA

FIRE DISTRICTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 1,363,735	\$ 1,430,746	\$ 67,011
Expenditures:			
Public safety:			
Bethlehem Fire District	354,844	354,844	-
Wittenburg Fire District	213,170	213,170	-
Hiddenite Fire District	183,910	183,910	-
East Alexander Fire District	142,966	142,966	-
Ellendale Fire District	145,188	145,188	-
Sugarloaf Fire District	123,925	123,925	-
Central Alexander Fire District	162,716	162,716	-
Vashti Fire District	78,029	78,029	-
Total expenditures	<u>1,404,748</u>	<u>1,404,748</u>	<u>-</u>
Revenues over (under) expenditures	(41,013)	25,998	67,011
Other Financing Sources (Uses):			
Appropriated fund balance	<u>41,013</u>	<u>-</u>	<u>(41,013)</u>
Net change in fund balance	<u>\$ -</u>	<u>25,998</u>	<u>\$ 25,998</u>
Fund Balance:			
Beginning of year - July 1		<u>136,441</u>	
End of year - June 30		<u>\$ 162,439</u>	

ALEXANDER COUNTY, NORTH CAROLINA

REVALUATION FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 307,000	\$ 307,000	\$ -
Investment earnings	-	702	702
Total revenues	<u>307,000</u>	<u>307,702</u>	<u>702</u>
Expenditures:			
General government	<u>451,983</u>	<u>335,127</u>	<u>116,856</u>
Revenues over (under) expenditures	(144,983)	(27,425)	117,558
Other Financing Sources (Uses):			
Appropriated fund balance	<u>144,983</u>	<u>-</u>	<u>(144,983)</u>
Net change in fund balance	<u>\$ -</u>	<u>(27,425)</u>	<u>\$ (27,425)</u>
Fund Balance:			
Beginning of year - July 1		<u>639,990</u>	
End of year - June 30		<u>\$ 612,565</u>	

ALEXANDER COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes and licenses	\$ 231,874	\$ 231,875	\$ 1
Investment earnings	-	599	599
Total revenues	<u>231,874</u>	<u>232,474</u>	<u>600</u>
Expenditures:			
Public safety	24	-	24
Telephone	44,220	37,208	7,012
Furniture	47,780	3,285	44,495
Software and software maintenance	61,018	32,284	28,734
Hardware and hardware maintenance	117,953	78,500	39,453
Training	3,000	715	2,285
ECaTS expense - 911	<u>1,576</u>	<u>1,280</u>	<u>296</u>
Total expenditures	<u>275,571</u>	<u>153,272</u>	<u>122,299</u>
Revenues over (under) expenditures	<u>(43,697)</u>	<u>79,202</u>	<u>122,899</u>
Other Financing Sources (Uses):			
Transfers in	6,633	6,632	(1)
Appropriated fund balance	<u>37,064</u>	<u>-</u>	<u>(37,064)</u>
Total other financing sources (uses)	<u>43,697</u>	<u>6,632</u>	<u>(37,065)</u>
Net change in fund balance	<u>\$ -</u>	<u>85,834</u>	<u>\$ 85,834</u>
Fund Balance:			
Beginning of year - July 1		<u>280,925</u>	
End of year - June 30		<u>\$ 366,759</u>	

ALEXANDER COUNTY, NORTH CAROLINA

PAUL ROBERT CHAIR, INC. BUILDING RENOVATION PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

		Actual		
	Budget	Prior Years	Current Year	Total to Date
Revenues:				
NC Department of Commerce	\$ 60,000	\$ -	\$ 32,413	\$ 32,413
Expenditures:				
Building renovation	60,000	-	32,413	32,413
Administration	3,000	-	3,000	3,000
Total expenditures	63,000	-	35,413	35,413
Revenues over (under) expenditures	(3,000)	-	(3,000)	(3,000)
Other Financing Sources (Uses):				
Transfers in:				
General Fund	3,000	-	3,000	3,000
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

ALEXANDER COUNTY, NORTH CAROLINA

SOIL AND WATER STATE EMERGENCY DISASTER FUNDS - STREAM DEBRIS REMOVAL
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

		Actual		
	Budget	Prior Years	Current Year	Total to Date
Revenues:				
NC Department of Agriculture grant:				
Construction	\$ 150,247	\$ -	\$ -	\$ -
Administration	24,040	-	-	-
Total revenues	174,287	-	-	-
Expenditures:				
Construction	154,247	-	-	-
Administration	24,040	-	3,367	3,367
Total expenditures	178,287	-	3,367	3,367
Revenues over (under) expenditures	(4,000)	-	(3,367)	(3,367)
Other Financing Sources (Uses):				
Transfers in:				
General Fund	4,000	-	4,000	4,000
Net change in fund balance	\$ -	\$ -	\$ 633	\$ 633

ALEXANDER COUNTY, NORTH CAROLINA

PARK IMPROVEMENTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

		Actual		
	Budget	Prior Years	Current Year	Total to Date
Revenues:				
Contributions	\$ 63,276	\$ -	\$ 63,276	\$ 63,276
Expenditures:				
Construction/renovation costs	1,338,325	168,165	1,127,929	1,296,094
Professional/technical services	252,250	149,059	57,093	206,152
Total expenditures	1,590,575	317,224	1,185,022	1,502,246
Revenues over (under) expenditures	(1,527,299)	(317,224)	(1,121,746)	(1,438,970)
Other Financing Sources (Uses):				
Transfers in:				
General Fund	1,527,299	1,376,299	151,000	1,527,299
Net change in fund balance	\$ -	\$ 1,059,075	\$ (970,746)	\$ 88,329

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND

COUNTY WATER AND SEWER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water revenues	\$ 1,670,000	\$ 1,631,878	\$ (38,122)
Non-operating revenues:			
Investment earnings	200	3,374	3,174
Total revenues	<u>1,670,200</u>	<u>1,635,252</u>	<u>(34,948)</u>
Expenditures:			
Water and distribution	1,069,000	857,511	211,489
Capital outlay	775,000	162,739	612,261
Budgetary appropriations:			
Debt principal	637,000	636,221	779
Interest and fees paid	<u>75,000</u>	<u>73,822</u>	<u>1,178</u>
Total expenditures	<u>2,556,000</u>	<u>1,730,293</u>	<u>825,707</u>
Revenues over (under) expenditures	<u>(885,800)</u>	<u>(95,041)</u>	<u>790,759</u>
Other Financing Sources (Uses):			
Transfer from Bethlehem Water	123,500	123,269	(231)
Transfer from General Fund	317,000	316,243	(757)
Appropriated fund balance	<u>445,300</u>	<u>-</u>	<u>(445,300)</u>
Total other financing sources (uses)	<u>885,800</u>	<u>439,512</u>	<u>(446,288)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 344,471</u>	<u>\$ 344,471</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 344,471	
Reconciling items:			
Capital contributions - capital project grants		147,368	
Capital project transfers from Special Revenue Fund		68,300	
Capital project expenditures not capitalized		(4,000)	
Capital outlay		162,739	
Debt principal		636,221	
Depreciation		(705,495)	
Change in accrued interest		<u>1,090</u>	
Change in net position		<u>\$ 650,694</u>	

ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND
 WATER LINE EXTENSION PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

			Actual	
	Project Authorization	Prior Years	Current Year	Total to Date
Water Line Extension Project:				
Expenditures:				
Engineering design, ER/Environmental preparation	\$ 344,258	\$ 340,710	\$ -	\$ 340,710
Funding administration/other	30,000	26,985	-	26,985
Loan fee	106,599	106,599	-	106,599
Water line construction and administration	5,155,137	4,244,623	-	4,244,623
Contingencies	119,613	-	-	-
Total expenditures	<u>5,755,607</u>	<u>4,718,917</u>	<u>-</u>	<u>4,718,917</u>
Revenues over (under) expenditures	<u>(5,755,607)</u>	<u>(4,718,917)</u>	<u>-</u>	<u>(4,718,917)</u>
Other Financing Sources (Uses):				
Long-term debt issued	5,436,528	4,640,812	-	4,640,812
Transfer to County W&S Fund	(138,942)	(138,942)	-	(138,942)
Transfer from County W&S Fund	458,021	458,021	-	458,021
Total other financing sources (uses)	<u>5,755,607</u>	<u>4,959,891</u>	<u>-</u>	<u>4,959,891</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 240,974</u>	<u>\$ -</u>	<u>\$ 240,974</u>

ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND
INDUSTRIAL TIMBER PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

		Actual		
	Budget	Prior Years	Current Year	Total to Date
Revenues:				
NC Department of Commerce	\$ 80,000	\$ -	\$ -	\$ -
Golden Leaf Foundation	193,776	-	147,368	147,368
Industrial Timber wastewater contribution	16,500	-	-	-
Total revenues	290,276	-	147,368	147,368
Expenditures:				
Wastewater line installation	210,276	4,000	143,367	147,367
Building renovation	80,000	-	-	-
Grant administration - building reuse	4,000	-	4,000	4,000
Total expenditures	294,276	4,000	147,367	151,367
Revenues over (under) expenditures	(4,000)	(4,000)	1	(3,999)
Other Financing Sources (Uses):				
Transfers in:				
General Fund	4,000	4,000	-	4,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ 1	\$ 1

ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND
 2021 AMERICAN RESCUE PLAN WATER LINE EXTENSION PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Expenditures:				
Professional/Technical services	\$ 600,000	\$ -	\$ 68,300	\$ 68,300
Water line construction	6,683,353	-	-	-
Total expenditures	7,283,353	-	68,300	68,300
Revenues over (under) expenditures	(7,283,353)	-	(68,300)	(68,300)
Other Financing Sources (Uses):				
Transfer from ARPA grant project fund	7,283,353	-	68,300	68,300
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ -	\$ -

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
 BETHLEHEM WATER DISTRICT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water sales	\$ 1,760,000	\$ 1,706,776	\$ (53,224)
Non-operating revenues:			
Investment earnings	200	4,058	3,858
Total revenues	<u>1,760,200</u>	<u>1,710,834</u>	<u>(49,366)</u>
Expenditures:			
Administration			
Water and distribution	1,329,000	879,208	449,792
Budgetary appropriations:			
Capital outlay	<u>1,918,300</u>	<u>-</u>	<u>1,918,300</u>
Total expenditures	<u>3,247,300</u>	<u>879,208</u>	<u>2,368,092</u>
Revenues over (under) expenditures	<u>(1,487,100)</u>	<u>831,626</u>	<u>2,318,726</u>
Other Financing Sources (Uses):			
Transfer to County Water and Sewer Fund	(123,500)	(123,269)	231
Appropriated fund balance	<u>1,610,600</u>	<u>-</u>	<u>(1,610,600)</u>
Total other financing sources (uses)	<u>1,487,100</u>	<u>(123,269)</u>	<u>(1,610,369)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 708,357</u>	<u>\$ 708,357</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 708,357	
Reconciling items:			
Depreciation		<u>(248,911)</u>	
Change in net position		<u>\$ 459,446</u>	

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND

SOLID WASTE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Landfill	\$ 1,710,000	\$ 1,790,094	\$ 80,094
Convenience center	285,500	289,164	3,664
Non-operating revenues:			
Intergovernmental revenues	115,000	119,122	4,122
Miscellaneous revenue	25,000	-	(25,000)
Total revenues	<u>2,135,500</u>	<u>2,198,380</u>	<u>62,880</u>
Expenditures:			
Convenience centers	233,241	224,046	9,195
Landfill operations	1,729,609	1,651,673	77,936
Capital outlay	305,500	305,537	(37)
Debt principal	9,869	9,869	-
Interest and fees paid	281	281	-
Total expenditures	<u>2,278,500</u>	<u>2,191,406</u>	<u>87,094</u>
Revenues over (under) expenditures	<u>(143,000)</u>	<u>6,974</u>	<u>149,974</u>
Other Financing Sources (Uses):			
Lease liabilities issued	37,000	41,953	4,953
Transfers from General Fund	160,000	160,000	-
Transfers to Landfill Closure Fund	(54,000)	(54,000)	-
Total other financing sources (uses)	<u>143,000</u>	<u>147,953</u>	<u>4,953</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 154,927</u>	<u>\$ 154,927</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 154,927	
Reconciling items:			
Capital outlay capitalized		263,584	
Right to use leased assets capitalized		41,953	
Lease liabilities issued		(41,953)	
Change in deferred outflows of resources - pension		9,300	
Change in net pension liability		54,715	
Change in deferred inflows of resources - pension		(58,722)	
Change in compensated absences		(2,032)	
Change in OPEB liability		(4,803)	
Change in deferred outflows of resources - OPEB		(15,818)	
Change in deferred inflows of resources - OPEB		16,924	
Debt principal payments - leases		9,869	
Change in accrued interest - leases		(196)	
Amortization - leases		(8,710)	
Depreciation		(47,027)	
Change in net position		<u>\$ 372,011</u>	

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
 LANDFILL CLOSURE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Non-operating revenues:			
Investment earnings	\$ 2,500	\$ 2,695	\$ 195
Expenditures:			
Monitoring	54,514	36,520	17,994
Contingencies	1,986	-	1,986
Total expenditures	56,500	36,520	19,980
Revenues over (under) expenditures	(54,000)	(33,825)	20,175
Other Financing Sources (Uses):			
Transfer in - Solid Waste Fund	54,000	54,000	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 20,175	\$ 20,175
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 20,175	
Reconciling items:			
(Increase)/decrease in accrued landfill closure and post-closure care costs		(106,330)	
Change in net position		\$ (86,155)	

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND

BETHLEHEM SEWER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Sewer revenue	\$ 320,000	\$ 308,858	\$ (11,142)
Expenditures:			
Operations	320,000	176,153	143,847
Debt principal	260,000	259,065	935
Interest and fees paid	48,000	47,412	588
Total expenditures	<u>628,000</u>	<u>482,630</u>	<u>145,370</u>
Revenues over (under) expenditures	(308,000)	(173,772)	134,228
Other Financing Sources (Uses):			
Transfer in - General Fund	<u>308,000</u>	<u>306,477</u>	<u>(1,523)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 132,705</u>	<u>\$ 132,705</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 132,705	
Reconciling items:			
Depreciation		(35,570)	
Debt principal		259,065	
Change in accrued interest		<u>5,891</u>	
Change in net position		<u>\$ 362,091</u>	

ALEXANDER COUNTY, NORTH CAROLINA

BETHLEHEM SEWER CAPITAL PROJECT FUND
SEWER COLLECTION LINE EXTENSION AND PUMP STATION UPGRADE PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

		Actual		
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>to Date</u>
Sewer Collection Line Ext and Pump Station Upgrade Project:				
Expenditures:				
Engineering design/report preparation	\$ 761,956	\$ 635,299	\$ 47,163	\$ 682,462
Easement acquisition	100,000	26,700	-	26,700
Funding administration/other	30,000	-	-	-
Loan fee	103,626	103,626	-	103,626
Sewer line construction and administration	5,149,558	4,323,268	(44,400)	4,278,868
Contingencies	56,825	-	-	-
Total expenditures	<u>6,201,965</u>	<u>5,088,893</u>	<u>2,763</u>	<u>5,091,656</u>
Revenues over (under) expenditures	<u>(6,201,965)</u>	<u>(5,088,893)</u>	<u>(2,763)</u>	<u>(5,091,656)</u>
Other Financing Sources (Uses):				
Long-term debt issued	5,181,300	3,502,337	1,403,717	4,906,054
Transfer from General Fund	<u>1,020,665</u>	<u>1,020,665</u>	<u>-</u>	<u>1,020,665</u>
Total other financing sources (uses)	<u>6,201,965</u>	<u>4,523,002</u>	<u>1,403,717</u>	<u>5,926,719</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (565,891)</u>	<u>\$ 1,400,954</u>	<u>\$ 835,063</u>

ALEXANDER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2022

	Municipal Tax Fund	Sheriff's Civil Executions Fund	Total Custodial Funds
Assets:			
Cash and cash equivalents	\$ 10,224	\$ -	\$ 10,224
Taxes receivable for other governments, net	<u>26,040</u>	<u>-</u>	<u>26,040</u>
Total assets	<u>36,264</u>	<u>-</u>	<u>36,264</u>
Liabilities:			
Due to other governments	<u>10,224</u>	<u>-</u>	<u>10,224</u>
Net Position:			
Restricted for:			
Individuals, organizations and other governments	<u>26,040</u>	<u>-</u>	<u>26,040</u>
Total net position	<u>\$ 26,040</u>	<u>\$ -</u>	<u>\$ 26,040</u>

ALEXANDER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Municipal Tax Fund	Sheriff's Civil Executions Fund	Total Custodial Funds
Additions:			
Property taxes collected for other governments	\$ 767,835	\$ -	\$ 767,835
Collections on behalf of individuals/organizations	-	57,435	57,435
Total additions	<u>767,835</u>	<u>57,435</u>	<u>825,270</u>
Deductions:			
Property taxes distributed to other governments	765,789	-	765,789
Payments on behalf of individuals/organizations	-	57,435	57,435
Total deductions	<u>765,789</u>	<u>57,435</u>	<u>823,224</u>
Net increase (decrease) in fiduciary net position	2,046	-	2,046
Net position, beginning	<u>23,994</u>	<u>-</u>	<u>23,994</u>
Net position, ending	<u>\$ 26,040</u>	<u>\$ -</u>	<u>\$ 26,040</u>

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2022

Fiscal Year	Uncollected Balance July 1, 2021	Additions	Collections and Credits	Uncollected Balance June 30, 2022
2022	\$ -	\$ 22,262,250	\$ 21,755,040	\$ 507,210
2021	474,791	-	230,757	244,034
2020	262,182	-	80,031	182,151
2019	175,279	-	57,342	117,937
2018	121,924	-	37,613	84,311
2017	83,413	-	17,986	65,427
2016	59,971	-	12,061	47,910
2015	36,140	-	8,916	27,224
2014	34,316	-	5,939	28,377
2013	32,548	-	5,571	26,977
2012	24,654	-	24,654	-
Total	<u>\$ 1,305,218</u>	<u>\$ 22,262,250</u>	<u>\$ 22,235,910</u>	1,331,558

Less: allowance for uncollectible ad valorem taxes receivable:

General Fund 323,010

Ad valorem taxes receivable, net:

General Fund \$ 1,008,548**Reconciliation of Collections and Credits with Revenues:**

Ad valorem taxes - General Fund \$ 22,034,571

Ad valorem taxes - Revaluation Fund 307,000

Penalties collected on ad valorem taxes - Custodial Fund 21,699

Total ad valorem taxes 22,363,270

Reconciling items:

Interest and penalties collected (170,493)

Tax refunds 21,271

Miscellaneous adjustments (2,792)

Amounts written off for tax year 2012 per Statute of Limitations 24,654Total collections and credits \$ 22,235,910

ALEXANDER COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2022

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
County-wide:					
Property tax	\$ 2,815,341,849	\$ 0.790	\$ 22,241,201	\$ 19,293,213	\$ 2,947,988
Late list penalties	-		22,112	22,112	-
Total original levy	<u>2,815,341,849</u>		<u>22,263,313</u>	<u>19,315,325</u>	<u>2,947,988</u>
Discoveries	<u>6,038,734</u>		<u>47,706</u>	<u>47,706</u>	<u>-</u>
Abatements and Discounts	<u>(6,173,291)</u>		<u>(48,769)</u>	<u>(48,769)</u>	<u>-</u>
Total property valuation	<u>\$ 2,815,207,292</u>				
Net Levy			22,262,250	19,314,262	2,947,988
Uncollected taxes at June 30, 2022			<u>507,210</u>	<u>507,210</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 21,755,040</u>	<u>\$ 18,807,052</u>	<u>\$ 2,947,988</u>
Current Levy Collection Percentage			97.72%	97.37%	100.00%

**ALEXANDER COUNTY
NORTH CAROLINA**

COMPLIANCE LETTERS

FOR THE YEAR ENDED JUNE 30, 2022

MARTIN ♦ STARNES

& ASSOCIATES, CPAs, P.A.

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

ALEXANDER COUNTY, NORTH CAROLINA

COMPLIANCE LETTERS FOR THE YEAR ENDED JUNE 30, 2022

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Board of Commissioners
Alexander County
Taylorsville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2022, not presented here, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 4, 2022. Our report includes a reference to other auditors who audited the financial statements of the Alexander County ABC Board, as described in our report on Alexander County's financial statements. The financial statements of the Alexander County ABC Board and Alexander County Economic Development Corporation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Alexander County ABC Board or the Alexander County Economic Development Corporation.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 4, 2022

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

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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Alexander County
Taylorsville, North Carolina

Report On Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

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

Qualified Opinion on Foster Care, Adoption, and Guardianship Assistance Program Cluster

In our opinion, except for the non-compliance described in the Basis for Qualified and Unmodified Opinions section of our report, Alexander County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Foster Care, Adoption, and Guardianship Assistance Program Cluster for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Alexander 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 other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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.

We are required to be independent of Alexander 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 basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of Alexander County's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Foster Care, Adoption, and Guardianship Assistance Program Cluster

As described in the accompanying Schedule of Findings, Responses, and Questioned Costs, Alexander County did not comply with requirements regarding AL#93.658/93.659 Foster Care, Adoption, and Guardianship Assistance Program Cluster as described in finding number 2022-001 for Eligibility.

Compliance with such requirement is necessary, in our opinion, for Alexander County to comply with the requirements applicable to that program.

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 Alexander County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Alexander 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*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance 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. Non-compliance 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 Alexander 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*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, 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 Alexander 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 Alexander 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 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Alexander 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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2022-001 and 2022-002 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Alexander County's responses to the internal controls over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Alexander County's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Alexander County's basic financial statements. We issued our report thereon dated November 4, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 4, 2022

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

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Report On Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Alexander County
Taylorsville, North Carolina

Report On Compliance for Each Major State Program

Qualified and Unmodified Opinions

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

Qualified Opinion on Foster Care, Adoption, and Guardianship Assistance Program Cluster

In our opinion, except for the non-compliance described in the Basis for Qualified and Unmodified Opinions section of our report, Alexander County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Foster Care, Adoption, and Guardianship Assistance Program Cluster for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major State Programs

In our opinion, Alexander 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 other major state programs identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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.

We are required to be independent of Alexander 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 basis for our qualified and unmodified opinions on compliance for each major state program. Our audit does not provide a legal determination of Alexander County's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Foster Care, Adoption, and Guardianship Assistance Program Cluster

As described in the accompanying Schedule of Findings, Responses, and Questioned Costs, Alexander County did not comply with requirements regarding AL#93.658/93.659 Foster Care, Adoption, and Guardianship Assistance Program Cluster as described in finding number 2022-001 for Eligibility.

Compliance with such requirement is necessary, in our opinion, for Alexander County to comply with the requirements applicable to that program.

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 Alexander County's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Alexander 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*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance 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. Non-compliance 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 Alexander 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*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, 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 Alexander 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 Alexander 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 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Alexander 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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2022-001 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Alexander County's response to the internal controls over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Alexander County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Alexander County's basic financial statements. We issued our report thereon dated November 4, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 4, 2022

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

1. Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Non-compliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? X Yes _____ No
- Significant deficiency(ies) identified? _____ Yes X None reported

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

Unmodified for all federal programs except for Foster Care, Adoption, and Guardianship Assistance Program Cluster, which was qualified.

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

 X Yes _____ No

Identification of major federal programs:

Program Name

Medicaid Cluster
Low-Income Home Energy Assistance
Foster Care, Adoption, and Guardianship
Assistance Program Cluster

AL#

93.778
93.568
93.658, 93.659

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? Yes X None reported

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

Unmodified for all federal programs except for
Foster Care, Adoption, and Guardianship
Assistance Program Cluster, which was qualified.

Any findings disclosed that are required to
be reported in accordance with the State
Single Audit Implementation Act?

 X Yes No

Identification of major state programs:

Program Name

Medicaid Cluster

School Nursing Funding Initiative

Foster Care, Adoption, and Guardianship Assistance Program Cluster

Juvenile Crime Prevention Programs

State Aid for Public Libraries

2. Financial Statement Findings

None reported.

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

3. Federal Award Findings, Responses, and Questioned Costs

U.S. Department of Health and Human Services

Passed through the N.C. Dept. of Health and Human Services

Program Name: Foster Care Title IV-E

AL # 93.658

Grant Number: 2201NCFOST

Program Name: Adoption Assistance

AL # 93.659

Grant Number: 2201NCADPT

MATERIAL NON-COMPLIANCE

MATERIAL WEAKNESS, ELIGIBILITY

Finding: 2022-001

Criteria: In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure the accuracy of benefits being provided is within program requirements. Management must monitor activities under federal awards to assure compliance with federal requirements. In accordance with 45 CFR Part 1356.71(f), case record of the child must contain sufficient documentation to verify a child's eligibility in order to substantiate payments made on the child's behalf.

Condition: One case file had supporting documentation by caseworker in NC FAST that showed participant was eligible for IV-B State funding but it did not match the funding type being paid to the participant (IV-E) according to the North Carolina Department of Health and Human Services Final Foster Care Payment Report PQA020.

Context: Of the 35 participants during the current fiscal year valued at \$134,361, we examined 7 participants (\$21,456 value) and determined that the above condition applied to one participant (14%, valued at \$3,060). We determined that the participant was still eligible for Foster Care services but cannot determine whether the participant is in the proper funding program without further investigation.

Effect: Participants could receive benefits for which they are not eligible.

Cause: Caseworker did not take proper steps in making sure program documentation in NC FAST agrees to the type of funding that was being paid to participant.

Questioned Costs: In accordance with 2 CFR 200, auditors are required to report known questioned costs when likely questioned costs are greater than \$25,000. Even though the sample results only identified \$3,059.80 (federal share \$2,486.26 and state share \$573.54) in questioned costs, if tests were extended to the entire population, questioned costs could exceed \$25,000.

Recommendation: Caseworkers should review their eligibility determinations and ensure all documentation is accurate and supports the program that has been selected for benefits.

Views of Responsible Officials and Planned Corrective Action: See Corrective Action Plan submitted with this report.

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

3. Federal Award Findings, Responses, and Questioned Costs (continued)

U.S. Department of Health and Human Services

Passed through the N.C. Dept. of Health and Human Services

Program Name: Low-Income Home Energy Assistance

AL # 93.568

Grant Number: 2201NCLIEA

MATERIAL WEAKNESS, ELIGIBILITY

Finding: 2022-002

Criteria: In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure the accuracy of benefits being provided is within program requirements. Management must monitor activities under federal awards to assure compliance with federal requirements. In accordance with EP-400 Crisis Intervention Programs section 400.03 (F) and EP-300 Low Income Energy Assistance Program, section 300.09 (A), online verification system must be run in NC FAST on each CIP and LIEAP application. Also, in accordance with EP-300 Low Income Energy Assistance Program, section 300.09 (A), income verification used should be documented in NC FAST and the information should be uploaded in NC FAST.

Condition: Three applicants had income documented in NC FAST that did not match the supporting source documents within the system. Two other applicants did not have documentation of online verifications (OVS) being performed at the point of application. After review of the cases with workers, all applicants were found to still be eligible for energy benefits.

Context: Of the 1,193 applicants during the current fiscal year valued at \$541,867, we examined 60 applicants (\$28,174 value) and determined that the above condition applied to five applicants (8%, valued at \$2,665). We determined that all five were still eligible after redetermination with the correct documentation.

Effect: Applicants could receive benefits for which they are not eligible.

Cause: Workers did not take proper steps in making sure what was used for eligibility determination was complete and accurate per program guidelines.

Questioned Costs: The finding represents an internal control issue; therefore, no questioned costs are applicable. Upon further review, each applicant was still eligible to receive energy benefits.

Recommendation: Workers should review their eligibility determinations and ensure all documentation is included and accurate.

Views of Responsible Officials and Planned Corrective Action: See Corrective Action Plan submitted with this report.

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

4. State Award Findings, Responses, and Questioned Costs

N.C. Department of Health and Human Services

Program Name: Foster Care, Adoption, and Guardianship Assistance Program Cluster

MATERIAL NON-COMPLIANCE

MATERIAL WEAKNESS, ELIGIBILITY

Finding 2022-001 under federal awards also applies to state requirements and state awards.



Alexander County Department of Social Services

604 7th Street SW
Taylorsville NC 28681
Telephone 828-632-1080
Fax 828-632-1092

Thomas Mitchell
Department of Social Services
Director

CORRECTIVE ACTION PLAN

Program Name: Foster Care Title IVE
Finding: 2022-001
Name of Contact: Keri Jerrell, Child Welfare Program Manager

Corrective Action Plan:

As children enter foster care, a DSS-5120 is required to be completed in order to determine foster care funding eligibility. Once determined, the eligibility is used in a variety of ways, including, administrative coding and payment for room and board services. As both of these areas involve fiscal operations and county, state, and federal funds, proper determination is imperative. Once satisfied that the proper determination has been made, proper communication and transfer of that determination is of equal importance.

In order to assure that a prompt and efficient foster care funding determination is made for each child entering custody of the Alexander County Department of Social Services, the Department is adopting the following plan:

1. Internal guidance for completing the initial DSS-5120 and all subsequent DSS-5120 reviews will be developed and implemented. Guidance will include specialized training for identified staff and a multi-party review process.
Projected completion date: 12-31-22
2. 100% of Alexander County DSS cases will be reviewed to ensure that the original funding determination cited on the DSS-5120 is reflected on the respective DSS-5094.
Projected completion date: 11-30-22
3. Existing internal guidance document involving the use of the PQA-020 report will be reviewed with involved staff, stressing the importance of consistent documentation of funding source.
Projected completion date: 11-30-22



Alexander County Department of Social Services

604 7th Street SW
Taylorsville NC 28681
Telephone 828-632-1080
Fax 828-632-1092

Thomas Mitchell
DSS Director

CORRECTIVE ACTION PLAN FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Finding: 2022-002

Name of Contact Person: Trena Riddle, Economic Services Program Manager

Corrective Action/Management's Response:

1. The cases cited in error could not be corrected in the system as they were applications & had already been processed. We did complete budgets outside the system to ensure the families remain eligible as the errors did not effect eligibility. On Sample 18 the income was not projected but when we did a new budget the family remained eligible. The online verifications (OVS) were ran for Sample 23 & Sample 26 and the missing child support evidence was added to Sample 7 & Sample 27. There was no change in benefits for these cases.
2. The CIP/LIEAP Supervisor is having a unit meeting on Nov. 14, 2022 to do a refresher training for CIP/LIEAP budgeting. The supervisor will include a test as well to test the workers knowledge.

Proposed Completion Date: November 14, 2022

ALEXANDER COUNTY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

2021-001: corrected

2021-002: corrected

ALEXANDER 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 AL Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
1(a)	1(a)(b)	1(c)	1(c),2	1(d)	1(e)
Federal Awards:					
<u>U.S. Dept. of Agriculture</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
<u>Supplemental Nutrition Assistance Program Cluster:</u>					
Administration:					
State Administrative Matching Grants for the					
Supplemental Nutrition Assistance Program	10.561	215NC406S2514	\$ 297,932	\$ -	\$ -
COVID-19 FNS ARPA Funds	10.561	215NC406S2514	24,309	-	-
FNS CAA Funds	10.561	215NC406S2514	8,928	-	-
Total Supplemental Nutrition Assistance Program Cluster			331,169	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Administration:					
WIC Special Supplemental Nutrition Program for					
Women, Infants, & Children (Note 5)	10.557	13A25403GA(B)02	152,228	-	-
Total U.S. Department of Agriculture			483,397	-	-
<u>U.S. Dept. of Justice</u>					
Office of Justice Programs					
Passed-through N.C. Department of Public Safety					
Governor's Crime Commission					
Edward Byrne Memorial Justice Assistance Grant Program					
2021-Alexander County Sheriff's Office-Crowd Management Officer Safety Eqpt	16.738	15PBJA-21-GG-00278-JAGX	11,997	11,997	-
Total U.S. Dept. of Justice			11,997	11,997	-
<u>U.S. Dept. of Treasury</u>					
COVID 19 - Coronavirus State Local Fiscal Recovery Funds					
Total U.S. Dept. of Treasury	21.027	566000272	68,300	-	-
			68,300	-	-
<u>U.S. Dept. of Transportation</u>					
Federal Transit Administration					
Passed-through the N.C. Department of Transportation:					
<u>Transit Services Programs Cluster:</u>					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	DOT-14	27,798	3,475	-
Total Transit Services Program Cluster			27,798	3,475	-
Total U.S. Dept. of Transportation			27,798	3,475	-
<u>Election Assistance Commission</u>					
Passed-through N.C. State Board of Elections:					
2020 HAVA Election Security Grant					
Total Election Assistance Commission	90.404	NC20101001-002	12,833	-	-
			12,833	-	-
<u>U. S. Department of Homeland Security</u>					
Division of Federal Emergency Management Agency					
Passed-through N.C. Dept. of Public Safety:					
Disaster Grants-Public Assistance (Presidentially Declared Disasters)					
Hurricane Eta	97.036	FEMA-4588-DR-NC Proj #23	8,393	2,798	11,191
Hurricane Eta	97.036	FEMA-4588-DR-NC Proj #27	3,281	1,094	4,375
Hurricane Eta	97.036	FEMA-4588-DR-NC Proj #28	47,223	15,741	62,964
Hurricane Eta	97.036	FEMA-4588-DR-NC Proj #42	15,517	5,172	20,689
Hurricane Eta	97.036	FEMA-4588-DR-NC Proj #49	13,602	4,534	18,136
Hurricane Eta	97.036	FEMA-4588-DR-NC Proj #79	1,642	547	-
Emergency Management Performance Grants	97.042	EMA-2021-EP-00015	21,056	-	-
Total U. S. Department of Homeland Security			110,714	29,886	117,355
<u>U.S. Dept. of Health & Human Services</u>					
Administration for Community Living					
Passed-through Western Piedmont Council of Governments:					
Division of Aging and Adult Services:					
<u>Aging Cluster:</u>					
Special Programs for the Aging - Title III Part B					
Grants for Supportive Services and Senior Centers	93.044	566000272-2022	99,658	-	-
Special Programs for the Aging - Title III Part C					
Nutrition Services	93.045	566000272-2022	75,234	-	-
COVID - 19 Nutrition Services	93.045	566000272-2022	18,570	-	-
Nutrition Services Incentive Program	93.053	566000272-2022	30,604	-	-
Total Aging Cluster			224,066	-	-
Passed-through N.C. Department of Insurance:					
Division of SHIIP:					
Centers for Medicare and Medicaid Services (CMS) Research,					
Demonstrations and Evaluations:					
State Health Insurance Assistance Program	93.324	90SAPG0099-02-00	5,222	-	-
Special Programs for Aging, Title IV, and Title II,					
Discretionary Projects	93.048	90MPPG0043-04	1,500	-	-
Medicare Enrollment Assistance Program	93.071	2001NCMISH-01	3,851	-	-
Passed-through N.C. Department of Health and Human Services:					
<u>Special Children Adoption Fund Cluster (Note 4):</u>					
Division of Social Services					
MaryLee Allen Promoting Safe and Stable Families Program - Admin	93.556	2201NCFPSS	20,653	-	-
Stephanie Tubbs Jones Child Welfare Services Program:					
- Permanency Planning - Families for Kids	93.645	2201NCCWSS	11,431	-	-
Total Special Children Adoption Fund Cluster			32,084	-	-

ALEXANDER 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 AL Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
<u>Temporary Assistance for Needy Families:</u>					
Division of Social Services:					
Temporary Assistance for Needy Families (Note 5)	93.558	2201NCTANF	210,683	-	-
Division of Public Health:					
Temporary Assistance for Needy Families (Note 5)	93.558	13A15151T202	3,469	-	-
Total TANF			<u>214,152</u>	<u>-</u>	<u>-</u>
<u>Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4):</u>					
Administration:					
Foster Care Title IV-E	93.658	2201NCFOST	177,082	18,843	-
Foster Care Title IV-E	93.658	2201NCFOST	42,065	-	-
Adoption Assistance (Note 5)	93.659	2201NCADPT	1,374	-	-
Direct benefits:					
Foster Care - Title IV-E	93.658	2201NCFOST	181,339	41,832	-
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster			<u>401,860</u>	<u>60,675</u>	<u>-</u>
Child Support Enforcement	93.563	2201NCCES	249,664	-	-
Low-Income Home Energy Assistance:					
Administration	93.568	2201NCLIEA	20,821	-	-
Energy Assistance Payments	93.568	2201NCLIEA	196,658	-	-
Crisis Intervention Program	93.568	2201NCLIEA	107,226	-	-
COVID 19 - LIEAP ARPA	93.568	2201NCLIEA	189,841	-	-
COVID 19 - LIEAP ARPA Administration	93.568	2201NCLIEA	1,134	-	-
COVID 19 - LIHWAP Administration	93.568	2201NCLIEA	5,079	-	-
LIHWAP CAA	93.568	2201NCLIEA	46,081	-	-
Total Low-Income Home Energy Assistance			<u>566,840</u>	<u>-</u>	<u>-</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2201NCC1LP	4,658	1,165	-
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood			<u>4,658</u>	<u>1,165</u>	<u>-</u>
Division of Aging and Adult Services:					
Division of Social Services:					
Social Services Block Grant - State In Home Service Fund	93.667	2201NCSOSR	7,873	-	-
Social Services Block Grant - State Adult Day Care	93.667	2201NCSOSR	4,470	6,434	-
Social Services Block Grant - Other Service and Training	93.667	2201NCSOSR	146,321	-	-
Total Social Services Block Grant			<u>158,664</u>	<u>6,434</u>	<u>-</u>
Pass-through the Vaya Health Families First Program					
Division of Social Services:					
Block Grants for Community Mental Health Services					
Substance Abuse and Mental Health Services Administration	93.958	566000272-2022	5,518	-	-
Division of Child Development and Early Education:					
<u>Subsidized Child Care Program Cluster (Note 4):</u>					
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund -Administration	93.596	2201NCCCDF	48,607	-	-
Total Subsidized Child Care Program Cluster / Child Care Development Fund Cluster			<u>48,607</u>	<u>-</u>	<u>-</u>
<u>Centers for Medicare and Medicaid Services</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Health Benefits:					
<u>Medicaid Cluster:</u>					
Division of Social Services:					
Administration:					
Medical Assistance Program (Note 5)	93.778	XIX-MAP22	1,000,103	2,923	-
Total Medicaid Cluster			<u>1,000,103</u>	<u>2,923</u>	<u>-</u>
Division of Social Services:					
Administration:					
Children's Health Insurance Program - N.C. Health Choice (Note 5)	93.767	CHIP22	21,085	1,742	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Public Health Emergency Preparedness	93.069	12642680EQ(ER)02	49,144	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	14602720NF02	50	-	-
Family Planning Services	93.217	13A15900FP02	36,677	-	-
Immunization Cooperative Agreements	93.268	1331631CEJ02	11,712	-	-
COVID -19-Immunization Cooperative Agreements	93.268	13316315LD02;	104,838	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1332892AL502;	178,616	-	-
Preventive Health and Health Services Block Grant	93.991	12615503PH02	30,607	-	-
Maternal and Child Health Services Block Grant to the States	93.994	13A15735AP02;	16,728	8,309	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	13114631NB02	100	-	-
Total U.S. Dept. of Health and Human Services			<u>3,366,346</u>	<u>81,248</u>	<u>-</u>
Total federal awards			<u>4,081,385</u>	<u>126,606</u>	<u>117,355</u>

ALEXANDER 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 AL Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
State Awards:					
<u>N.C. Dept. of Military and Veteran Affairs</u> Veterans Service		030322-2281	-	2,109	-
<u>N.C. Dept. of Cultural and Natural Resources</u> State Library of North Carolina State Aid for Public Libraries		566000272-2022	-	91,201	-
<u>N.C. Dept. of Agriculture and Consumer Services</u> Division of Soil & Water Conservation Watershed Restoration Project - Government		19-091-4090	-	3,367	-
<u>N.C. Dept. of Commerce</u> Paul Robert Chair, Inc./Project Frame		2022-020-3201-2587	-	32,413	-
<u>N.C. Department of Environmental Quality</u> Division of Water Infrastructure Wastewater State Reserve Loan (Note 6): Sewer Line Extension Project (SRP)		E-SRP-W-17-0067	-	2,763	-
<u>N.C. Dept. of Health and Human Services</u> Division of Aging and Adult Services Passed-through Western Piedmont Council of Governments Senior Center General Purpose Funds		ZGA370-11	-	3,564	-
Central Management and Support Office of Rural Health Community Health PCAP Grant		43682	-	31,965	-
Division of Social Services DCD Smart Start St Child Welfare/CPS/CS LD Extended FC/Max Non IV-E - direct benefits F/C At Risk Maximization - direct benefits IV-B EFT Chafee Independent Living SFHF Maximization - direct benefits State Foster Home - direct benefits Total Division of Social Service			- - - - - - - - -	16,000 150,665 19,852 1,215 15,000 29,996 48,786 281,514	- - - - - - - -
Division of Public Health PH Capacity Building General Communicable Disease Control Family Planning - State Healthy Communities Women Health Service Fund Food and Lodging School Nursing Funding Initiative Maternal Health		116141100002 117545100002 13A157350002 126155030002 13A16021FR02 11534752SZ02 133253580002 13A157400002	- - - - - - - -	85,275 10,112 18,397 3,747 6,385 5,792 150,000 21,003	- - - - - - 150,000 -
HIV/STD State Tuberculosis Control Total Division of Public Health		13114536RQ(RR)02; 13114601RQ(RR)02 14604551(4)0002	- - -	946 2,875 304,532	- - 150,000
Total N. C. Department of Health and Human Services			-	621,575	150,000
<u>N.C. Dept. of Public Safety</u> North Carolina Tier II Juvenile Crime Prevention Programs Total N. C. Department of Public Safety		T2-2021-2170046 536301	- - -	988 139,333 140,321	- - -
Total State awards			-	893,749	150,000
Total federal and state awards			\$ 4,081,385	\$ 1,020,355	\$ 267,355

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

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Foster Care, Adoption, and Guardianship Assistance Program Cluster, Subsidized Child Care Program Cluster, and Special Children Adoption Fund Cluster.

ALEXANDER 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 AL Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
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Note 5: Benefit Payments Issued by the State

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

<u>Program Title</u>	<u>AL No.</u>	<u>Federal</u>	<u>State</u>
Special Supplemental Nutrition Program for Women Infant and Children	10.557	\$ 415,155	\$ -
Temporary Assistance for Needy Families	93.558	149,422	-
Adoption Assistance	93.659	327,146	48,579
Medical Assistance Program	93.778	50,577,446	18,719,413
Children's Health Insurance Program	93.767	785,503	176,022
Pandemic Emergency Assistance	93.558	32,500	-
Child Welfare Services Adoption		-	139,167
State / County Special Assistance program		-	117,117

Note 6: Loans Outstanding

Alexander County had the following loan balances outstanding at June 30, 2022. The projects are in process and are expected to be completed and fully drawn down during the next 12 months. The balance of loans outstanding at June 30, 2022 consist of:

Program Title	AL #	Pass-through Grantor's Number	Amount Outstanding
Wastewater State Reserve Loan	N/A	E-SRP-W-17-0067	4,646,989