

STOKES COUNTY
NORTH CAROLINA

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

STOKES COUNTY, NORTH CAROLINA
BASIC FINANCIAL STATEMENTS AND COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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FINANCIAL SECTION

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

To the Board of Commissioners
Stokes County
Danbury, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Stokes County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Stokes County Water and Sewer Authority were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Stokes County, North Carolina, as of June 30, 2020, and the respective changes in financial position, and cash flows thereof, and the respective budgetary comparison for the General Fund and the Grant Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Stokes County's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2021 on our consideration of Stokes County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Stokes 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 Stokes County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
March 1, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

This section of Stokes County's (the County) financial report represents our discussion and analysis of the financial performance of the County for the year ended June 30, 2020. This information should be read in conjunction with the transmittal letter at the front of this report and the County's audited financial statements, which immediately follow this section.

Financial Highlights

- The assets and deferred outflows of resources of Stokes County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$38,898,786 (net position).
- The government's total net position decreased by \$3,827,243, primarily due to an increase in education expenditures in the current year.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$21,658,432, after a net decrease in fund balance of \$3,285,416. Approximately 45.49% of this total amount, or \$9,852,942, is restricted and committed.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,512,865, or 12.61%, of total General Fund expenditures and transfers to other funds for the fiscal year.
- Stokes County's total debt decreased by \$2,447,445 (6.63%) during the current fiscal year due to retirement of debt and installment purchase contract for equipment.
- Stokes County maintained its Aa2 rating with Moody's and AA- rating with Standard and Poor for the fourth consecutive year.

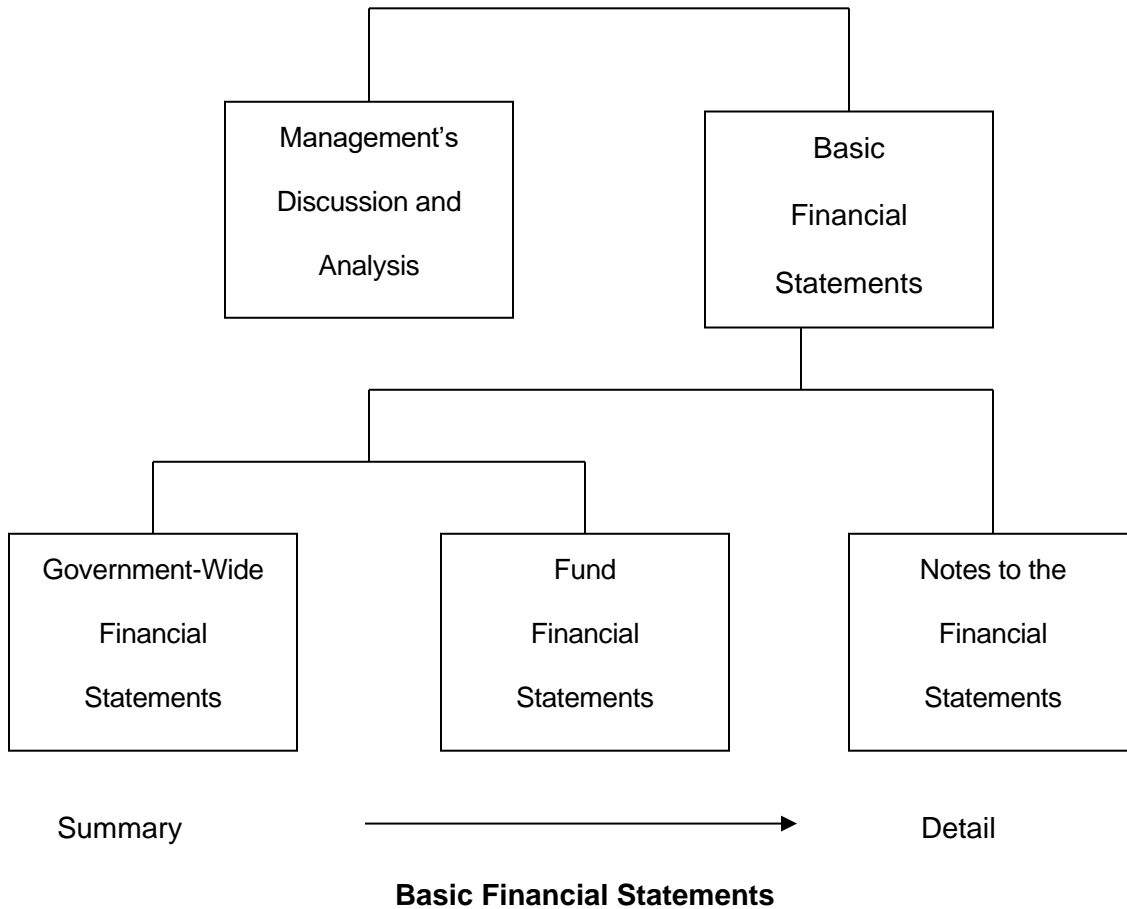
Overview of the Financial Statements

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Required Components of Annual Financial Report

Figure 1



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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the County's nonmajor governmental funds and internal services funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Following the notes is the **Required Supplemental Information**. This section contains funding information about the County's pension 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 total liabilities. 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 unit. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those activities that are intended to recover all or a significant portion of their costs through user fees and other charges. These include sewer services for the Town of Danbury, Danbury Water System, and operations of Stokes-Reynolds Memorial Hospital, Inc. The final category is the component unit. The County has one component unit - the Water and Sewer Authority -, which currently provides only water services to limited parts of the County.

The government-wide financial statements are on Exhibits 1 and 2 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. Stokes 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 Stokes County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Stokes 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 - Stokes County has one kind of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Stokes County uses enterprise funds to account for its sewer activity, water activity, and for the hospital 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. Stokes County has seven fiduciary funds, all of which are agency funds.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow Exhibit 9 of this report.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Stokes County exceeded liabilities and deferred inflows of resources by \$38,898,786 as of June 30, 2020. The County's net position decreased by \$3,827,243 for the fiscal year ended June 30, 2020. One of the largest portions, \$34,595,628 (88.94%), reflects the County's investment in capital assets (e.g. land, buildings, furniture and equipment, vehicle and motor equipment, etc.), less any related debt still outstanding that was issued to acquire those items. Stokes County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Stokes County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

An additional portion of Stokes County's net position, \$8,267,141 (21.25%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$3,963,983) is unrestricted.

Stokes County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 26,863,778	\$ 29,824,598	\$ 600,079	\$ 575,525	\$ 27,463,857	\$ 30,400,123
Capital assets	54,839,494	55,328,057	5,296,034	5,515,876	60,135,528	60,843,933
Total assets	81,703,272	85,152,655	5,896,113	6,091,401	87,599,385	91,244,056
Deferred outflow s of resources	3,572,030	3,423,447	-	-	3,572,030	3,423,447
Long-term liabilities	48,018,145	48,210,036	-	-	48,018,145	48,210,036
Other liabilities	3,815,055	2,439,360	10,770	7,268	3,825,825	2,446,628
Total liabilities	51,833,200	50,649,396	10,770	7,268	51,843,970	50,656,664
Deferred inflow s of resources	428,659	516,371	-	-	428,659	516,371
Net Position:						
Net investment in capital assets	29,299,594	28,456,531	5,296,034	5,515,876	34,595,628	33,972,407
Restricted	8,267,141	8,362,064	-	-	8,267,141	8,362,064
Unrestricted	(4,553,292)	591,740	589,309	568,257	(3,963,983)	1,159,997
Total	\$ 33,013,443	\$ 37,410,335	\$ 5,885,343	\$ 6,084,133	\$ 38,898,786	\$ 43,494,468

Governmental Activities: Governmental activities decreased the County's net position by \$3,628,453. Key elements of this decrease are as follows:

- Increase in the collections of taxes
- Increase in sales tax reimbursement due to the economy
- Due to slowness of the economic recovery, interest rates remain low.
- Management's proactive stance on monitoring spending across County departments to ensure compliance with the budget.

Business-Type Activities: Business-type activities net position decreased \$198,790. Key elements of this decrease are as follows:

- Sewer System Fund continues to be stable.
- Danbury Water Fund continues to be stable

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Stokes County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 4,373,430	\$ 3,621,952	\$ 306,679	\$ 353,447	\$ 4,680,109	\$ 3,975,399
Operating grants and contributions	7,461,442	6,607,013	-	-	7,461,442	6,607,013
General revenues:						
Property taxes	29,695,954	21,998,021	-	-	29,695,954	21,998,021
Other taxes	12,103,443	18,257,398	-	-	12,103,443	18,257,398
Investment earnings	366,721	631,047	3,033	4,533	369,754	635,580
Other	303,039	505,180	2,896	7,553	305,935	512,733
Total revenues	54,304,029	51,620,611	312,608	365,533	54,616,637	51,986,144
Expenses:						
General government	8,593,133	6,015,217	-	-	8,593,133	6,015,217
Public safety	17,009,718	15,094,115	-	-	17,009,718	15,094,115
Environmental protection	1,135,872	1,666,872	-	-	1,135,872	1,666,872
Economic and physical development	9,747,453	1,238,428	-	-	9,747,453	1,238,428
Human services	1,227,311	9,935,541	-	-	1,227,311	9,935,541
Culture and recreation	560,096	974,006	-	-	560,096	974,006
Intergovernmental:						
Schools	18,045,769	15,952,807	-	-	18,045,769	15,952,807
Debt service:						
Interest and fiscal charges	1,638,131	1,485,569	-	-	1,638,131	1,485,569
Stokes Reynolds Revenue Bond Fund	-	-	50,000	135,000	50,000	135,000
Regional Sewer Fund	-	-	268,985	293,451	268,985	293,451
Danbury Water Fund	-	-	167,412	147,890	167,412	147,890
Total expenses	57,957,483	52,362,555	486,397	576,341	58,443,880	52,938,896
Change in net position before transfers	(3,653,454)	(741,944)	(173,789)	(210,808)	(3,827,243)	(952,752)
Transfers in (out)	25,001	(124,999)	(25,001)	124,999	-	-
Change in net position	(3,628,453)	(866,943)	(198,790)	(85,809)	(3,827,243)	(952,752)
Net position - beginning, previously reported	37,410,335	38,277,278	6,084,133	6,169,942	43,494,468	44,447,220
Restatement	(768,439)	-	-	-	(768,439)	-
Net position - beginning, restated	36,641,896	38,277,278	6,084,133	6,169,942	42,726,029	44,447,220
Net position - ending	\$33,013,443	\$37,410,335	\$ 5,885,343	\$6,084,133	\$ 38,898,786	\$ 43,494,468

Figure 3 (Changes in Net Position) reflects a decrease in net position of \$3,628,453 for governmental activities. This decrease was due largely to the increase in expenditures over revenues in the General Fund. Total governmental activities generated revenues of \$54,304,029 while expenses in this category totaled \$57,957,483. After transfers from the business-type activities, the total net position stands at \$33,013,443.

Business-type activities generated revenue of \$312,608 and had expenses of \$486,397. Net position decreased in the business-type activities by \$198,790. The County had continued diligence in water and sewer revenue collections and resolution of delinquent accounts. The County also restructured water and sewer rates.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of the Stokes County. At the end of the current fiscal year, fund balance available in the General Fund was \$15,458,409, while total fund balance reached \$18,749,072. The Governing Body of Stokes County has determined that the County should maintain an available fund balance of 20% of General Fund expenditures in case of unforeseen needs or opportunities in addition to meeting the cash flow needs for the County. The County currently has an available fund balance of 29.49% of General Fund expenditures and transfers to other funds less capital and installment financing, while total fund balance represents 35.77% of that same amount.

The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. There are currently four ongoing projects: Petree Picnic shelter project, Jail expansion project, Meadows water project, Solid Waste transfer station project, Maintenance building project, Walnut Cove EMS station project, and Solid Waste/Scale House project. At the end of the current fiscal year, committed fund balance was \$675,382. Total net change in fund balance was a decrease of \$372,238.

At June 30, 2020, the governmental funds of Stokes County reported a combined fund balance of \$21,658,432, and 13.17% decrease over last year. The primary reason for this decrease is the decrease in fund balance in the General Fund.

General Fund Budgetary Highlights: Over the course of the year, the County revised the budget several times to account for changes in revenue expectations. The County monitored expenditures closely and reduced spending levels as necessary so as to live within the budget and end the year with a surplus. 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 or expand services. The County made changes to its General Fund revenue estimate to recognize the loss of State reimbursements, changes in anticipated grant funding and proceeds from debt issuance. Expenditure budgets were increased during the fiscal year primarily to authorize additional expenditures for new grant awards and new projects. The County's expenditure final budget increased \$8,150,078 over the approved budget, but actual expenditures were ultimately \$2,385,306 less than the final budget. Total expenditures increase \$9,802,836 from the prior year, due to expensing the self-insurance loss and paying off the interim loan for the Jail expansion with the USDA loan.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The cash balance in the General Fund decreased \$3,513,196 from the prior year-end. The decrease is due to adding staff to different department, supplies and equipment. Sales tax revenues compared to both budget and the prior year collections have increased. The County received an increase in sales taxes of approximately \$489,528 over the prior year.

General Fund expenditures increased \$9,802,836 or approximately 28.5%, from the prior year, due to the expensing the self-insurance loss and paying off the interim loan for the Jail expansion with the USDA loan.

Analysis of Fund Balance: A recap of the historical analysis of fund balance for the period 2010-11 through 2019-20 includes the following noteworthy points:

- In the fiscal year 2010-11, the County has continued to budget conservatively due to the economy. The department's budgets that received increase in the fiscal year were due to mandated increases, capital outlay items and projects. The County has continued to do quarterly reviews of departmental budgets for savings and/or increases in the cost of services. Revenues are reviewed monthly due to the economy. The County's General Fund unassigned fund balance is \$9,852,461, or 24.56%, of annual General Fund expenditures and transfers out. The County has completed the School project, Nancy Reynolds Elementary, first stage of the Early College project, and started the new school projects and second stage of early college.
- In the fiscal year 2011-12, the County continues to budget conservatively due to the economy. Increases in departmental budgets were due to mandated increases, capital outlay items and projects. The County continues to do quarterly reviews of departmental budgets for savings and/or increases in the cost of services. Revenues are reviewed monthly due to the economy. The County's General Fund unassigned fund balance is \$11,756,502, or 27.9%, of annual General Fund expenditures and transfers out. The County has completed the school projects, Nancy Reynolds Elementary School, and early college. The Southeastern Stokes Middle School and Poplar Spring Elementary School has started. The County is starting the process for the Community College projects and Lawsonville Elementary School project.
- In the fiscal year 2012-13, the County's budget was based on conservative estimates due to the economy. Increases in departmental budgets were due to mandated increases, capital outlay items and capital projects. The County continues to do quarterly reviews of departmental budgets for savings and/or increases in the cost of services. Revenues are reviewed monthly due to the economy. The County's General Fund unassigned fund balance is \$10,572,140, or 23.24%, of annual General Fund expenditures and transfers out. The County has completed the school projects, Nancy Reynolds Elementary School, Southeastern Stokes Middle School, and Poplar Spring Elementary School and second stage of the Early College project. The County is starting the Community College projects and Lawsonville Elementary School project.
- In the fiscal year 2013-14, the County has continued to base the budget on conservative estimates due to the economy. Departmental budgets increased due to mandated increase, capital outlay items and capital projects. The County has continued to do quarterly reviews of departmental budgets for savings and/or increases in cost of services. Revenues are reviewed on a monthly basis due to the economy. The County's

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

General Fund unassigned fund balance is \$11,373,416, or 26.5%, of annual General Fund expenditures and transfers out. The County has completed the school projects, Southeastern Middle School and Poplar Spring Elementary School. The County has started the Lawsonville Elementary School and Community College projects.

- In the fiscal year 2014-15, the County's budget was based on conservative estimates due to the economy. Departmental budgets increased due to mandated increases, capital outlay and capital projects. The County continues to do quarterly review of departmental budgets for savings and/or increases in cost of services. Revenues are reviewed on a monthly basis due to the economy. Fiscal year 2014-15, the County appropriated \$2,823,913 fund balance to balance the budget but only used \$113,329 of which \$66,434 was used for capital outlay. Before the County appropriates fund balance, an estimated balance is calculated and the figure of what could be appropriated is based on retaining an estimated 20% fund balance. The County's General Fund unassigned fund balance is \$10,690,583, or 25.1%, of annual General Fund expenditures and transfers out. The County has Lawsonville Elementary School, Community College, and Sewer Extension to Meadows Community projects.
- In the fiscal year 2015-16, the County's budget was based on conservative estimates. Departmental budgets increased due to mandated increases, turn over issues, capital outlay and capital projects. The County continues to do quarterly review of departmental budgets for savings and/or increases in cost of services. Revenues are reviewed on a monthly basis. Fiscal year 2015-16, the County appropriated \$2,804,446 fund balance to balance the budget. The appropriation was not used due to the revenues being over budget \$1,067,783 and expenditures being less than budget \$2,375,168, therefore, the fund balance increased \$638,505. An estimated fund balance is calculated to figure what could be appropriated based on retaining an estimated 20% fund balance. The County's unassigned fund balance is \$13,165,483 or 29.73% of annual expenditures and transfers out. The County has Lawsonville Elementary School, Community College, and Sewer Extension to Meadows Community projects, Jail Expansion project, Petree project and School Roof project. The County is working with a company on broadband internet services for the unserved and underserved citizens.
- In the fiscal year 2016-17, the County continues to budget revenues and expenditure conservatively. The department's budgets that received increases was due to mandates, capital outlay and projects. The County reviews budgets quarterly for savings and/or increases in cost of services. Revenues are reviewed closely to recognize increases and/or decreases. Fiscal year 2016-17, the County appropriated \$1,864,580 to balance the budget. The appropriation was not used due to the revenues coming in \$2,170,029, which was the new sales tax, increase in sales taxes and other revenues. Expenditures were \$2,111,708 less than budget; therefore, the fund balance increased \$2,015,923. An estimated fund balance is calculated to figure what could be appropriated based on retaining an estimated 20% fund balance. The County's unassigned fund balance is \$14,997,977 or 33.56% of annual expenditures and transfers out. The County has Lawsonville Elementary School, Community College, and Sewer Extension to Meadows Community project, Jail expansion project, Petree project and other School projects. The County has been working with a company to provide broadband internet services for the unserved and underserved citizens.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- In the fiscal year 2017-18, the County continues to budget revenues and expenditures conservatively. The department's budgets that received increases was due to mandate, cost of living increase for employees, capital outlay and projects. The County reviews budgets quarterly for savings and/or increases in cost of services. Revenues are reviewed closely to recognize any increase and/or decreases. Fiscal year 2017-18, the County appropriated \$1,864,580 to balance the budget. The appropriation was not used due to expenditures being under budget and transfers from other funds. Expenditures were \$4,379,770 less than budget. The County increased the fund balance by \$594,310. An estimated fund balance is calculated to figure what could be appropriated based on retaining an estimated 20% fund balance. The County's unassigned fund balance is \$14,309,766 or 27.64% of annual expenditures and transfer out. Expenditures increased for 2017-18 due to the closing on the Community College USDA loan paying out the interim loan with PNC for the project. The County has Jail expansion project, and Petree project. The County continues to work with a company to provide broadband internet services for the unserved and underserved citizens.
- In the fiscal year 2018-19, the County continues to budget conservatively. Department's increases in budget was due to mandates, cost of living increase for employees, and new staff for different departments, capital outlay and projects. The County continues to review budgets quarterly for savings and/or increases in cost of services. Revenues are reviewed closely to recognize any increases and/or decreases. The County appropriated \$2,961,656 to balance the budget. The County revised the appropriation to \$3,351,555 (\$389,899). The County used \$1,947,147 of the appropriation. Revenues were \$1,034,424 less than budget due to federal and state grant reimbursements and expenditures were \$2,438,732 less than budget. The County decreased the fund balance by \$1,947,147. An estimated fund balance is calculated to figure what could be appropriated based on retaining an estimated 20% fund balance. The County's unassigned fund balance is \$11,194,414 or 29.76% of annual expenditures and transfers out. The County has Jail expansion project and Petree picnic shelter/walking trail project. The County continues to work with a company to provide broadband internet services for the unserved and underserved citizens.
- In the fiscal year 2019-20, the County continues to budget conservatively. Department's increases in budget was due to mandates, cost of living increase for employees, and new staff for different departments, capital outlay and projects. The County finalized the Jail expansion, which paid off the interim loan with the USDA loan. This increased expenditures with the paying off the loan in debt service. In addition, increasing expenditures was showing the self-insurance loss of three years as an expense. The County continues to review budgets quarterly for savings and/or increases in cost of services. Revenues are reviewed closely to recognize any increases and/or decreases. The County appropriated \$4,093,376 fund balance to balance the budget. The County revised the appropriation to \$4,528,989 (\$435,613). The County used \$2,282,111 of the appropriation. Revenues were \$181,486 less than budget due to federal and state grants, sales and services, investment income and other revenues. Expenditures were \$2,428,364 less than budget. The County decreased the fund balance by \$2,325,169. An estimated fund balance is calculated to figure what could be appropriated based on retaining estimated 20% fund balance. The County's unassigned fund balance is \$7,512,865 or 19.55% of annual expenditures, transfers out and less capital and installment purchase. The County have several capital projects in progress.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The Local Government Commission (LGC), an arm of the Department of State Treasurer and the statutes, **recommends** that tax-levying units such as counties and cities have an available fund balance equal to at least 8% of annual General Fund expenditures. The 8% level is used because it approximates one month's expenditures. This is considered a minimum level - a floor below that the balance should not fall. Having an available fund balance that is less than the recommended minimum for tax-levying units could have an adverse impact on a unit's credit rating, causing it to pay more in interest when issuing bonds.

The LGC has written the County letters in reference to the fund balance falling below the 8% but, due to the situation with the withholding of reimbursement from the State, the LGC has been cooperating with the counties that have been impacted by this action.

The County reviews the fund balance quarterly to issue that it does not drop below the 20% balance that they have recommended as a goal. With the financial/economic conditions that the County has been facing and will continue facing, the appropriation and use of County funds are viewed in a very conservative manner. The budgeting of capital items, improvements, and increases in operations are looked at on an as-needed basis. The County's low fund balance limits the ability to meet emergency or unforeseen needs; limits investment earnings on available funds thus forcing increased reliance on County tax dollars; and increases the probability of the County reducing services due to revenue shortfalls.

Proprietary Funds: The business-type funds had a decrease in net position of \$198,790 compared to the prior year. This was due to increased expenditure for operation of the Danbury water and sewer.

Capital Asset and Debt Administration

Capital Assets: Stokes County's investment in capital assets for its governmental and business-type activities as of June 30, 2020 totals \$60,135,528 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment including vehicles, park facilities, hospital facilities, and wastewater collection system.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Stokes County's Capital Assets (Net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 3,714,418	\$ 3,714,418	\$ 266,370	\$ 266,370	\$ 3,980,788	\$ 3,980,788
Construction in progress	406,943	6,272,978	-	-	406,943	6,272,978
Total non-depreciable assets	4,121,361	9,987,396	266,370	266,370	4,387,731	10,253,766
Buildings and improvements	65,331,551	58,308,048	3,611,422	3,611,422	68,942,973	61,919,470
Furniture and equipment	9,056,880	8,485,833	4,963,409	4,963,409	14,020,289	13,449,242
Vehicles	7,178,544	6,932,433	25,123	25,123	7,203,667	6,957,556
Sewer lines	-	-	5,522,972	5,513,766	5,522,972	5,513,766
Total depreciable assets	81,566,975	73,726,314	14,122,926	14,113,720	95,689,901	87,840,034
Accumulated depreciation	30,848,842	28,385,653	9,093,262	8,864,214	39,942,104	37,249,867
Depreciable assets, net	50,718,133	45,340,661	5,029,664	5,249,506	55,747,797	50,590,167
Total	\$ 54,839,494	\$ 55,328,057	\$ 5,296,034	\$ 5,515,876	\$ 60,135,528	\$ 60,843,933

Additional information on the County's capital assets can be found in the notes to the basic financial statements after Exhibit 9.

Long-Term Debt: As of June 30, 2020, Stokes County had total debt outstanding of \$34,466,446.

Stokes County's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Installment purchase	\$ 13,530,003	\$ 21,300,853	\$ -	\$ -	\$ 13,530,003	\$ 21,300,853
QSCB	7,655,958	8,612,952	-	-	7,655,958	8,612,952
QZAB	1,270,588	1,429,412	-	-	1,270,588	1,429,412
USDA Loan	12,009,897	5,570,674	-	-	12,009,897	5,570,674
Total	\$ 34,466,446	\$ 36,913,891	\$ -	\$ -	\$ 34,466,446	\$ 36,913,891

Stokes County's total debt has decreased by \$2,447,445 during the past fiscal year due to paying off debt.

Stokes County has maintained its Aa2 bond rating from Moody's Investor Services and AA- rating from standard and Poor's Corporation. These bond ratings are a clear indication of the sound financial condition of Stokes County. The achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within the County's boundaries. The legal debt margin for Stokes County is \$292,573,518. These statutory limits exceed the County's realistic debt capacity.

Economic Factors

Stokes County's population per 2018 Census was 45,905.

The 2018 Per Capita Income figure for Stokes County was \$36,860, and the Median Household Income was \$50,826.

The rate of unemployment in Stokes County for 2020 1st quarter was 7.7%.

The majority of Stokes County jobs are in the Services Sector followed by the Trade, Transportation and Utilities Sector, and Construction.

The 2019 Total Retail Sales (with food/drink) is \$2,547,839.

Major new investments in Stokes County for 2019-20 include:

- Buy local campaign for Stokes County from local farmers.
- Additional Dollar General business in Stokes County
- Non-profit organization building an animal adoption center in the Meadows area.
- Water project for the Meadow Community for economic development.

The Stokes County Economic Development Commission embarked on a new plan of work. This plan encompasses four distinct strategies that are inter-linked and, if successfully accomplished, should greatly enhance the lives of many of our residents. The four priorities are Business Retention, Expansion, Tourism Development, New Business Recruitment, and Entrepreneurial Development. These were broken down into long and short-term priorities, and specific plans have been established to assist with the process. Many of these goals are inter-related and require having access to high-speed internet to be effective. These goals will be evaluated annually and adjusted as necessary to ensure that the efforts are having the desired results.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: The County budgets its revenues and expenditures on a conservative basis. Revenues were based on the prior year collections with any additional funds to increase the fund balance. Expenditures were based on a conservative basis with mandated and necessary capital outlay. The County evaluates its year-to-date spending on a quarterly basis to determine where additional budget cuts can be made based on expenditures incurred to date in an effort to increase its fund balance.

The County's budget looked at the possibility of reduced revenues due to the COVID-19 issues. The County will be reviewing revenues to see what effect if any COVID-19 has had and review items that were cut from budget for appropriation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The County's General Fund budget increased \$779,065 (1.95%) from prior year, due to operational cost, employee compensation, capital outlay and debt service expenditures in fiscal year 2019-20. School debt service payments are funded by 4 cent tax fund (Dedicated Debt Service Fund) and lottery funds.

Business-Type Activities: The County continues to look for grants and funding for the extension of water and sewer in the County. The County has contracted with an engineering firm to extended water to the Meadows community and looking at water and sewer in other location in the County.

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, Stokes County, Post Office Box 20, Danbury, North Carolina 27016; (336) 593-2405 or jedwards@co.stokes.nc.us.

BASIC FINANCIAL STATEMENTS

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STOKES COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Stokes County Water and Sewer Authority
ASSETS				
Cash and cash equivalents	\$ 16,986,449	\$ 570,738	\$ 17,557,187	\$ 269,969
Taxes receivable, net	1,304,842	-	1,304,842	-
Accounts receivable, net	870,029	27,018	897,047	5,906
Due from other governments	3,214,381	-	3,214,381	-
Inventory, at cost	61,327	-	61,327	-
Restricted cash and cash equivalents	4,364,511	2,323	4,366,834	6,989
Net pension asset	62,239	-	62,239	-
Capital assets				
Non-depreciable capital assets	4,121,361	266,370	4,387,731	59,979
Other capital assets, net of accumulated depreciation	50,718,133	5,029,664	55,747,797	936,061
Total capital assets	54,839,494	5,296,034	60,135,528	996,040
Total assets	81,703,272	5,896,113	87,599,385	1,278,904
DEFERRED OUTFLOWS OF RESOURCES	3,572,030	-	3,572,030	-
LIABILITIES AND NET POSITION				
Liabilities:				
Accounts payable and accrued liabilities	2,626,908	8,447	2,635,355	6,165
Accrued interest payable	393,304	-	393,304	-
Advances from grantors	742,411	-	742,411	-
Liabilities to be paid from restricted assets:				
Customer deposits	-	2,323	2,323	6,989
Accounts payable and accrued liabilities	52,432	-	52,432	-
Long-term liabilities:				
Due within one year	5,504,552	-	5,504,552	-
Total pension liability- LEOSSA	906,437	-	906,437	-
Total OPEB liability	5,997,251	-	5,997,251	-
Net pension liability - LGERS	4,519,676	-	4,519,676	-
Due in more than one year	31,090,229	-	31,090,229	-
Total liabilities	51,833,200	10,770	51,843,970	13,154
DEFERRED INFLOWS OF RESOURCES	428,659	-	428,659	-
Net position:				
Net investment in capital assets	29,299,594	5,296,034	34,595,628	996,040
Restricted:				
Stabilization by state statute	3,731,996	-	3,731,996	-
Health Department - Title XIX	303,888	-	303,888	-
Mental Health MOE	29,603	-	29,603	-
School current expense	458,060	-	458,060	-
Debt service	2,922,695	-	2,922,695	-
Public safety	749,422	-	749,422	-
ROD Pension Plan	71,477	-	71,477	-
Unrestricted	(4,553,292)	589,309	(3,963,983)	269,710
Total net position	\$ 33,013,443	\$ 5,885,343	\$ 38,898,786	\$ 1,265,750

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Exhibit 2
Page 1 of 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 8,593,133	\$ 293,237	\$ 54,247	\$ -
Public safety	17,009,718	2,848,329	475,250	-
Environmental protection	1,135,872	14,778	-	-
Economic and physical development	9,747,453	359,586	799,669	-
Human services	1,227,311	857,500	5,682,276	-
Culture and recreation	560,096	-	-	-
Intergovernmental:				
Education	18,045,769	-	450,000	-
Debt service:				
Interest and fiscal charges	1,638,131	-	-	-
Total governmental activities	<u>57,957,483</u>	<u>4,373,430</u>	<u>7,461,442</u>	<u>-</u>
Business-type activities:				
Stokes-Reynolds Memorial Hospital Fund	50,000	10,343	-	-
Regional Sewer Fund	268,985	125,853	-	-
Danbury Water Fund	167,412	170,483	-	-
Total business-type activities	<u>486,397</u>	<u>306,679</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 58,443,880</u>	<u>\$ 4,680,109</u>	<u>\$ 7,461,442</u>	<u>\$ -</u>
Component Unit:				
Stokes County Water and Sewer Authority	\$ 187,281	\$ 194,378	\$ -	\$ -
Total component unit	<u>\$ 187,281</u>	<u>\$ 194,378</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Exhibit 2
Page 2 of 2

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
				Stokes County Water and Sewer Authority
Functions/Programs	Governmental Activities	Business-Type Activities	Total	
Primary Government:				
Governmental activities:				
General government	\$ (8,245,649)	\$ -	\$ (8,245,649)	\$ -
Public safety	(13,686,139)	-	(13,686,139)	-
Environmental protection	(1,121,094)	-	(1,121,094)	-
Economic and physical development	(8,588,198)	-	(8,588,198)	-
Human services	5,312,465	-	5,312,465	-
Culture and recreation	(560,096)	-	(560,096)	-
Intergovernmental:				
Education	(17,595,769)	-	(17,595,769)	-
Debt service:				
Interest and fiscal charges	(1,638,131)	-	(1,638,131)	-
Total governmental activities	(46,122,611)	-	(46,122,611)	-
Business-type activities:				
Stokes-Reynolds Memorial Hospital Fund	-	(39,657)	(39,657)	-
Regional Sewer Fund	-	(143,132)	(143,132)	-
Danbury Water Fund	-	3,071	3,071	-
Total business-type activities	-	(179,718)	(179,718)	-
Total primary government	(46,122,611)	(179,718)	(46,302,329)	-
Component Unit:				
Stokes County Water and Sewer Authority				7,097
Total component unit				7,097
General revenues:				
Taxes:				
Property taxes, levied for general purposes	29,695,954	-	29,695,954	-
Sales tax	7,311,961	-	7,311,961	-
Other unrestricted intergovernmental revenue	4,791,482	-	4,791,482	-
Interest earnings	366,721	3,033	369,754	644
Other	303,039	2,896	305,935	32,485
Total general revenues excluding transfers	42,469,157	5,929	42,475,086	33,129
Transfers to/from other funds	25,001	(25,001)	-	-
Total general revenues and transfers	42,494,158	(19,072)	42,475,086	33,129
Change in net position	(3,628,453)	(198,790)	(3,827,243)	40,226
Net position - beginning, previously reported	37,410,335	6,084,133	43,494,468	1,225,524
Restatement	(768,439)	-	(768,439)	-
Net position - beginning, restated	36,641,896	6,084,133	42,726,029	1,225,524
Net position - ending	\$ 33,013,443	\$ 5,885,343	\$ 38,898,786	\$ 1,265,750

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020

	Major Funds			Nonmajor	Total
	General Fund	Capital Projects Fund	Special Revenue Grant Fund	Other Governmental Funds	Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 14,332,886	\$ 679,124	\$ 243,233	\$ 1,731,206	\$ 16,986,449
Taxes receivable, net	1,172,614	-	-	132,228	1,304,842
Accounts receivable, net	367,369	-	-	502,660	870,029
Due from other governments	3,214,381	-	-	-	3,214,381
Inventory	61,327	-	-	-	61,327
Restricted cash and cash equivalents	3,625,612	-	738,899	-	4,364,511
Total assets	<u>\$ 22,774,189</u>	<u>\$ 679,124</u>	<u>\$ 982,132</u>	<u>\$ 2,366,094</u>	<u>\$ 26,801,539</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,380,045	\$ 3,742	\$ 243,120	\$ 1	\$ 2,626,908
Advances from grantors	3,512	-	738,899	-	742,411
Liabilities to be paid from restricted assets:					
Accounts payable and accrued liabilities	52,432	-	-	-	52,432
Total liabilities	<u>2,435,989</u>	<u>3,742</u>	<u>982,019</u>	<u>1</u>	<u>3,421,751</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,589,128</u>	<u>-</u>	<u>-</u>	<u>132,228</u>	<u>1,721,356</u>
Fund Balances:					
Non-spendable, not in spendable form:					
Inventory	61,327	-	-	-	61,327
Restricted:					
Stabilization by state statute	3,229,336	-	-	502,660	3,731,996
Restricted, all others	3,714,246	-	113	749,309	4,463,668
Committed	-	675,382	-	981,896	1,657,278
Assigned:					
Subsequent year's expenditures	4,231,298	-	-	-	4,231,298
Unassigned	<u>7,512,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,512,865</u>
Total fund balances	<u>18,749,072</u>	<u>675,382</u>	<u>113</u>	<u>2,233,865</u>	<u>21,658,432</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 22,774,189</u>	<u>\$ 679,124</u>	<u>\$ 982,132</u>	<u>\$ 2,366,094</u>	
Amounts reported for governmental activities in the Statement of Net Position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.					54,839,494
Net pension asset					62,239
Net pension liability - LGERS					(4,519,676)
Total pension Liability - LEOSSA					(906,437)
Total OPEB liability					(5,997,251)
Deferred outflows of resources related to pensions are not reported in the funds.					3,087,676
Deferred inflows of resources related to pensions are not reported in the funds.					(49,359)
Deferred outflows of resources related to OPEB are not reported in the funds.					484,354
Deferred inflows of resources related to OPEB are not reported in the funds.					(315,200)
Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.					1,657,256
Some liabilities, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:					
Bonds, certificates of participation, and installment purchases					(34,466,446)
Accrued interest payable					(393,304)
Compensated absences and retirement benefits					(2,128,335)
Net position of governmental funds					<u>\$ 33,013,443</u>

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	Major			Nonmajor	
	General Fund	Capital Projects Fund	Special Revenue Grant Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes	\$ 27,104,201	\$ -	\$ -	\$ 2,690,134	\$ 29,794,335
Other taxes and licenses	7,595,262	-	-	2,951,369	10,546,631
Intergovernmental	8,765,370	-	252,882	-	9,018,252
Permits and fees	477,811	-	-	-	477,811
Sales and services	3,895,621	-	-	-	3,895,621
Investment earnings	352,085	2,659	113	11,864	366,721
Other revenues	303,039	-	-	-	303,039
Total revenues	<u>48,493,389</u>	<u>2,659</u>	<u>252,995</u>	<u>5,653,367</u>	<u>54,402,410</u>
Expenditures:					
Current:					
General government	7,591,148	246,236	-	-	7,837,384
Public safety	12,817,569	54,098	252,882	3,398,710	16,523,259
Environmental protection	1,591,856	14,563	-	-	1,606,419
Economic and physical development	1,100,004	-	-	-	1,100,004
Human services	9,898,546	-	-	-	9,898,546
Culture and recreation	797,751	-	-	-	797,751
Special appropriations	599,024	-	-	-	599,024
Intergovernmental:					
Education	13,520,831	-	-	1,780,000	15,300,831
Debt service:					
Principal	9,615,045	-	-	-	9,615,045
Interest and fiscal charges	1,602,164	-	-	-	1,602,164
Total expenditures	<u>59,133,938</u>	<u>314,897</u>	<u>252,882</u>	<u>5,178,710</u>	<u>64,880,427</u>
Excess of revenues over (under) expenditures	<u>(10,640,549)</u>	<u>(312,238)</u>	<u>113</u>	<u>474,657</u>	<u>(10,478,017)</u>
Other Financing Sources (Uses):					
Transfers from other funds	892,389	190,000	-	408,073	1,490,462
Transfers to other funds	(448,072)	(250,000)	-	(767,389)	(1,465,461)
Debt issued	7,167,600	-	-	-	7,167,600
Total other financing sources (uses)	<u>7,611,917</u>	<u>(60,000)</u>	<u>-</u>	<u>(359,316)</u>	<u>7,192,601</u>
Net change in fund balances	<u>(3,028,632)</u>	<u>(372,238)</u>	<u>113</u>	<u>115,341</u>	<u>(3,285,416)</u>
Fund balances at beginning of year	22,546,143	1,047,620	-	2,118,524	25,712,287
Restatement	<u>(768,439)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(768,439)</u>
Fund balance, beginning of year, as restated	<u>21,777,704</u>	<u>1,047,620</u>	<u>-</u>	<u>2,118,524</u>	<u>24,943,848</u>
Fund balances at end of year	<u>\$ 18,749,072</u>	<u>\$ 675,382</u>	<u>\$ 113</u>	<u>\$ 2,233,865</u>	<u>\$ 21,658,432</u>

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2020

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities:

Total Net Change in Fund Balances - Governmental Funds	\$ (3,285,416)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	2,371,295
Depreciation and amortization expense recorded on the Statement of Activities but not in the fund statements	(2,843,108)
In the fund statements, only the proceeds from the sale of capital assets are reported. The Statement of Activities reports the gain or loss on the sale capital assets.	(16,750)
Pension expense - LGERS	(854,983)
Pension expense - ROD	(3,268)
Pension expense - LEOSSA	(3,594)
OPEB plan expense	(257,275)
The issuance of long-term debt or the repayment of the principal of long-term debt effects the current financial resources of the governmental funds, but has no effect on net position.	
Debt issued	(7,167,600)
Principal repayments	9,615,045
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Accrued interest expense	(35,967)
Compensated absences	(898,785)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	<u>(248,047)</u>
Changes in net position of governmental activities	<u>\$ (3,628,453)</u>

The accompanying notes are an integral part of this statement.

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STOKES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
Year Ended June 30, 2020

	General Fund			Variance
	Budgeted Amounts		Actual	With Final
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 11,829,036	\$ 11,829,036	\$ 11,926,847	\$ 97,811
Other taxes and licenses	7,053,500	7,053,500	7,591,198	537,698
Intergovernmental	8,095,975	8,822,773	8,420,505	(402,268)
Permits and fees	372,030	374,030	477,811	103,781
Sales and services	4,054,375	3,791,864	3,507,374	(284,490)
Investment earnings	480,000	480,000	307,462	(172,538)
Other revenues	61,957	322,443	260,963	(61,480)
Total revenues	<u>31,946,873</u>	<u>32,673,646</u>	<u>32,492,160</u>	<u>(181,486)</u>
Expenditures:				
Current:				
General government	6,031,879	6,997,485	7,591,148	(593,663)
Public safety	12,603,776	13,345,619	12,817,569	528,050
Environmental protection	1,496,052	1,633,543	1,591,856	41,687
Economic and physical development	1,070,982	1,102,315	1,100,004	2,311
Human services	9,961,050	9,680,566	8,252,638	1,427,928
Culture and recreation	805,280	806,380	797,751	8,629
Special appropriations	492,725	608,867	599,024	9,843
Contingency	275,000	121,218	-	121,218
Intergovernmental:				
Education	295,324	318,499	287,528	30,971
Debt service:				
Principal	3,706,919	10,273,719	9,615,045	658,674
Interest and fiscal charges	<u>1,750,968</u>	<u>1,751,822</u>	<u>1,602,164</u>	<u>149,658</u>
Total expenditures	<u>38,489,955</u>	<u>46,640,033</u>	<u>44,254,727</u>	<u>2,385,306</u>
Excess of revenues over (under) expenditures	<u>(6,543,082)</u>	<u>(13,966,387)</u>	<u>(11,762,567)</u>	<u>2,203,820</u>
Other Financing Sources (Uses):				
Transfers from other funds	3,205,084	3,613,249	3,613,249	-
Transfers to other funds	(1,395,378)	(1,343,451)	(1,343,451)	-
Debt issued	<u>640,000</u>	<u>7,167,600</u>	<u>7,167,600</u>	<u>-</u>
Total other financing sources (uses)	<u>2,449,706</u>	<u>9,437,398</u>	<u>9,437,398</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(4,093,376)</u>	<u>(4,528,989)</u>	<u>(2,325,169)</u>	<u>2,203,820</u>
Fund balance appropriated	<u>4,093,376</u>	<u>4,528,989</u>	<u>-</u>	<u>(4,528,989)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,325,169)</u>	<u>\$ (2,325,169)</u>
Fund balance at beginning of year			18,128,434	
Restatement			<u>(768,439)</u>	
Fund balance, beginning of year, as restated			<u>17,359,995</u>	
Fund balance at end of year			<u>\$ 15,034,826</u>	

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
Year Ended June 30, 2020

	Grant Fund			Variance
	Budgeted Amounts		Actual	With Final
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	-	-
Intergovernmental	991,781	991,781	252,882	(738,899)
Permits and fees	-	-	-	-
Sales and services	-	-	-	-
Investment earnings	-	-	113	113
Other revenues	-	-	-	-
Total revenues	<u>991,781</u>	<u>991,781</u>	<u>252,995</u>	<u>(738,786)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	991,781	991,781	252,882	738,899
Environmental protection	-	-	-	-
Economic and physical development	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Special appropriations	-	-	-	-
Contingency	-	-	-	-
Intergovernmental:				
Education	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>991,781</u>	<u>991,781</u>	<u>252,882</u>	<u>738,899</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>113</u>	<u>113</u>
Other Financing Sources (Uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Debt issued	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>113</u>	<u>113</u>
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>113</u>	<u>\$ 113</u>
Fund balance at beginning of year			-	
Restatement			-	
Fund balance, beginning of year, as restated			-	
Fund balance at end of year			<u>\$ 113</u>	

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2020

	Major			
	Stokes- Reynolds Memorial Hospital Fund	Regional Sewer Fund	Danbury Water Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ 53,451	\$ 266,093	\$ 251,194	\$ 570,738
Accounts receivable, net	-	12,007	15,011	27,018
Total current assets	<u>53,451</u>	<u>278,100</u>	<u>266,205</u>	<u>597,756</u>
Non-current assets:				
Restricted cash and cash equivalents	-	-	2,323	2,323
Capital assets:				
Land	228,849	-	37,521	266,370
Buildings	3,611,422	-	-	3,611,422
Equipment	3,413,218	25,123	1,550,191	4,988,532
Sewer lines	-	5,522,972	-	5,522,972
Accumulated depreciation	<u>(7,024,640)</u>	<u>(1,575,696)</u>	<u>(492,926)</u>	<u>(9,093,262)</u>
Total capital assets	<u>228,849</u>	<u>3,972,399</u>	<u>1,094,786</u>	<u>5,296,034</u>
Total assets	<u>282,300</u>	<u>4,250,499</u>	<u>1,363,314</u>	<u>5,896,113</u>
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable and accrued liabilities	-	2,715	5,732	8,447
Total current liabilities	<u>-</u>	<u>2,715</u>	<u>5,732</u>	<u>8,447</u>
Non-current liabilities:				
Liabilities payable from restricted assets	-	-	2,323	2,323
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>2,323</u>	<u>2,323</u>
Total liabilities	<u>-</u>	<u>2,715</u>	<u>8,055</u>	<u>10,770</u>
Net position:				
Net investment in capital assets	228,849	3,972,399	1,094,786	5,296,034
Unrestricted	<u>53,451</u>	<u>275,385</u>	<u>260,473</u>	<u>589,309</u>
Total net position	<u>\$ 282,300</u>	<u>\$ 4,247,784</u>	<u>\$ 1,355,259</u>	<u>\$ 5,885,343</u>

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
Year Ended June 30, 2020

	Major			
	Stokes- Reynolds Memorial Hospital Fund	Regional Sewer Fund	Danbury Water Fund	Total
Operating Revenues:				
Charges for sales and services	\$ 10,343	\$ 125,853	\$ 170,483	\$ 306,679
Total operating revenues	<u>10,343</u>	<u>125,853</u>	<u>170,483</u>	<u>306,679</u>
Operating Expenses:				
Operating	50,000	88,712	118,637	257,349
Depreciation and amortization	-	180,273	48,775	229,048
Total operating expenses	<u>50,000</u>	<u>268,985</u>	<u>167,412</u>	<u>486,397</u>
Operating income (loss)	<u>(39,657)</u>	<u>(143,132)</u>	<u>3,071</u>	<u>(179,718)</u>
Non-Operating Revenues (Expenses):				
Miscellaneous revenue	2,896	-	-	2,896
Interest earned on investments	116	2,331	586	3,033
Total non-operating revenues (expenses)	<u>3,012</u>	<u>2,331</u>	<u>586</u>	<u>5,929</u>
Income (loss) before transfers and capital contributions	<u>(36,645)</u>	<u>(140,801)</u>	<u>3,657</u>	<u>(173,789)</u>
Transfers in	49,999	-	-	49,999
Transfers out	(10,000)	(32,500)	(32,500)	(75,000)
Total transfers and contributions	<u>39,999</u>	<u>(32,500)</u>	<u>(32,500)</u>	<u>(25,001)</u>
Change in fund net position	3,354	(173,301)	(28,843)	(198,790)
Total net position, beginning	<u>278,946</u>	<u>4,421,085</u>	<u>1,384,102</u>	<u>6,084,133</u>
Total net position, ending	<u>\$ 282,300</u>	<u>\$ 4,247,784</u>	<u>\$ 1,355,259</u>	<u>\$ 5,885,343</u>

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2020

	Business-Type Activities			
	Major			
	Stokes-Reynolds Memorial Hospital Fund	Regional Sewer Fund	Danbury Water Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 10,343	\$ 134,540	\$ 176,772	\$ 321,655
Cash paid for goods and services	(50,000)	(48,138)	(69,497)	(167,635)
Cash paid to employees	-	(41,023)	(45,339)	(86,362)
Net cash provided (used) by operating activities	<u>(39,657)</u>	<u>45,379</u>	<u>61,936</u>	<u>67,658</u>
Cash Flows from Non-Capital Financing Activities:				
Miscellaneous revenue	2,896	-	-	2,896
Transfers in (out)	<u>39,999</u>	<u>(32,500)</u>	<u>(32,500)</u>	<u>(25,001)</u>
Net cash provided (used) by non-capital financing activities	<u>42,895</u>	<u>(32,500)</u>	<u>(32,500)</u>	<u>(22,105)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(9,206)	-	(9,206)
Net cash used by capital and related financing activities	-	(9,206)	-	(9,206)
Cash Flows from Investing Activities:				
Interest on investments	<u>116</u>	<u>2,331</u>	<u>586</u>	<u>3,033</u>
Net cash provided by investing activities	<u>116</u>	<u>2,331</u>	<u>586</u>	<u>3,033</u>
Net increase (decrease) in cash and cash equivalents	3,354	6,004	30,022	39,380
Cash and cash equivalents at beginning of year	<u>50,097</u>	<u>260,089</u>	<u>223,495</u>	<u>533,681</u>
Cash and cash equivalents at end of year	<u>\$ 53,451</u>	<u>\$ 266,093</u>	<u>\$ 253,517</u>	<u>\$ 573,061</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (39,657)	\$ (143,132)	\$ 3,071	\$ (179,718)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	-	180,273	48,775	229,048
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	-	8,687	6,139	14,826
Increase (decrease) in accounts payable and accrued liabilities	-	(449)	3,951	3,502
Net cash provided by (used) operating activities	<u>\$ (39,657)</u>	<u>\$ 45,379</u>	<u>\$ 61,936</u>	<u>\$ 67,658</u>

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS
June 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 66,856
Accounts receivable	<u>5,664</u>
Total assets	<u>\$ 72,520</u>
LIABILITIES	
Accounts payable	\$ 14,377
Miscellaneous liabilities	<u>58,143</u>
Total liabilities	<u>\$ 72,520</u>

The accompanying notes are an integral part of this statement.

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STOKES COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Stokes County Water and Sewer Authority (the "Authority") exists to construct and operate a water system for the County's residents. The Authority is presented as if it were an enterprise fund.

Stokes-Reynolds Memorial Hospital, Inc. (the "Hospital") is no longer a component unit of the County. The Hospital operations were transferred by the County to a third party, effective August 1, 2011.

Component Unit	Reporting Method	Criteria for Inclusion	For Separate Financial Statements
Stokes County Water and Sewer Authority	Discrete	The County's Board of Commissioners appoints the governing board for the Authority.	Stokes County Water and Sewer Authority, Danbury, NC

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

Basis of Presentation (Continued)

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 fund. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The County reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund. The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Special Revenue Grant Fund. The Grant Fund accounts for financial resources to be used in response to the COVID-19 pandemic.

The County reports the following major enterprise funds:

Stokes-Reynolds Memorial Hospital Fund. This fund accounts for the operational losses of the Stokes-Reynolds Hospital, Inc. facilities and equipment.

Regional Sewer Fund. This fund accounts for the County's sewer operations.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

Basis of Presentation (Continued)

Danbury Water Fund. This fund accounts for the County's water operations.

Additionally, the County reports the following fund types:

Agency Funds. Agency funds are custodial in nature and do not involve measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains five Agency Funds: the Social Services Fund, which accounts for monies deposited with the Social Services Department; the Recreation Fund, which accounts for monies deposited with the County by various organizations in the County to be expended along with matching funds from the County on various projects requested by the organizations and approved by the County; the Penalties and Interest School, which accounts for penalties and interest remitted to schools; the Stokes County Jail, which accounts for monies received for the benefit of inmates; and the Stokes County 4-H Fund, which accounts for operations of 4-H programs.

Non-major Funds. The County maintains six legally budgeted funds. The Emergency Telephone System Fund, the Service District Fire District Fund, the Rural Hall Fire District Fund, the King Fire District Fund, and the Walnut Cove Fire District Fund are reported as non-major special revenue funds. The Schools Capital Outlay Reserve Fund and the Capital Reserve Fund are reported as non-major capital projects funds. The Dedicated Debt Service Fund, the Mental Health MOE, School Current Expense Fund and the Health Department Title XIX Fund are consolidated in the General Fund in accordance with GASB Statement No. 54.

Measurement Focus, Basis of Accounting

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

Measurement Focus, Basis of Accounting (Continued)

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

Measurement Focus, Basis of Accounting (Continued)

Sales taxes collected and certain intergovernmental revenues, such as the utilities franchise 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 are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, the Special Revenues Funds and Enterprise Funds. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for the Capital Projects Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for the General Fund, Special Revenue Funds, and Enterprise Funds. The County Manager is authorized to make budget transfers between objects of expenditure within a department without limitation and without approval by the Board of Commissioners. Amounts up to \$5,000 may be transferred between departments of the same fund by the County Manager with an official report on such transfers at the next regular meeting of the Board of Commissioners. All other transfers require prior approval by the Board of Commissioners. During the year, a number of amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

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

1. Deposits and Investments

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

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

The County's and the Authority's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value. The NCCMT- Government Portfolio, a SEC-registered government money market mutual fund, is measured at fair value. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost.

2. Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Authority considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited to use, to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the County and the Authority before any services are supplied are restricted to the service for which the deposit was collected.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

The Dedicated Debt Service Fund, Health Medicaid Title XIX Fund and Mental Health MOE Fund are classified as restricted assets, because their use is completely restricted to the purpose for which the fund was established. Unexpended grant proceeds are restricted because they can only be spent for specific project related expenditures.

Governmental Activities:

General Fund	Dedicated Debt Service Fund	\$ 2,907,055
General Fund	Health Medicaid Title XIX Fund	349,648
General Fund	Mental Health MOE Fund	36,271
General Fund	School Current Expense Fund	329,126
General Fund	Unspent grant proceeds	3,512
Grant Fund	Unspent grant proceeds	738,899
Total Governmental Activities		<u>4,364,511</u>

Business-Type Activities:

Danbury Water Fund	Customers deposits	<u>2,323</u>
Total Business-Type Activities		<u>2,323</u>

Total Restricted Cash	<u><u>\$ 4,366,834</u></u>
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4. Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019. As allowed by state law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

6. Inventories and Prepaid items

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

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.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior June 30, 2015 are recorded at estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The County's minimum capitalization threshold is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Buildings	40 years
Improvements	20 years
Furniture and equipment	5 to 10 years
Vehicles	5 years
Computer equipment and software	3 to 5 years

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

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

8. Deferred Inflows and Outflows of Resources

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

9. Long-Term Obligations

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

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

10. Compensated Absences

The vacation policies of the County and the Authority provide for the accumulation of up to 180 days earned vacation leave, with such leave being fully vested when earned. For the County's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The County has assumed a first-in, first-out method of using accumulated compensated 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 financial statements.

The sick leave policies of the County and the Authority provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither of the entities has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component unit.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

11. Net Position/Fund Balances

Net Position

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

The County's net investment in capital assets is calculated as follows:

	Governmental Activities	Business-Type Activities
Capital assets, net	\$ 54,839,494	\$ 5,296,034
Less, capital debt:		
Gross debt	34,466,446	-
Less:		
Non-capital related debt	8,926,546	-
Capital debt, net	25,539,900	-
Net investment in capital assets	<u>\$ 29,299,594</u>	<u>\$ 5,296,034</u>

Fund Balances

In the governmental funds 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.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

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

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

Restricted for Public Safety - portion of fund balance restricted by revenue source for the operations of the E-911 and fire district funds of the County.

Restricted for Mental Health MOE- portion of fund balance restricted for future mental health payments.

Restricted for Health Department - portion of fund balance restricted for future health Title XIX expenditures.

Restricted for School Current Expense - portion of fund balance restricted for future school current expense.

Restricted for Debt Service - portion of fund balance restricted for future debt service payments.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

Restricted fund balance at June 30, 2020, is as follows:

Purpose	General Fund	Special Revenue Grant Fund	Other Governmental Funds
Stabilization by state statute	\$ 3,229,336	\$ -	\$ 502,660
Public safety	-	113	749,309
Mental Health MOE	29,603	-	-
Health Department-Title XIX	303,888	-	-
School Current Expense Fund	458,060	-	-
Debt service	2,922,695	-	-
Total	<u>\$ 6,943,582</u>	<u>\$ 113</u>	<u>\$ 1,251,969</u>

Restricted net position on Exhibit 1 varies from restricted fund balance on Exhibit 3 by the amount of Register of Deeds \$71,477 as of June 30, 2020.

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

Committed for Capital Reserve and Capital Projects - portion of fund balance that was committed by the Board for future capital outlay.

Committed fund balance at June 30, 2020, is as follows:

Purpose	Capital Projects Fund	Other Governmental Funds
Committed:		
General government	\$ 675,382	\$ 362,088
Public safety	-	120,708
Environmental protection	-	40,000
Human services	-	47,150
Education	-	211,950
Economic and Physical development	-	200,000
Total	<u>\$ 675,382</u>	<u>\$ 981,896</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

Assigned Fund Balance - portion of fund balance that the Stokes County governing board has budgeted and intends to use for specific purposes.

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

Assigned fund balance at June 30, 2020, is as follows:

<u>Purpose</u>	<u>General Fund</u>
Assigned:	
Subsequent year's expenditures	\$ 4,231,298
Total	<u>\$ 4,231,298</u>

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

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

Finance Director has the authority to deviate from this policy if it's in the best interest of the County.

Stokes County does not have a formal minimum fund balance policy.

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

Total fund balance-General Fund	\$ 18,749,072
Less:	
Inventory	61,327
Stabilization by state statute	<u>3,229,336</u>
Total Available Fund Balance	<u>\$ 15,458,409</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

- F. Reconciliation of the General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual to the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Legally budgeted Health Department Title XIX, Mental Health MOE Fund, School Current Expense Fund and Dedicated Debt Service Funds are consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (Exhibit 4). Fund balance for the General Fund is reconciled as follows:

Fund balance, ending (Exhibit 5)	\$ 15,034,826
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Health Department Title XIX Fund:

Revenues:

Intergovernmental	344,865
Sales and services	388,247
Investment earnings	403
Other revenues	42,076

Expenditures:

Human services	(1,261,881)
Transfers in - General Fund	499,559

Dedicated Debt Service Fund:

Revenues:

Ad valorem taxes	1,637,966
Investment earnings	36,540
Transfers in - Capital Projects Fund	250,000
Transfers out - General Fund	(2,970,860)
Transfers out - School Current Expense Fund	(90,300)

Mental Health MOE Fund:

Revenues:

Other taxes and licenses	4,064
Investment earnings	156

Expenditures:

Human services	(384,027)
Transfers in - General Fund	395,820

School Current Expense Fund:

Ad valorem taxes	13,539,388
Investment earnings	7,524

Expenditures:

Current expense	(13,143,003)
Poplar Spring operating	(90,300)
Transfers in - Dedicated Debt Service Fund	90,300
Fund balance, beginning	<u>4,417,709</u>

Fund balance, ending (Exhibit 4)	<u><u>\$ 18,749,072</u></u>
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NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

G. Defined Benefit Cost-Sharing Plans

The County participates in two cost-sharing, multiple –employer, defined benefit pension plans that are administered by the state; the Local Government 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 liability (asset), deferred outflows of resource 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.

II. Stewardship, Compliance, and Accountability

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2020, the expenditures exceeded authorized appropriations by the governing board for the following departments within the General Fund and Capital Reserve Fund:

<u>General Fund</u>	
Insurance	\$ 707,352
Purchasing	1,070
Tax administration	\$ 12,791
Public buildings	10,538
Fire marshal	2,764
Day reporting center	6,776
Planning and community development	13,963
Natural resources	1,682
Total General Fund	\$ 756,936
Capital Reserve Fund	\$ 359,316

These over-expenditures occurred because of operating leases for vehicles across several departments, underestimated insurance claims, and transfers. Management and the Board will more closely review the budget reports to ensure compliance in future years.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds

A. Assets

1. Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County does not have a policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the County's deposits had a carrying amount of \$5,951,953 and a bank balance of \$6,347,082. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$6,097,082 was covered by collateral held under the Pooling Method. At June 30, 2020, Stokes County had \$2,825 cash on hand.

At June 30, 2020, the Authority had deposits with carrying amounts of \$274,384 and a bank balance of \$274,384. The Authority had investments in the North Carolina Capital Management Trust Government Portfolio of \$2,574, which carried a credit rating of AAAM by Standard & Poor's. The Authority has no policy on credit risk.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

A. Assets (Continued)

2. Investments

At June 30, 2020, the County's investment balances were as follows:

	Valuation Measurement Method	Book Value	Maturity	Rating
North Carolina Capital Management Trust:				
Government Portfolio	Fair Value - Level 1	\$ 5,223,244	N/A	AAAm
Term Portfolio	Fair Value - Level 1	10,812,855	.15 years	Unrated
Total		<u>\$ 16,036,099</u>		

As of June 30, 2020, the NCCMT Term Portfolio had a duration of 0.15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAm rating from S&P. The NCCMT Term Portfolio has no rating.

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

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

Interest Rate Risk. The County does not have a formal investment policy.

Credit Risk. The County does not have a formal policy on managing credit risk. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2020. The County's Investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies and in high-grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

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

In accordance with the North Carolina 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

A. Assets (Continued)

4. Receivables

Receivables at the government-wide level at June 30, 2020 were as follows:

	Taxes	Accounts	Due from Other Governments	Total
Governmental activities:				
General	\$ 1,620,358	\$ 5,690,536	\$ 3,214,381	\$ 10,525,275
Other governmental	166,338	502,660	-	668,998
Total receivables	1,786,696	6,193,196	3,214,381	11,194,273
Allowance for doubtful accounts	(481,854)	(5,323,167)	-	(5,805,021)
Total-governmental activities	<u>\$ 1,304,842</u>	<u>\$ 870,029</u>	<u>\$ 3,214,381</u>	<u>\$ 5,389,252</u>

	Accounts
Business-type activities:	
Regional Sewer Fund	\$ 12,007
Danbury Water Fund	15,011
Total-business-type activities	<u>\$ 27,018</u>

Due from other governments:	
Local option sales tax	\$ 1,250,951
NC Department of Social Services	1,488,501
DMV Motor Vehicles	274,545
Other	200,384
Total due from other governments	<u>\$ 3,214,381</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

A. Assets (Continued)

5. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers/ Adjustments</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,714,418	\$ -	\$ -	\$ -	\$ 3,714,418
Construction in progress	6,272,978	323,828	-	(6,189,863)	406,943
Total capital assets not being depreciated	<u>9,987,396</u>	<u>323,828</u>	<u>-</u>	<u>(6,189,863)</u>	<u>4,121,361</u>
Capital assets being depreciated:					
Buildings	58,308,048	833,640	-	6,189,863	65,331,551
Furniture and equipment	8,485,833	580,005	8,958	-	9,056,880
Vehicle and motor equipment	6,932,433	633,822	387,711	-	7,178,544
Total capital assets being depreciated	<u>73,726,314</u>	<u>2,047,467</u>	<u>396,669</u>	<u>6,189,863</u>	<u>81,566,975</u>
Less accumulated depreciation for:					
Buildings	17,196,638	1,779,743	-	-	18,976,381
Furniture and equipment	5,992,643	412,089	4,181	-	6,400,551
Vehicle and motor equipment	5,196,372	651,276	375,738	-	5,471,910
Total accumulated depreciation	<u>28,385,653</u>	<u>\$ 2,843,108</u>	<u>\$ 379,919</u>	<u>\$ -</u>	<u>30,848,842</u>
Total capital assets being depreciated, net	<u>45,340,661</u>				<u>50,718,133</u>
Governmental activity capital assets, net	<u>\$ 55,328,057</u>				<u>\$ 54,839,494</u>

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

General government	\$ 461,395
Public safety	971,709
Environmental protection	88,517
Economic and physical development	1,275
Human services	145,529
Schools	1,147,821
Culture and recreation	<u>26,862</u>
Total depreciation expense	<u>\$ 2,843,108</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Stokes-Reynolds Memorial				
Hospital Fund:				
Capital assets not being				
depreciated:				
Land	\$ 228,849	\$ -	\$ -	\$ 228,849
Capital assets being depreciated:				
Buildings	3,611,422	-	-	3,611,422
Equipment	3,413,218	-	-	3,413,218
Total capital assets being				
depreciated	7,024,640	-	-	7,024,640
Less accumulated depreciation for:				
Buildings	3,611,422	-	-	3,611,422
Equipment	3,413,218	-	-	3,413,218
Total accumulated depreciation	7,024,640	\$ -	\$ -	7,024,640
Stokes-Reynolds capital				
assets, net	<u>\$ 228,849</u>			<u>\$ 228,849</u>
Regional Sewer Fund:				
Capital assets being depreciated:				
Sewer lines	\$ 5,513,766	\$ 9,206	\$ -	\$ 5,522,972
Vehicle	25,123	-	-	25,123
Total capital assets being				
depreciated	5,538,889	9,206	-	5,548,095
Less accumulated depreciation for:				
Sewer lines	1,370,300	180,273	-	1,550,573
Vehicle	25,123	-	-	25,123
Total accumulated depreciation	1,395,423	\$ 180,273	\$ -	1,575,696
Total capital assets being				
depreciated, net	<u>1,122,735</u>			<u>3,972,399</u>
Sewer capital assets, net	<u>\$ 4,143,466</u>			<u>\$ 3,972,399</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities (continued):				
Danbury Water Fund:				
Land	\$ 37,521	\$ -	\$ -	\$ 37,521
Total capital assets not being depreciated	37,521	-	-	37,521
Capital assets being depreciated:				
Equipment	1,550,191	-	-	1,550,191
Less accumulated depreciation for:				
Equipment	444,151	\$ 48,775	\$ -	492,926
Total capital assets being depreciated, net	1,106,040			1,057,265
Danbury Water Fund capital assets, net	<u>\$ 1,143,561</u>			<u>\$ 1,094,786</u>

Construction Commitments

The County has several active construction projects as of June 30, 2020. The projects include the Jail Project, Petree Project, the Community College-Sewer Extension Project, and several other, smaller projects. At June 30, 2020, the County's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Jail Project	\$ 6,407,971	\$ 119,629
Petree Project	311,830	22,313
Community College-Sewer Extension	3,430,222	486,973
Meadows Water Project	23,480	463,493
Solid Waste/Transfer Station-Walnut Cove	1,800	298,582
Storage/Maintenance Building	15,582	484,418
Walnut Cove EMS Station	41,488	608,512
Solid Waste Building/Scale House	12,763	112,237
Total	<u>\$ 10,245,136</u>	<u>\$ 2,596,157</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

Discretely Presented Component Unit

Capital asset activity for the Stokes County Water and Sewer Authority for the year ended June 30, 2020 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 59,979	\$ -	\$ -	\$ 59,979
Capital assets being depreciated:				
Water lines	1,517,807	-	-	1,517,807
Equipment	23,728	-	-	23,728
Total capital assets being depreciated	1,541,535	-	-	1,541,535
Less accumulated depreciation for:				
Water lines	558,211	30,357	-	588,568
Equipment	15,661	1,245	-	16,906
Total accumulated depreciation	573,872	<u>\$ 31,602</u>	<u>\$ -</u>	605,474
 Total capital assets being depreciated, net	<u>967,663</u>			<u>936,061</u>
 Water and Sewer Authority capital assets, net	<u>\$ 1,027,642</u>			<u>\$ 996,040</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2020 were as follows:

	<u>Vendors</u>	<u>Accrued Salaries</u>	<u>Other</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ 597,744	\$ 847,882	\$ 986,851	\$ 2,432,477
Capital Projects Fund	3,742	-	-	3,742
Special Revenue Grant Fund	243,120	-	-	243,120
Other governmental funds	1	-	-	1
Total governmental activities	<u>\$ 844,607</u>	<u>\$ 847,882</u>	<u>\$ 986,851</u>	<u>\$ 2,679,340</u>
Business-type activities:				
Regional Sewer Fund	\$ 1,088	\$ 1,627	\$ -	\$ 2,715
Danbury Water Fund	3,916	1,816	-	5,732
Total business-type activities	<u>\$ 5,004</u>	<u>\$ 3,443</u>	<u>\$ -</u>	<u>\$ 8,447</u>

2. Pension Plan and other postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. Stokes County contributes to the state-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS 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, on appointed by the State Senate, on appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

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 on 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 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 services 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. Contributions 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, 2020, was 9.70% of compensation for law enforcement officers and 8.95% 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 \$1,223,029 for the year ended June 30, 2020.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

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

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

At June 30, 2020, the County reported a liability of \$4,519,676 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2020, the County's proportion was .16550%, which was an increase of .00311% from its proportion as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$2,078,010. At June 30, 2020, 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	\$ 773,883	\$ -
Change of assumptions	736,632	-
Net difference between projected and actual earnings on pension plan investments	110,241	-
Changes in proportion and differences between County contributions and proportionate share of contributions	141,654	-
County contributions subsequent to the measurement date	1,223,029	-
Total	<u>\$ 2,985,439</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

\$1,223,029 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, 2021. 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
2021	\$ 858,748
2022	291,160
2023	468,978
2024	143,524
Total	<u>\$ 1,762,410</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

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

Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Change in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 10,337,325	\$ 4,519,676	\$ (315,969)

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

b. Law Enforcement Officers' Special Separation Allowance

1. *Plan Description.* Stokes County administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>51</u>
Total	<u>56</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

2. *Summary of Significant Accounting Policies*

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds 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 following criteria which are outlined in GASB Statements 73.

3. Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2018 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increase	3.50 to 7.35 percent, including inflation and Productivity factor
Discount rate	3.26 percent

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five - year period ending December 31, 2014.

Deaths After Retirement (*Healthy*): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths After Retirement (*Beneficiary*): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (*Disabled*): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The County paid \$66,104 as benefit payments came due for the reporting period.

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

At June 30, 2020, the County reported a total pension liability of \$906,437. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$76,415.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 14,587	\$ 22,359
Changes of assumptions	40,529	23,999
County benefit payments and administrative expenditures paid subsequent to the measurement date	34,882	-
Total	<u>\$ 89,998</u>	<u>\$ 46,358</u>

\$34,882 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2021. 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
2021	\$ 1,155
2022	1,155
2023	3,098
2024	2,081
2025	1,269
Total	<u>\$ 8,758</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 3.26 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 970,387	\$ 906,437	\$ 847,482

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

	2020
Beginning balance	\$ 882,782
Service cost	44,330
Interest on the total pension liability	30,930
Difference between expected and actual experience	(8,479)
Changes of assumptions or other inputs	22,978
Benefit payments	(66,104)
Ending balance of the total pension liability	<u>\$ 906,437</u>

Change of Assumptions. Change of assumption and other inputs reflect a change in the Municipal Bond Index Rate from 3.64% at December 31, 2018 to 3.26% at December 31, 2019.

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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

The County contributed \$114,886 for the reporting year. No amounts were forfeited.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Stokes County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The state's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or www.osc.nc.gov.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

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 \$3,332 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported an asset of \$62,239 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the County's proportion was .31526%, which was a decrease of .04763% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$6,598. At June 30, 2020, 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
Difference between expected and actual experience	\$ -	\$ 3,001
Net difference between projected and actual earnings on pension plan investments	637	-
Changes in proportion and differences between County contributions and proportionate share of contributions	8,270	-
Employer contributions subsequent to the measurement date	3,332	-
Total	<u>\$ 12,239</u>	<u>\$ 3,001</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

\$3,332 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, 2021. 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
2021	\$ 2,447
2022	2,922
2023	1,766
2024	(1,229)
Total	<u>\$ 5,906</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 3.0 percent

Salary increases 3.5 to 7.75 percent, including inflation and productivity factor

Investment rate of return 3.75 percent, net of pension plan investment expense, including inflation

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

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

	<u>(2.75%)</u>	<u>Rate (3.75%)</u>	<u>(4.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ <u>(51,447)</u>	\$ <u>(62,239)</u>	\$ <u>(71,362)</u>

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

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

The pension liability for LGERS and ROD was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability for LEOSSA was measured as of December 31, 2019, with an actuarial valuation date of December 31, 2018. 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:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$ 4,519,676	\$ -	\$ (62,239)	\$ 4,457,437
Proportion of the net pension liability (asset)	0.165%	NA	0.315%	-
Total pension liability	-	906,437	-	906,437
Pension expense	2,078,010	76,415	6,598	2,161,023

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources</u>	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Differences between expected and actual experience	\$ 773,883	\$ 14,587	\$ -	\$ 788,470
Changes of assumptions	736,632	40,529	-	777,161
Net difference between projected and actual earnings on pension plan investments	110,241	-	637	110,878
Changes in proportion and differences between County contributions and proportionate share of contributions	141,654	-	8,270	149,924
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>1,223,029</u>	<u>34,882</u>	<u>3,332</u>	<u>1,261,243</u>
	<u>\$ 2,985,439</u>	<u>\$ 89,998</u>	<u>\$ 12,239</u>	<u>\$ 3,087,676</u>
 <u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 22,359	\$ 3,001	\$ 25,360
Changes of assumptions	-	23,999	-	23,999
	<u>\$ -</u>	<u>\$ 46,358</u>	<u>\$ 3,001</u>	<u>\$ 49,359</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Pension Plan Obligations (Continued)

e. Other Post-Employment Benefits - Stokes County

Plan Description. The County adopted a new policy on March 15, 1999, to provide post-employment healthcare benefits as a single-employer defined benefit plan to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (LGERS) and meet the following criteria. Retirees hired prior to March 15, 1999 receive the same benefits as active employees. The new policy is a sliding scale based upon years of service in the LGERS and Stokes County. A retiring employee must follow both guidelines to be eligible for retiree health insurance coverage.

Minimum Years of Service	Minimum Stokes County Service	County Contribution	Employee Contribution
25 years +	20 years +	100.00%	0.00%
25 years +	10 years +	50.00%	50.00%
20 years +	10 years +	0.00%	100.00%

1. Stokes County Service must be the final years preceding retirement.
2. Employees and family members will be dropped from Stokes County Health Insurance when employee reaches age 65 per insurance carrier.
3. Retiree must decide on coverage immediately upon retirement.
4. County will only pay individual premium, if applicable.
5. Coverage may change depending upon the County's insurance carrier.
6. Coverage, costs, and insurance carriers are determined yearly.

A separate report was not issued for the plan.

Membership of the post-employment health benefit plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	23
Active plan members	<u>329</u>
Total	<u><u>352</u></u>

Total OPEB Liability

The County's total OPEB liability of \$5,997,251 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Pension Plan Obligations (Continued)

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019 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	1.00 percent
Wage inflation	3.50 percent
Salary increases	
General Employees	3.50%-7.75%, including wage inflation
Law Enforcement Officers	3.50%-7.35%, including wage inflation
Municipal Bond Index Rate	
Prior Measurement Date	3.89 percent
Measurement Date	3.50 percent
Healthcare cost trend rates	
Pre-Medicare	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026

The County selected a Municipal Bond Index Rate equal to the June average of the Bond Buyer 20-year General Obligation Bond Index published weekly by the Bond Buyer, and the discount rate used to measure the TOL is the Municipal Bond Index Rate as of the measurement date.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 5,331,367
Changes for the Year:	
Service cost	227,787
Interest	204,844
Differences between expected and actual experience	240,074
Changes of assumptions or other inputs	125,365
Benefit payments	(132,186)
Net changes	665,884
Balance at June 30, 2020	\$ 5,997,251

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.89% to 3.50%.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 6,604,968	\$ 5,997,251	\$ 5,453,211

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	\$ 5,340,400	\$ 5,997,251	\$ 6,775,218

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

For the year ended June 30, 2020, the County recognized OPEB expense of \$419,377. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 212,617	\$ 1,301
Changes of assumptions	109,635	313,899
Benefit payments and plan administrative expense made subsequent to the measurement date	162,102	-
Total	\$ 484,354	\$ 315,200

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

\$162,102 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2021. 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
2021	\$ (13,254)
2022	(13,254)
2023	(13,254)
2024	(13,254)
2025	(9,939)
Thereafter	70,007
Total	<u>\$ 7,052</u>

f. Other Employment Benefits - Stokes County

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be between \$25,000 and \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. 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. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County considers these contributions to be immaterial.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

3. Deferred Inflows/Outflows of Resources

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension deferrals		
LGERS	\$ 1,762,410	\$ -
LEO	55,116	46,358
Register of Deeds	8,907	3,001
OPEB	322,252	315,200
Contributions to pension plan in 2019-20 fiscal year		
LGERS	1,223,029	-
LEO	34,882	-
Register of Deeds	3,332	-
OPEB	162,102	-
Taxes receivable, net (General)	-	1,172,614
Taxes receivable, net (Special Revenue)	-	132,228
Prepaid taxes not yet earned	-	64,100
Other receivables (General)	-	352,414
Total	<u>\$ 3,572,030</u>	<u>\$ 2,085,915</u>

4. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit as outlined in the contract for any one occurrence, with an annual aggregate of \$50 million for flood and earthquake, with other sub-limits for other coverage per the County's contract. The County also purchases general, auto, public officials, law enforcement and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits, and medical and dental insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 per occurrence and an additional \$500,000 annual aggregate up to a \$2 million limit for liability coverage, \$145 million of aggregate annual losses in excess of \$100,000 per occurrence and an additional \$1 million annual aggregate for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 per occurrence, and \$300,000 annual aggregate for workers' compensation.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

4. Risk Management (Continued)

The County provides employee health benefits through a self-insured plan provided by Preferred Health Plan of the Carolinas (PHP). Claims are administered and paid directly from the plan by PHP. Specific stop-loss is set at \$100,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a minimum aggregate attachment point of \$3,957,299 and a contract period maximum of \$1,000,000.

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

The County is in an area of the state that has been mapped and designated as "X" area (an area close to a river, lake, or stream) by the Federal Emergency Management. Flood coverage is excluded on property located in the 100-year flood zone as designated by the Federal Emergency Management Agency. Stokes County's insurance is administered by the North Carolina Association of County Commissioners with a deductible of \$25,000 per occurrence for floods.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any time of the County's funds are performance bonded through a commercial surety bond. The Finance Director and the Tax Administrator are individually bonded for \$50,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

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

Changes in the balances in claims for employee health insurance during the last fiscal year are as follows:

	<u>2020</u>
Unpaid claims, beginning	\$ 403,006
Incurred claims	3,375,958
Claim payments	<u>(3,726,144)</u>
Unpaid claims, ending	<u>\$ 52,820</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

5. Contingent Liabilities

At June 30, 2020, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the County's financial position.

6. Long-Term Obligations

At June 30, 2020, Stokes County had a legal debt margin of \$292,573,518.

a. Installment Purchase Contracts and Notes Payable

On September 4, 2015, the County refinanced this installment financing contract for the purpose of the acquisition of land for schools and the acquisition of portable classroom units. The amended contracts provide for fourteen annual principal payments of \$72,700 for the acquisition of land, at interest rate from 3.79% to 2.79%, and nine annual principal payments of \$76,333 for portable classrooms, at interest rate from 4.07% to 2.27%. At June 30, 2020, the balances outstanding on those debts were \$654,300 and \$305,334, respectively.

The County has outstanding notes from direct placements related to governmental activities totaling \$654,300, which are secured by the mortgaged property and equipment in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$654,300 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) exercise the Deed of Trust Trustee to exercise all remedies under the Uniform Commercial Code of the State and the general laws of the state and to the extent permitted by law take possession of the Mortgaged Property; (4) enforce its security interest or direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust and sell the mortgaged property; (5) enforce its security interest in the contract and sell the equipment.

The County has outstanding notes from direct placements related to governmental activities totaling \$305,334, which are secured by the mortgaged property and equipment in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$305,334 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) take possession of the mortgaged property; (4) no deficiency judgment may be rendered against the grantor to collect indebtedness.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

a. Installment Purchase Contracts and Notes Payable (Continued)

On July 16, 2015, the County refinanced this installment financing contract for the purpose of constructing a new Nancy Reynolds School and the purchase of land and PODS for Community College (Early College) project. The contract provides for annual principal payments ranging from \$100,000 – 950,000, with interest at an average annual rate of 4.89% to 2.89% and is collateralized by a deed of trust on school building. At June 30, 2020, the balance outstanding was \$9,455,000.

The County has outstanding notes from direct placements related to governmental activities totaling \$9,455,000, which are secured by the mortgaged property in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$9,455,000 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) exercise the Deed of Trust Trustee to exercise all remedies under the Uniform Commercial Code of the State and the general laws of the state and to the extent permitted by law take possession of the Mortgaged Property; (4) enforce its security interest or direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust and sell the mortgaged property.

In September 2011, the County entered into an installment financing contract using Qualified School Construction Bonds (QSCB) for the purchase of constructing a New Elementary School and constructing of a building at the Southeastern Middle School. The contract provides for seventeen annual principal payments of \$956,995 at a rate of 5.07% with a tax credit rate of 4.48% for an effective rate of .59%. At June 30, 2020, the balance outstanding was \$7,655,958.

The County has outstanding notes from direct placements related to governmental activities totaling \$7,655,958, which are secured by the mortgaged property and equipment in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$7,655,958 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) exercise the Deed of Trust Trustee to exercise all remedies under the Uniform Commercial Code of the State and the general laws of the state and to the extent permitted by law take possession of the Mortgaged

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

a. Installment Purchase Contracts and Notes Payable (Continued)

Property; (4) enforce its security interest or direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust and sell the mortgaged property or equipment.

In September 2011, the County entered into an installment financing contract using Qualified Zone Academy Bonds (QZAB) for the purchase of constructing a new building and renovations of facility at the Southeastern Middle School. The contract provides for seventeen annual principal payments of \$68,445 at a rate of 5.07% with a tax credit rate of 4.48% for an effective rate of .59%. At June 30, 2020, the balance outstanding was \$1,270,588.

The County has outstanding notes from direct placements related to governmental activities totaling \$1,270,588, which are secured by the mortgaged property and equipment in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$1,270,588 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach; (3) exercise the Deed of Trust Trustee to exercise all remedies under the Uniform Commercial Code of the State and the general laws of the state and to the extent permitted by law take possession of the Mortgaged Property; (4) enforce its security interest or direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust and sell the mortgaged property.

In September 2017, the County entered into a financing contract for the purpose of construction of Community College. This financing agreement was with the USDA for 40 years at 2.375%. The payments are \$220,680 per year including interest. At June 30, 2020, the balance outstanding was \$5,482,297.

The County has outstanding notes from direct placements related to governmental activities totaling \$5,482,297, which are secured by the real property financed with the loan funds in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$5,482,297 contain provisions that an event of default would result in (1) terminate or refuse to render or continue financial assistance for the aid of the property, facility, project, service or activity; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

a. Installment Purchase Contracts and Notes Payable (Continued)

In June 2013, the County entered into an installment financing contract for the purpose of purchasing Autumn Square building and land. The contract provides for monthly payment principal and interest of \$5,191.51 for ten years. At June 30, 2020, the balance outstanding was \$177,159.

The County has outstanding notes from direct placements related to governmental activities totaling \$177,159, which are secured by the mortgaged property in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$177,159 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) exercise the Deed of Trust Trustee to exercise all remedies under the Uniform Commercial Code of the State and the general laws of the state and to the extent permitted by law take possession of the Mortgaged Property; (4) enforce its security interest or direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust and sell the mortgaged property.

In September 2013, the County entered into an installment financing contract for the purpose of construction and renovations at the Lawsonville Elementary School. The contract provides for an annual principal payment of \$150,000 and interest payment bi-annual for fifteen years at a rate of 2.44%. At June 30, 2020, the balance outstanding was \$1,350,000.

The County has outstanding notes from direct placements related to governmental activities totaling \$1,350,000, which are secured by the mortgaged property in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$1,350,000 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) exercise the Deed of Trust Trustee to exercise all remedies under the Uniform Commercial Code of the State and the general laws of the state and to the extent permitted by law take possession of the Mortgaged Property; (4) enforce its security interest or direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust and sell the mortgaged property; (5) pursue any other remedy available at law or equity to the bank.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

a. Installment Purchase Contracts and Notes Payable (Continued)

In September 2019 the County entered into a financing contract for the purpose of construction of a Jail expansion. The financing agreement was with the USDA for 40 years at 2.375% and 3.50%. At June 30, 2020, the balance outstanding was \$5,597,000 and \$930,600.

The County has outstanding notes from direct placements related to governmental activities totaling \$6,527,600, which are secured by real property financed with loan funds in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$6,527,600 contain provisions that an event of default would result in (1) terminate or refuse to render or continue financial assistance for the aid of the property, facility, project, service or activity; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) exercise the Deed of Trust Trustee to exercise all remedies under the Uniform Commercial Code of the State and the general laws of the state and to the extent permitted by law take possession of the Mortgaged Property; (4) the interest rate shall immediately be converted to the Default rate.

In August 2018, the County entered into an installment financing contract for the purpose of purchasing vehicles and equipment. The contract provides for an annual principle and interest payment of \$265,284 for four years. At June 30, 2020, the balance outstanding was \$508,498.

The County has outstanding notes from direct placements related to governmental activities totaling \$508,498, secured by the financed equipment and deposits in the project fund in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$508,498 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) require any balance remaining in the Project Fund to be applied against outstanding required payments; (4) avail itself of all available remedies under the agreement and recovery of attorneys' fees and other expenses.

In July 2014, the County entered into an agreement for the purchase of tax office software. The agreement provides for a yearly payment of \$42,000. At June 30, 2020, the balance outstanding was \$168,000.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

a. Installment Purchase Contracts and Notes Payable (Continued)

The County has outstanding notes from direct placements related to governmental activities totaling \$168,000. The County's outstanding notes from direct placements related to governmental activities of \$168,000 contain provisions that an event of early termination for any reason prior to the payment of the full implementation fee, the County agrees to pay the remaining portion of the implementation fee within sixty (60) days after the date of termination.

In December 2019, the County entered into an agreement for the purchase of ambulance and roll off truck. The agreement provides for a yearly payment of \$221,353. At June 30, 2020, the balance outstanding was \$640,000.

The County has outstanding notes from direct placements related to governmental activities totaling \$640,000 and are secured with the financed equipment and investments held in the Escrow Fund in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$640,000 contain provisions that an event of default would result in (1) declare the current amounts due and all remaining payments due during the fiscal year the default occurs in with accrued interest immediately due; (2) return or repossession of all equipment; (3) sale or lease of equipment by the County with all proceeds applied to costs the Lessor has incurred in exercising remedies, amounts due under the agreement, and payment of the termination value and any proceeds in excess of these amounts shall be paid by the County to the lessor; (4) termination of lease to any equipment; (5) avail itself of all available remedies under applicable law and the agreement and recover any out of pocket costs for expenses incurred as a result of the default.

In October 2017, The County entered into an agreement for the purchase of ambulance, patrol vehicles and other equipment. The agreement provides for a yearly payment of \$315,949. At June 30, 2020, the balance outstanding was \$271,712.

The County has outstanding notes from direct placements related to governmental activities totaling \$271,712, which are secured by the Escrow Funds in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$271,712 contain provisions that an event of default would result in (1) declare the current amounts due and all remaining payments due during the fiscal year the default occurs in with accrued interest immediately due; (2) return or repossession of all equipment; (3) sale or lease of equipment by the County with all proceeds applied to costs the Lessor has incurred in exercising remedies, amounts due under the

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

a. Installment Purchase Contracts and Notes Payable (Continued)

agreement, and payment of the termination value and any proceeds in excess of these amounts shall be paid by the County to the lessor; (4) termination of lease to any equipment; (5) avail itself of all available remedies under applicable law and the agreement and recover any out of pocket costs for expenses incurred as a result of the default.

b. Long-Term Obligations Activity

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2021	\$ 3,376,217	\$ 1,622,169
2022	3,123,957	1,556,922
2023	2,876,396	1,511,387
2024	2,602,753	1,466,936
2025	2,488,570	1,427,328
2026-2030	10,074,478	4,651,887
2031-2035	1,248,446	1,164,549
2036-2060	8,675,629	3,002,526
Total	<u>\$ 34,466,446</u>	<u>\$ 16,403,704</u>

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Balances June 30, 2020	Due Within One Year
Governmental Activities:					
Notes from direct placements	\$ 26,871,527	\$ 7,167,600	\$ 8,499,227	\$ 25,539,900	\$ 2,260,399
Notes from direct placements Schools QSCB	8,612,952	-	956,994	7,655,958	956,994
Notes from direct placements Schools QZAB	1,429,412	-	158,824	1,270,588	158,824
Vacation, holiday, and compensatory time	1,229,550	2,821,664	1,922,879	2,128,335	2,128,335
Total Law Enforcement Officers' Special Separation					
Allowance Pension Liability	882,782	23,655	-	906,437	-
Net pension liability (LGERS)	3,852,446	667,230	-	4,519,676	-
Total OPEB liability	5,331,367	665,884	-	5,997,251	-
Total governmental activities	<u>\$ 48,210,036</u>	<u>\$ 11,346,033</u>	<u>\$ 11,537,924</u>	<u>\$ 48,018,145</u>	<u>\$ 5,504,552</u>

Compensated absences, pension liability, and OPEB typically have been liquidated in the General Fund.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2020 consist of the following:

From the Capital Reserve Fund to the General Fund for the acquisition of various general government, public safety and educations assets in the current year	\$ 642,389
From Dedicated Debt Service Fund to General Fund for debt payment	2,970,860
From the General Fund to the Capital Reserve Fund to accumulate resources for the acquisition or construction of various general government, public safety and others	398,073
From General Fund to Stokes Reynolds Memorial Hospital Fund to cover expenditure	49,999
From General Fund to Health Department Title XIX Fund to transfer fund balance for Title XIX	499,559
From General Fund to Mental Health MOE Fund to account for the fund balance	395,820
From Dedicated Fund to School Current Expense Fund for Poplar Spring Elementary School operations.	90,300
From Capital Projects Fund to Dedicated Fund for Community College Sewer Project	250,000
From Capital Reserve Fund to Capital Projects Fund for Solid Waste Scale House	125,000
From Danbury Water Fund to Capital Projects Fund for Storage/Maintenance Building	32,500
From Regional Sewer Fund to Capital Projects Fund for Storage/Maintenance Building	32,500
From Stokes Reynolds Memorial Hospital Fund to Capital Reserve Fund for capital outlay per lease agreement	<u>10,000</u>
Total	<u>\$ 5,497,000</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

IV. Danbury Water System

On July 1, 2008, the County resumed operations of the Danbury Water System. The lease with the Town of Danbury was terminated.

V. Hospital

On February 28, 2010, the lease between N.C. Baptist Hospitals, Inc. and Stokes County expired. A transfer and corporation reorganization agreement were approved. The Board of County Commissioners became the Board of Trustees for the Stokes-Reynolds Memorial Hospital, Inc., and a management company was hired to operate the Hospital. On June 27, 2011, the Board of County Commissioners approved leasing the Stokes-Reynolds Memorial Hospital to Pioneer Health Services of Stokes County, Inc. effective August 1, 2011. The Stokes-Reynolds Memorial Hospital, Inc. was transferred to Stokes County to collect account receivables and pay invoices for the corporation. Pioneer Health Services filed bankruptcy on March 31, 2016. The County appropriated funding to keep the hospital open until bankruptcy procedures allowed LifeBrite Hospital Group, LLC to assume the lease. A second amendment to lease and transfer agreement to LifeBrite Hospital Group, LLC was approved by the County Commissioners on November 3, 2016.

VI. Joint Ventures

The County, in conjunction with Forsyth County, Davie County and Rockingham County, participates in Cardinal Innovations Healthcare, an area mental health authority. Cardinal Innovations Healthcare is a joint venture established to provide the participating counties with legally mandated mental health services. The County has an ongoing financial responsibility for Cardinal Innovations Healthcare because Cardinal Innovations continued existence depends on the participating governments' continued funding. The County contributed \$395,820 to the Mental Health MOE Fund held by the County during the fiscal year ended June 30, 2020. These funds are the MOE for Cardinal to get funding on behalf of Stokes County. None of the participating governments has any equity interest in Cardinal Innovations Healthcare, so no equity interest has been reflected in the financial statements at June 30, 2020. Complete financial statements for Cardinal Innovations Healthcare can be obtained from its administrative office at Suite 400, 10150 Mallard Creek Road, Charlotte, North Carolina.

The County also participates in a joint venture to operate Northwestern Regional Library with three other local governments. The County appoints three members to the 13-member Board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments has any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$521,341 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 111 North Front Street, Elkin, North Carolina 28621.

NOTES TO FINANCIAL STATEMENTS (Continued)

VII. Jointly Governed Organization

The County, in conjunction with five other counties and 21 municipalities, established the Piedmont Triad Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$9,787 to the Council during the fiscal year ended June 30, 2020. The County was the subrecipient of various federal and state grants totaling approximately \$799,130 from the U. S. Department of Health and Human Services and the Division of Aging of the North Carolina Department of Human Resources that was passed through the Council.

VIII. Summary Disclosure of Significant Commitments and 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.

IX. Restatement

In prior periods, errors related to insurance expenditures within the General Fund were discovered. Beginning balance was restated by \$768,439.

X. Subsequent Events

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact County revenues. At the current time, we are unable to quantify the potential effects of this pandemic.

In August 2020, the North Carolina Department of Environmental Quality approved the County to receive a Drinking Water State Revolving Fund (DWSRF) loan for \$5,208,600, contingent upon the Local Government Commission's approval. Seventy-five percent of the loan (up to a maximum of \$3,906,450) will be forgiven, and the remainder will be repayable at zero interest. The loan will be used to finance the Stokes-Danbury/Meadows Area Water Interconnection project.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

- Law Enforcement Officers' Special Separation Allowance Change In Total Pension Liability
- Law Enforcement Officers' Special Separation Allowance Schedule of Total Pension Liability as a Percentage of Covered Payroll
- Schedule of Changes in the Total OPEB Liability for the Other Post-Employment Benefits
- Notes to the Required Schedules for the Other Post-Employment Benefits
- Schedule of Local Government Employees' Retirement System Proportionate Share of Net Pension Liability (Asset)
- Schedule of Local Government Employees' Retirement System Contributions
- Schedule of Register of Deeds' Supplemental Pension Fund Proportionate Share of Net Pension Liability (Asset)
- Schedule of Register of Deeds' Supplemental Pension Fund Contributions

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STOKES COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
Last Four Fiscal Years

Law Enforcement Officers' Special Separation Allowance				
	2020	2019	2018	2017
Beginning balance	\$ 882,782	\$ 869,998	\$ 837,336	\$ 833,251
Service cost	44,330	43,791	35,323	37,951
Interest on the total pension liability	30,930	26,664	31,408	28,938
Difference between expected and actual experience	(8,479)	22,691	(32,317)	-
Changes of assumptions or other inputs	22,978	(27,951)	45,552	(17,462)
Benefit payments	(66,104)	(52,411)	(47,304)	(45,342)
Ending balance of the total pension liability	<u>\$ 906,437</u>	<u>\$ 882,782</u>	<u>\$ 869,998</u>	<u>\$ 837,336</u>

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

*Pension schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED
PAYROLL LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
Last Four Fiscal Years

Law Enforcement Officers' Special Separation Allowance				
	2020	2019	2018	2017
Total pension liability	\$ 906,437	\$ 882,782	\$ 869,998	\$ 837,336
Covered payroll	\$ 2,050,859	\$ 1,879,935	\$ 1,696,875	\$ 1,659,202
Total pension liability as a percentage of covered payroll	44.20%	46.96%	51.27%	50.47%

Notes to the Schedules:

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

*Pension schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.

STOKES COUNTY, NORTH CAROLINA
OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
Last Three Fiscal Years

Other Post-Employment Benefits			
	2020	2019	2018
Service cost	\$ 227,787	\$ 236,763	\$ 258,164
Interest	204,844	183,496	155,381
Differences between expected and actual experience	240,074	(1,741)	4,291
Changes of assumptions or other inputs	125,365	(174,854)	(295,224)
Benefit payments	(132,186)	(132,186)	(128,783)
Net change in total OPEB liability	665,884	111,478	(6,171)
Total OPEB liability - beginning	5,331,367	5,219,889	5,226,060
Total OPEB liability - ending	<u>\$ 5,997,251</u>	<u>\$ 5,331,367</u>	<u>\$ 5,219,889</u>
Covered payroll	\$ 11,607,813	\$ 9,662,244	\$ 9,662,244
Total OPEB liability as a percentage of covered payroll	51.67%	55.18%	54.02%

Notes to the Required Schedules:

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
2018	3.56%
2019	3.89%
2020	3.50%

*OPEB schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.

STOKES COUNTY, NORTH CAROLINA
STOKES COUNTY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
Last Seven Fiscal Years*

	Local Governmental Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
Stokes County's proportion of the net pension liability (asset) (%)	0.16550%	0.16239%	0.16022%	0.15691%	0.15471%	0.16026%	0.16460%
Stokes County's proportion of the net pension liability (asset) (\$)	\$ 4,519,676	\$ 3,852,446	\$ 2,447,718	\$ 3,330,156	\$ 694,329	\$ (945,128)	\$ 1,984,062
Stokes County's covered payroll	\$ 11,929,769	\$ 11,097,231	\$ 10,454,639	\$ 10,277,209	\$ 9,533,524	\$ 9,389,406	\$ 8,950,303
Stokes County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.89%	34.72%	23.41%	32.40%	7.28%	(10.07%)	22.17%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* 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.

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY CONTRIBUTIONS
LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
Last Seven Fiscal Years

	Local Governmental Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,223,029	\$ 944,615	\$ 849,702	\$ 773,777	\$ 679,569	\$ 679,145	\$ 670,748
Contributions in relation to the contractually required contribution	<u>1,223,029</u>	<u>944,615</u>	<u>849,702</u>	<u>773,777</u>	<u>679,569</u>	<u>679,145</u>	<u>670,748</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stokes County's covered payroll	\$ 13,441,905	\$ 11,929,769	\$ 11,097,231	\$ 10,454,639	\$ 10,277,209	\$ 9,533,524	\$ 9,389,406
Contributions as a percentage of covered payroll	9.10%	7.92%	7.66%	7.40%	6.61%	7.12%	7.14%

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

STOKES COUNTY, NORTH CAROLINA
STOKES COUNTY'S PROPRTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
Last Seven Fiscal Years*

Register of Deeds' Supplemental Pension Fund							
	2020	2019	2018	2017	2016	2015	2014
Stokes County's proportion of the net pension liability (asset) (%)	0.31526%	0.36289%	0.38162%	0.36819%	0.38609%	0.36388%	0.35446%
Stokes County's proportion of the net pension liability (asset) (\$)	\$ (62,239)	\$ (60,105)	\$ (65,139)	\$ (68,837)	\$ (89,472)	\$ (82,486)	\$ (75,713)
Stokes County's covered payroll	\$ 54,966	\$ 58,366	\$ 61,935	\$ 60,595	\$ 58,031	\$ 55,620	\$ 54,326
Stokes County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-113.23%	-102.98%	-105.17%	-113.60%	-154.18%	-148.30%	-139.37%
Plan fiduciary net position as a percentage of the total pension liability**	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

* 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.

STOKES COUNTY, NORTH CAROLINA
STOKES COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
Last Seven Fiscal Years

Register of Deeds' Supplemental Pension Fund							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,332	\$ 2,322	\$ 3,106	\$ 3,316	\$ 3,008	\$ 3,089	\$ 2,971
Contributions in relation to the contractually required contribution	<u>3,332</u>	<u>2,322</u>	<u>3,106</u>	<u>3,316</u>	<u>3,008</u>	<u>3,089</u>	<u>2,971</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Stokes County's covered payroll	\$ 57,775	\$ 54,966	\$ 58,366	\$ 61,935	\$ 60,595	\$ 58,031	\$ 55,620
Contributions as a percentage of covered payroll	5.77%	4.22%	5.32%	5.35%	4.96%	5.32%	5.34%

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

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SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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STOKES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GENERAL FUND CONSOLIDATED
Year Ended June 30, 2020

	General Fund	School Current Expense Fund	Dedicated Debt Service Fund	Health Department Title XIX Fund	Mental Health MOE Fund	Eliminations	Total General Fund
Revenues:							
Ad valorem taxes	\$ 11,926,847	13,539,388	\$ 1,637,966	\$ -	\$ -	\$ -	\$ 27,104,201
Other taxes and licenses	7,591,198	-	-	-	4,064	-	7,595,262
Intergovernmental	8,420,505	-	-	344,865	-	-	8,765,370
Permits and fees	477,811	-	-	-	-	-	477,811
Sales and services	3,507,374	-	-	388,247	-	-	3,895,621
Investment earnings	307,462	7,524	36,540	403	156	-	352,085
Other revenues	260,963	-	-	42,076	-	-	303,039
Total revenues	<u>32,492,160</u>	<u>13,546,912</u>	<u>1,674,506</u>	<u>775,591</u>	<u>4,220</u>	<u>-</u>	<u>48,493,389</u>
Expenditures:							
Current:							
General government	7,591,148	-	-	-	-	-	7,591,148
Public safety	12,817,569	-	-	-	-	-	12,817,569
Environmental protection	1,591,856	-	-	-	-	-	1,591,856
Economic and physical development	1,100,004	-	-	-	-	-	1,100,004
Human services	8,252,638	-	-	1,261,881	384,027	-	9,898,546
Culture and recreation	797,751	-	-	-	-	-	797,751
Special appropriations	599,024	-	-	-	-	-	599,024
Intergovernmental:							
Education	287,528	13,233,303	-	-	-	-	13,520,831
Debt service:							
Principal	9,615,045	-	-	-	-	-	9,615,045
Interest and fiscal charges	1,602,164	-	-	-	-	-	1,602,164
Total expenditures	<u>44,254,727</u>	<u>13,233,303</u>	<u>-</u>	<u>1,261,881</u>	<u>384,027</u>	<u>-</u>	<u>59,133,938</u>
Excess of revenues over (under) expenditures	<u>(11,762,567)</u>	<u>313,609</u>	<u>1,674,506</u>	<u>(486,290)</u>	<u>(379,807)</u>	<u>-</u>	<u>(10,640,549)</u>
Other Financing Sources (Uses):							
Transfers from other funds	3,613,249	90,300	250,000	499,559	395,820	(3,956,539)	892,389
Transfers to other funds	(1,343,451)	-	(3,061,160)	-	-	3,956,539	(448,072)
Debt issued	7,167,600	-	-	-	-	-	7,167,600
Total other financing sources (uses)	<u>9,437,398</u>	<u>90,300</u>	<u>(2,811,160)</u>	<u>499,559</u>	<u>395,820</u>	<u>-</u>	<u>7,611,917</u>
Net change in fund balances	<u>(2,325,169)</u>	<u>403,909</u>	<u>(1,136,654)</u>	<u>13,269</u>	<u>16,013</u>	<u>-</u>	<u>(3,028,632)</u>
Fund balances at beginning of year	18,128,434	54,151	4,059,349	290,619	13,590	-	22,546,143
Restatement	(768,439)	-	-	-	-	-	(768,439)
Fund balance, beginning of year, as restated	<u>17,359,995</u>	<u>54,151</u>	<u>4,059,349</u>	<u>290,619</u>	<u>13,590</u>	<u>-</u>	<u>21,777,704</u>
Fund balances at end of year	<u>\$ 15,034,826</u>	<u>\$ 458,060</u>	<u>\$ 2,922,695</u>	<u>\$ 303,888</u>	<u>\$ 29,603</u>	<u>\$ -</u>	<u>\$ 18,749,072</u>

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 11,829,036	\$ 11,926,847	\$ 97,811
Other Taxes and Licenses:			
Local option sales taxes	6,805,000	7,311,961	506,961
White goods disposal tax	30,000	21,053	(8,947)
Scrap tire disposal tax	62,000	63,196	1,196
Solid waste disposal tax	32,000	36,706	4,706
Electronic Management Program	3,500	2,690	(810)
Real estate transfer taxes	90,000	131,104	41,104
Dog tag licenses	31,000	24,488	(6,512)
Total	<u>7,053,500</u>	<u>7,591,198</u>	<u>537,698</u>
Unrestricted Intergovernmental Revenues:			
Medicaid Relief-Hold harmless	1,100,000	1,244,463	144,463
Beer and wine tax	170,000	165,852	(4,148)
ABC net revenue	4,000	11,900	7,900
CATV Time Warner	160,000	134,597	(25,403)
Total	<u>1,434,000</u>	<u>1,556,812</u>	<u>122,812</u>
Restricted Intergovernmental Revenues:			
State grants, including federal pass-through monies	6,840,773	6,322,660	(518,113)
Public School Capital Lottery	450,000	450,000	-
Court costs and facilities fees	98,000	91,033	(6,967)
Total	<u>7,388,773</u>	<u>6,863,693</u>	<u>(525,080)</u>
Permits and Fees:			
Building permits and inspection fees	202,030	288,115	86,085
Register of Deeds	172,000	189,696	17,696
Total	<u>374,030</u>	<u>477,811</u>	<u>103,781</u>
Sales and Services:			
Rents, concessions and fees	2,011,864	1,999,891	(11,973)
Ambulance fees	1,780,000	1,507,483	(272,517)
Total	<u>3,791,864</u>	<u>3,507,374</u>	<u>(284,490)</u>
Investment earnings	<u>480,000</u>	<u>307,462</u>	<u>(172,538)</u>
Other General Revenues:			
Sale of materials	74,080	61,764	(12,316)
Insurance claim refunds	91,577	80,777	(10,800)
Other	156,786	118,422	(38,364)
Total	<u>322,443</u>	<u>260,963</u>	<u>(61,480)</u>
Total revenues	<u>32,673,646</u>	<u>32,492,160</u>	<u>(181,486)</u>

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Current Operating:			
General Government:			
Governing Body:			
Salaries	45,000	42,220	2,780
Employee benefits	191,510	187,054	4,456
Operating expenditures	1,056,210	1,004,878	51,332
Supplies	1,000	501	499
Total	<u>1,293,720</u>	<u>1,234,653</u>	<u>59,067</u>
Administrative:			
Salaries	242,631	242,481	150
Employee benefits	71,361	71,197	164
Operating expenditures	19,800	18,836	964
Supplies	3,300	2,927	373
Capital outlay	2,500	2,474	26
Total	<u>339,592</u>	<u>337,915</u>	<u>1,677</u>
Insurance:			
Medical Cost	-	707,352	(707,352)
Total	<u>-</u>	<u>707,352</u>	<u>(707,352)</u>
Elections:			
Salaries	94,025	93,466	559
Employee benefits	31,523	31,217	306
Operating expenditures	101,795	95,014	6,781
Supplies	10,975	9,886	1,089
Capital outlay	128,050	125,713	2,337
Total	<u>366,368</u>	<u>355,296</u>	<u>11,072</u>
Finance:			
Salaries	219,076	218,873	203
Employee benefits	73,003	72,399	604
Operating expenditures	294,080	280,095	13,985
Supplies	5,000	4,340	660
Capital outlay	8,925	8,909	16
Total	<u>600,084</u>	<u>584,616</u>	<u>15,468</u>
Purchasing:			
Salaries	63,294	62,754	540
Employee benefits	22,333	22,079	254
Operating expenditures	7,150	9,310	(2,160)
Supplies	1,400	1,112	288
Capital outlay	1,125	1,117	8
Total	<u>95,302</u>	<u>96,372</u>	<u>(1,070)</u>

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2020

	Final Budget	Actual Amounts	Variance Positive (Negative)
Information Systems:			
Salaries	185,470	185,310	160
Employee benefits	55,635	55,018	617
Operating expenditures	51,815	37,635	14,180
Supplies	5,800	4,574	1,226
Capital outlay	9,000	8,840	160
Total	307,720	291,377	16,343
Tax Administration:			
Salaries	366,822	366,769	53
Employee benefits	132,735	132,079	656
Operating expenditures	315,686	329,679	(13,993)
Supplies	6,350	5,859	491
Capital outlay	2,400	2,398	2
Total	823,993	836,784	(12,791)
Legal:			
Operating expenditures	82,000	82,000	-
Total	82,000	82,000	-
Register of Deeds:			
Salaries	139,875	139,522	353
Employee benefits	50,816	50,255	561
Operating expenditures	76,671	71,748	4,923
Supplies	4,000	2,767	1,233
Total	271,362	264,292	7,070
Public Buildings:			
Salaries	331,107	324,333	6,774
Employee benefits	134,249	132,488	1,761
Operating expenditures	745,220	773,821	(28,601)
Supplies	82,000	77,775	4,225
Capital outlay	846,506	841,203	5,303
Total	2,139,082	2,149,620	(10,538)
Superior Court:			
Operating expenditures	12,015	9,345	2,670
Supplies	400	205	195
Capital outlay	3,000	2,617	383
Total	15,415	12,167	3,248
Vehicle Maintenance:			
Salaries	123,234	121,801	1,433
Employee benefits	43,756	43,402	354
Operating expenditures	28,595	28,876	(281)
Supplies	5,700	5,536	164
Capital outlay	4,500	4,353	147
Total	205,785	203,968	1,817

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Mapping/GIS:			
Salaries	129,931	126,343	3,588
Employee benefits	45,151	44,325	826
Operating expenditures	39,079	34,821	4,258
Supplies	2,800	2,364	436
Total	<u>216,961</u>	<u>207,853</u>	<u>9,108</u>
Revaluation:			
Salaries	171,271	169,838	1,433
Employee benefits	50,580	49,828	752
Operating expenditures	14,050	4,180	9,870
Supplies	4,200	3,037	1,163
Total	<u>240,101</u>	<u>226,883</u>	<u>13,218</u>
Total general government	<u>6,997,485</u>	<u>7,591,148</u>	<u>(593,663)</u>
Public Safety:			
Sheriff:			
Salaries	2,735,427	2,668,411	67,016
Employee benefits	928,978	907,338	21,640
Operating expenditures	238,304	361,016	(122,712)
Supplies	167,000	131,841	35,159
Capital outlay	86,585	60,581	26,004
Total	<u>4,156,294</u>	<u>4,129,187</u>	<u>27,107</u>
Jail:			
Salaries	1,246,934	1,228,640	18,294
Employee benefits	422,616	412,626	9,990
Operating expenditures	819,795	738,962	80,833
Supplies	17,500	14,151	3,349
Capital outlay	14,085	14,066	19
Total	<u>2,520,930</u>	<u>2,408,445</u>	<u>112,485</u>
Animal Control:			
Salaries	187,178	184,661	2,517
Employee benefits	71,828	69,968	1,860
Operating expenditures	100,950	68,865	32,085
Supplies	26,500	17,849	8,651
Total	<u>386,456</u>	<u>341,343</u>	<u>45,113</u>
Emergency Management:			
Salaries	68,245	65,954	2,291
Employee benefits	19,642	19,307	335
Operating expenditures	17,996	12,118	5,878
Supplies	19,000	3,315	15,685
Capital outlay	88,528	77,625	10,903
Total	<u>213,411</u>	<u>178,319</u>	<u>35,092</u>

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Emergency Medical Services:			
Salaries	2,282,412	2,187,474	94,938
Employee benefits	630,623	611,355	19,268
Operating expenditures	365,729	315,166	50,563
Supplies	277,050	253,163	23,887
Capital outlay	475,091	467,243	7,848
Total	<u>4,030,905</u>	<u>3,834,401</u>	<u>196,504</u>
Emergency Communications:			
Salaries	698,798	687,930	10,868
Employee benefits	202,001	200,595	1,406
Operating expenditures	131,740	110,285	21,455
Supplies	3,078	2,150	928
Capital outlay	390,818	305,911	84,907
Total	<u>1,426,435</u>	<u>1,306,871</u>	<u>119,564</u>
Fire Marshal:			
Salaries	206,734	205,571	1,163
Employee benefits	64,474	64,028	446
Operating expenditures	35,212	40,408	(5,196)
Supplies	17,300	16,480	820
Capital outlay	36,234	36,231	3
Total	<u>359,954</u>	<u>362,718</u>	<u>(2,764)</u>
Medical Examiner:			
Contracted services	45,000	44,501	499
Supplies	2,000	774	1,226
Total	<u>47,000</u>	<u>45,275</u>	<u>1,725</u>
Day Reporting Center:			
Salaries	120,241	120,180	61
Employee benefits	41,862	41,674	188
Operating expenditures	29,156	36,456	(7,300)
Supplies	4,295	4,024	271
Capital outlay	8,680	8,676	4
Total	<u>204,234</u>	<u>211,010</u>	<u>(6,776)</u>
Total public safety	<u>13,345,619</u>	<u>12,817,569</u>	<u>528,050</u>
Environmental Protection:			
Solid Waste Collection:			
Salaries	460,086	455,387	4,699
Employee benefits	111,617	110,348	1,269
Operating expenditures	812,407	791,412	20,995
Supplies	71,224	56,500	14,724
Capital outlay	178,209	178,209	-
Total environmental protection	<u>1,633,543</u>	<u>1,591,856</u>	<u>41,687</u>

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Economic and Physical Development:			
Economic Development:			
Salaries	103,258	103,174	84
Employee benefits	33,312	33,048	264
Operating expenditures	146,025	143,919	2,106
Supplies	3,600	3,223	377
Total	<u>286,195</u>	<u>283,364</u>	<u>2,831</u>
Planning and Community Development:			
Salaries	319,389	319,387	2
Employee benefits	101,840	101,666	174
Operating expenditures	21,296	36,150	(14,854)
Supplies	8,750	8,035	715
Total	<u>451,275</u>	<u>465,238</u>	<u>(13,963)</u>
Cooperative Extension:			
Operating expenditures	197,779	189,127	8,652
Supplies	4,375	3,302	1,073
Capital outlay	5,400	-	5,400
Total	<u>207,554</u>	<u>192,429</u>	<u>15,125</u>
Natural Resources:			
Salaries	90,460	90,404	56
Employee benefits	31,566	30,969	597
Operating expenditures	29,535	32,882	(3,347)
Supplies	3,530	2,601	929
Capital outlay	2,200	2,117	83
Total	<u>157,291</u>	<u>158,973</u>	<u>(1,682)</u>
Total economic and physical development	<u>1,102,315</u>	<u>1,100,004</u>	<u>2,311</u>
Human Services:			
Health:			
Administration:			
Salaries	525,417	485,805	39,612
Employee benefits	174,603	166,195	8,408
Operating expenditures	34,500	32,084	2,416
Supplies	24,682	11,832	12,850
Capital outlay	5,978	4,809	1,169
Total	<u>765,180</u>	<u>700,725</u>	<u>64,455</u>
Environmental Health:			
Salaries	183,543	183,407	136
Employee benefits	64,514	63,376	1,138
Operating expenditures	20,741	27,275	(6,534)
Supplies	17,700	11,468	6,232
Total	<u>286,498</u>	<u>285,526</u>	<u>972</u>
Total health	<u>1,051,678</u>	<u>986,251</u>	<u>65,427</u>

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Social Services:			
Administration:			
Salaries	2,813,272	2,734,815	78,457
Employee benefits	1,026,825	1,008,591	18,234
Operating expenditures	1,015,223	806,795	208,428
Supplies	53,530	45,865	7,665
Capital outlay	33,219	33,216	3
Total	<u>4,942,069</u>	<u>4,629,282</u>	<u>312,787</u>
General Public Assistance, County share only:			
Adoption assistance	714,040	302,678	411,362
Daycare for children and adults	7,009	1,316	5,693
Aid to the blind	2,550	2,547	3
Medical assistance - Medicaid	15,000	15,043	(43)
Aid to families with dependent children-WORKFIRST	100,000	20,557	79,443
Foster Home Fund	1,391,212	1,042,768	348,444
Crisis intervention	170,636	99,625	71,011
LIEAP	184,618	178,517	6,101
Special assistance	402,341	367,774	34,567
Total	<u>2,987,406</u>	<u>2,030,825</u>	<u>956,581</u>
Senior Citizens:			
Salaries	180,659	176,037	4,622
Employee benefits	59,584	58,490	1,094
Operating expenditures	414,245	333,040	81,205
Supplies	9,750	4,438	5,312
Capital outlay	1,850	1,807	43
Total	<u>666,088</u>	<u>573,812</u>	<u>92,276</u>
Total social services	<u>8,595,563</u>	<u>7,233,919</u>	<u>1,361,644</u>
Veterans Services:			
Salaries	26,102	26,093	9
Employee benefits	4,633	4,628	5
Operating expenditures	2,390	1,639	751
Supplies	200	108	92
Total	<u>33,325</u>	<u>32,468</u>	<u>857</u>
Total human services	<u>9,680,566</u>	<u>8,252,638</u>	<u>1,427,928</u>
Culture and Recreation:			
Recreation			
Operating expenditures	<u>120,595</u>	<u>120,595</u>	<u>-</u>

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Arts Council:			
Salaries	99,554	97,749	1,805
Employee benefits	39,268	37,890	1,378
Total	<u>138,822</u>	<u>135,639</u>	<u>3,183</u>
Library:			
Library operations	<u>521,341</u>	<u>521,341</u>	<u>-</u>
Parks:			
Salaries	7,320	6,735	585
Employee benefits	717	591	126
Operating expenditures	14,530	10,825	3,705
Supplies	3,055	2,025	1,030
Total	<u>25,622</u>	<u>20,176</u>	<u>5,446</u>
Total culture and recreation	<u>806,380</u>	<u>797,751</u>	<u>8,629</u>
Special Appropriations:			
Juvenile Services	14,409	13,630	779
Yadkin Valley Economic Development	227,396	227,396	-
N. C. Forestry Service	74,840	71,730	3,110
Stokes Friends of Youth	114,656	114,656	-
Insight Human Services	40,068	40,068	-
Domestic Violence Task Force	5,500	5,500	-
Stokes County Stop Child Abuse Now	33,522	33,522	-
PTRC- MPO	8,091	4,161	3,930
Stokes County Fire & Rescue Associates	21,210	21,210	-
PTRC	1,500	497	1,003
PTRC-Rural Planning Organization	4,012	3,991	21
King Senior Center	6,561	6,561	-
Friends of Stokes Shelter	49,602	49,602	-
King American Legion Post 290	6,500	6,500	-
American Legion Department of N.C.	1,000	-	1,000
Total special appropriations	<u>608,867</u>	<u>599,024</u>	<u>9,843</u>
Community College:			
Salaries	101,973	101,026	947
Employee benefits	41,126	41,432	(306)
Operating expenditures	142,598	117,778	24,820
Supplies	23,500	17,990	5,510
Capital outlay	9,302	9,302	-
Total community college	<u>318,499</u>	<u>287,528</u>	<u>30,971</u>
Total education	<u>318,499</u>	<u>287,528</u>	<u>30,971</u>

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Debt Service:			
School:			
Principal	2,448,230	2,448,228	2
Interest	1,458,306	1,458,274	32
County Building:			
Principal	7,825,489	7,166,817	658,672
Interest	293,516	143,890	149,626
Total debt service	<u>12,025,541</u>	<u>11,217,209</u>	<u>808,332</u>
Contingency	<u>121,218</u>	-	<u>121,218</u>
Total	<u>121,218</u>	-	<u>121,218</u>
Total expenditures	<u>46,640,033</u>	<u>44,254,727</u>	<u>2,385,306</u>
Excess of revenues over (under) expenditures	<u>(13,966,387)</u>	<u>(11,762,567)</u>	<u>2,203,820</u>
Other Financing Sources (Uses):			
Transfers - in (out):			
From Capital Reserve Fund	642,389	642,389	-
From Dedicated Debt Service Fund	2,970,860	2,970,860	-
To Capital Reserve Fund	(398,073)	(398,073)	-
To Health Department Title XIX Fund	(499,559)	(499,559)	-
To Stokes-Reynolds Memorial Hospital Fund	(49,999)	(49,999)	-
To Mental Health MOE	(395,820)	(395,820)	-
Total transfers	<u>2,269,798</u>	<u>2,269,798</u>	-
Proceeds from debt issuance (refunding):			
Installment obligations issued	<u>7,167,600</u>	<u>7,167,600</u>	-
Total proceeds from debt issuance	<u>7,167,600</u>	<u>7,167,600</u>	-
Total other financing sources (uses)	<u>9,437,398</u>	<u>9,437,398</u>	-
Net change in fund balance	(4,528,989)	(2,325,169)	2,203,820
Appropriated fund balance	<u>4,528,989</u>	-	<u>(4,528,989)</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,325,169)</u>	<u>\$ (2,325,169)</u>
Fund balance, beginning of year		18,128,434	
Restatement		(768,439)	
Fund balance, beginning of year, as restated		<u>17,359,995</u>	
Fund balance, end of year		<u>\$ 15,034,826</u>	

STOKES COUNTY, NORTH CAROLINA
SCHOOL CURRENT EXPENSE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 11,584,170	\$ 11,896,597	\$ 312,427
Motor vehicle taxes collected by state	1,310,343	1,388,675	78,332
Penalties & Interest	198,490	255,253	56,763
Total	<u>13,093,003</u>	<u>13,540,525</u>	<u>447,522</u>
Less: refunds	<u>-</u>	<u>(1,137)</u>	<u>(1,137)</u>
Net	<u>13,093,003</u>	<u>13,539,388</u>	<u>446,385</u>
Investment earnings	<u>-</u>	<u>7,524</u>	<u>7,524</u>
Total revenues	<u>13,093,003</u>	<u>13,546,912</u>	<u>453,909</u>
Expenditures:			
Schools			
Current expense	13,143,003	13,143,003	-
Poplar Spring operating	90,300	90,300	-
Total expenditures	<u>13,233,303</u>	<u>13,233,303</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(140,300)</u>	<u>313,609</u>	<u>453,909</u>
Other Financing Sources (Uses):			
Operating transfers - in (out):			
From Dedicated Debt Service Fund	90,300	90,300	-
Total other financing sources (uses)	<u>90,300</u>	<u>90,300</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(50,000)</u>	<u>403,909</u>	<u>453,909</u>
Appropriated fund balance	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>403,909</u>	<u>\$ 403,909</u>
Fund balance, beginning of year		<u>54,151</u>	
Fund balance, end of year		<u>\$ 458,060</u>	

STOKES COUNTY, NORTH CAROLINA
DEDICATED DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 1,395,683	\$ 1,469,392	\$ 73,709
Motor vehicle taxes collected by state	158,350	168,806	10,456
Total	<u>1,554,033</u>	<u>1,638,198</u>	<u>84,165</u>
Less: refunds	<u>-</u>	<u>(232)</u>	<u>(232)</u>
Net	<u>1,554,033</u>	<u>1,637,966</u>	<u>83,933</u>
Investment earnings	<u>-</u>	<u>36,540</u>	<u>36,540</u>
Total revenues	<u>1,554,033</u>	<u>1,674,506</u>	<u>120,473</u>
Other Financing Sources (Uses):			
Operating transfers - in (out):			
To General Fund	(2,970,860)	(2,970,860)	-
To School Current Expense Fund	(90,300)	(90,300)	-
From Capital Projects	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,811,160)</u>	<u>(2,811,160)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(1,257,127)	(1,136,654)	120,473
Appropriated fund balance	<u>1,257,127</u>	<u>-</u>	<u>(1,257,127)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,136,654)</u>	<u>\$ (1,136,654)</u>
Fund balance, beginning of year		<u>4,059,349</u>	
Fund balance, end of year		<u>\$ 2,922,695</u>	

STOKES COUNTY, NORTH CAROLINA
HEALTH DEPARTMENT TITLE XIX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted Intergovernmental Revenues:			
State grants, including federal pass-through monies	\$ 353,503	\$ 344,865	\$ (8,638)
Sales and Services:			
Fees	279,240	388,247	109,007
Investment earnings	-	403	403
Other General Revenues:			
Miscellaneous	26,510	42,076	15,566
Total revenues	<u>659,253</u>	<u>775,591</u>	<u>116,338</u>
Expenditures:			
Current operating:			
Adult Health Program:			
Salaries	214,301	214,284	17
Employee benefits	70,459	69,105	1,354
Operating expenditures	53,000	33,144	19,856
Supplies	25,000	21,655	3,345
Total	<u>362,760</u>	<u>338,188</u>	<u>24,572</u>
Child Health Program:			
Salaries	108,106	108,077	29
Employee benefits	36,705	36,100	605
Operating expenditures	172,000	169,533	2,467
Supplies	11,570	8,827	2,743
Total	<u>328,381</u>	<u>322,537</u>	<u>5,844</u>
Family Planning Program:			
Salaries	190,086	190,074	12
Employee benefits	63,453	63,085	368
Operating expenditures	40,000	34,576	5,424
Supplies	31,188	19,390	11,798
Total	<u>324,727</u>	<u>307,125</u>	<u>17,602</u>
General:			
Operating expenditures	104,880	95,724	9,156
Supplies	35,650	29,073	6,577
Capital outlay	3,600	3,496	104
Total	<u>144,130</u>	<u>128,293</u>	<u>15,837</u>
Prenatal Program:			
Salaries	72,823	72,310	513
Employee benefits	25,221	23,836	1,385
Operating expenditures	80,000	69,068	10,932
Supplies	2,000	524	1,476
Total	<u>180,044</u>	<u>165,738</u>	<u>14,306</u>
Total expenditures	<u>1,340,042</u>	<u>1,261,881</u>	<u>78,161</u>
Excess of revenues over (under) expenditures	<u>(680,789)</u>	<u>(486,290)</u>	<u>194,499</u>
Other Financing Sources (Uses):			
Operating transfers - in (out):			
From General Fund	499,559	499,559	-
Total other financing sources (uses)	<u>499,559</u>	<u>499,559</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(181,230)	13,269	194,499
Appropriated fund balance	<u>181,230</u>	<u>-</u>	<u>(181,230)</u>
Net change in fund balance	<u>\$ -</u>	<u>13,269</u>	<u>\$ 13,269</u>
Fund balance, beginning of year		290,619	
Fund balance, end of year		<u>\$ 303,888</u>	

STOKES COUNTY, NORTH CAROLINA
MENTAL HEALTH MOE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other taxes and licenses			
ABC bottle tax	\$ 3,000	\$ 4,064	\$ 1,064
Investment earnings	-	156	156
Total revenues	<u>3,000</u>	<u>4,220</u>	<u>1,220</u>
Expenditures:			
Current operating:			
Mental Health	139,320	139,320	-
ABC Bottle Tax	3,000	4,064	(1,064)
Insight Human Services	73,294	73,294	-
NC211	3,714	3,714	-
Jail Diversion	5,000	4,000	1,000
Behavioral Health/Substance Abuse Care Management	30,000	23,755	6,245
DSS Placements/CCS Assists/Psychiatrist	10,000	10,000	-
Media/Education	5,000	4,759	241
Medication Storage/Lock Boxes	1,992	1,992	-
Transportation	20,000	20,000	-
Community Paramedicine Program	100,000	91,629	8,371
Med Assist Event	7,500	7,500	-
Total expenditures	<u>398,820</u>	<u>384,027</u>	<u>14,793</u>
Excess of revenues over (under) expenditures	<u>(395,820)</u>	<u>(379,807)</u>	<u>16,013</u>
Other Financing Sources (Uses):			
Operating transfers - in (out):			
From General Fund	395,820	395,820	-
Total other financing sources (uses)	<u>395,820</u>	<u>395,820</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	16,013	<u>\$ 16,013</u>
Fund balance, beginning of year		<u>13,590</u>	
Fund balance, end of year		<u>\$ 29,603</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
From Inception and for the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Golden Leaf Funding	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
ARC Grant	300,000	300,000	-	300,000	-
Forsyth Tech State Funding	250,000	250,000	-	250,000	-
NCDENR Grant	482,500	482,500	-	482,500	-
NCDOT	100,000	100,000	-	100,000	-
Private Donation	318,000	318,000	-	318,000	-
Interest on Investment	2,810	-	2,659	2,659	(151)
Total revenues	3,453,310	3,450,500	2,659	3,453,159	(151)
Expenditures:					
Community College Sewer Project					
General Construction-Sewer Project	3,432,354	2,945,381	-	2,945,381	486,973
Professional Services	484,841	484,841	-	484,841	-
Total Community College Sewer Project	3,917,195	3,430,222	-	3,430,222	486,973
Petree Project:					
Construction-Picnic Shelter	334,143	104,656	207,174	311,830	22,313
Total Petree Project	334,143	104,656	207,174	311,830	22,313
Jail Project:					
Construction/Architect	6,247,784	6,333,974	12,610	6,346,584	(98,800)
Financing Cost/Interest	279,816	61,386	-	61,386	218,430
Total Jail Project	6,527,600	6,395,360	12,610	6,407,970	119,630
Meadows Community Water Project					
Construction	486,973	-	23,480	23,480	463,493
Total Meadows Community Water Project	486,973	-	23,480	23,480	463,493
Solid Waste Transfer Station-Walnut Cove					
Construction	300,382	-	1,800	1,800	298,582
Total Solid Waste Transfer Station-Walnut Cove	300,382	-	1,800	1,800	298,582
Storage/Maintenance Building					
Construction	500,000	-	15,582	15,582	484,418
Total Solid Waste Transfer Station-Walnut Cove	500,000	-	15,582	15,582	484,418
Walnut Cove EMS Station					
Construction	650,000	-	41,488	41,488	608,512
Total Solid Waste Transfer Station-Walnut Cove	650,000	-	41,488	41,488	608,512
Solid Waste Building/Scale House					
Construction	125,000	-	12,763	12,763	112,237
Total Solid Waste Transfer Station-Walnut Cove	125,000	-	12,763	12,763	112,237
Total expenditures	12,841,293	9,930,238	314,897	10,245,135	2,596,158
Excess of revenues over (under) expenditures	(9,387,983)	(6,479,738)	(312,238)	(6,791,976)	2,596,007
Other Financing Sources (Uses):					
Operating transfers - in:					
From Capital Reserve Fund	125,000	-	125,000	125,000	-
From Regional Sewer Fund	282,500	250,000	32,500	282,500	-
From Danbury Water Fund	32,500	-	32,500	32,500	-
From New School/F Tech Fund	250,000	250,000	-	250,000	-
Debt issuance-Nancy Reynolds/Comm College	534,695	534,695	-	534,695	-
Debt issuance-Jail	6,527,600	6,364,600	-	6,364,600	(163,000)
Debt issuance-Solid Waste Transfer Station	300,382	-	-	-	(300,382)
Debt issuance-Walnut Cove EMS Station	650,000	-	-	-	(650,000)
Debt issuance-Maintenance Building	435,000	-	-	-	(435,000)
To Dedicated Debt Service Fund	(250,000)	-	(250,000)	(250,000)	-
Fund Balance appropriated	500,306	-	-	-	(500,306)
Total other financing sources (uses)	9,387,983	7,399,295	(60,000)	7,339,295	(2,048,688)
Net change in fund balance	\$ -	\$ 919,557	(372,238)	\$ 547,319	\$ 547,319
Fund balance, beginning of year			1,047,620		
Fund balance, end of year			\$ 675,382		

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL - GRANT FUND
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues			
Restricted intergovernmental revenues	\$ 991,781	\$ 252,882	\$ (738,899)
Investment earnings	<u>-</u>	<u>113</u>	<u>113</u>
Total revenues	<u>991,781</u>	<u>252,995</u>	<u>(738,786)</u>
Expenditures			
Current operating			
Public Safety			
Operating expenditures	<u>991,781</u>	<u>252,882</u>	<u>738,899</u>
Total expenditures	<u>991,781</u>	<u>252,882</u>	<u>738,899</u>
Net change in fund balance	<u>\$ -</u>	<u>113</u>	<u>\$ 113</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ 113</u>	

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STOKES COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020

	Special Revenue Funds				
	Emergency Telephone System	Service District Fire District	Rural Hall Fire District	King Fire District	Walnut Cove Fire District
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 559,453	\$ 101,084	\$ 7,165	\$ 32,735	\$ 48,873
Taxes receivable, net	-	99,655	3,848	11,490	17,235
Accounts receivable, net	23,009	89,181	3,744	20,320	13,187
Total assets	<u>\$ 582,462</u>	<u>\$ 289,920</u>	<u>\$ 14,757</u>	<u>\$ 64,545</u>	<u>\$ 79,295</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 1	\$ -	\$ -	\$ -
Total liabilities	-	1	-	-	-
DEFERRED INFLOWS OF RESOURCES	-	99,655	3,848	11,490	17,235
Fund balances:					
Restricted:					
Stabilization by state statute	23,009	89,181	3,744	20,320	13,187
Restricted, all others	559,453	101,083	7,165	32,735	48,873
Committed	-	-	-	-	-
Total fund balances	<u>582,462</u>	<u>190,264</u>	<u>10,909</u>	<u>53,055</u>	<u>62,060</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 582,462</u>	<u>\$ 289,920</u>	<u>\$ 14,757</u>	<u>\$ 64,545</u>	<u>\$ 79,295</u>

STOKES COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020

	Capital Project Funds		Total
	Schools Capital Outlay/Capital Reserve Fund	Capital Reserve Fund	Nonmajor Governmental Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 211,950	\$ 769,946	\$ 1,731,206
Taxes receivable, net	-	-	132,228
Accounts receivable, net	353,219	-	502,660
 Total assets	<u>\$ 565,169</u>	<u>\$ 769,946</u>	<u>\$ 2,366,094</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 1
Total liabilities	-	-	1
 DEFERRED INFLOWS OF RESOURCES	-	-	132,228
 Fund balances:			
Restricted:			
Stabilization by state statute	353,219	-	502,660
Restricted, all others	-	-	749,309
Committed	211,950	769,946	981,896
 Total fund balances	<u>565,169</u>	<u>769,946</u>	<u>2,233,865</u>
 Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 565,169</u>	<u>\$ 769,946</u>	<u>\$ 2,366,094</u>

STOKES COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	Special Revenue Funds				
	Emergency Telephone System	Service District Fire District	Rural Hall Fire District	King Fire District	Walnut Cove Fire District
Revenues:					
Ad valorem taxes, net of refunds	\$ -	\$ 1,941,087	\$ 76,264	\$ 395,430	\$ 277,353
Other taxes and licenses	276,106	422,061	16,349	84,170	59,343
Investment earnings	1,667	892	56	340	225
Total revenues	<u>277,773</u>	<u>2,364,040</u>	<u>92,669</u>	<u>479,940</u>	<u>336,921</u>
Expenditures:					
Current operating:					
Public safety	165,537	2,286,962	93,414	529,294	323,503
Schools	-	-	-	-	-
Total expenditures	<u>165,537</u>	<u>2,286,962</u>	<u>93,414</u>	<u>529,294</u>	<u>323,503</u>
Excess of revenues over (under) expenditures	<u>112,236</u>	<u>77,078</u>	<u>(745)</u>	<u>(49,354)</u>	<u>13,418</u>
Other Financing Sources (Uses):					
Operating transfers - in (out):					
From General Fund	-	-	-	-	-
From Stokes Reynolds Memorial Fund	-	-	-	-	-
To General Fund	-	-	-	-	-
To Stokes Reynolds Memorial Fund	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	112,236	77,078	(745)	(49,354)	13,418
Fund balances, beginning of year	<u>470,226</u>	<u>113,186</u>	<u>11,654</u>	<u>102,409</u>	<u>48,642</u>
Fund balances, end of year	<u>\$ 582,462</u>	<u>\$ 190,264</u>	<u>\$ 10,909</u>	<u>\$ 53,055</u>	<u>\$ 62,060</u>

STOKES COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	Capital Project Funds		Total
	Schools Capital Outlay/Capital Reserve Fund	Capital Reserve Fund	Nonmajor Governmental Funds
Revenues:			
Ad valorem taxes, net of refunds	\$ -	\$ -	\$ 2,690,134
Other taxes and licenses	2,093,340	-	2,951,369
Investment earnings	1,129	7,555	11,864
Total revenues	<u>2,094,469</u>	<u>7,555</u>	<u>5,653,367</u>
Expenditures:			
Current operating:			
Public safety	-	-	3,398,710
Schools	<u>1,780,000</u>	<u>-</u>	<u>1,780,000</u>
Total expenditures	<u>1,780,000</u>	<u>-</u>	<u>5,178,710</u>
Excess of revenues over (under) expenditures	<u>314,469</u>	<u>7,555</u>	<u>474,657</u>
Other Financing Sources (Uses):			
Operating transfers - in (out):			
From General Fund	-	398,073	398,073
From Stokes Reynolds Memorial Fund	-	10,000	10,000
To General Fund	-	(642,389)	(642,389)
To Stokes Reynolds Memorial Fund	<u>-</u>	<u>(125,000)</u>	<u>(125,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>(359,316)</u>	<u>(359,316)</u>
Net change in fund balance	314,469	(351,761)	115,341
Fund balances, beginning of year	<u>250,700</u>	<u>1,121,707</u>	<u>2,118,524</u>
Fund balances, end of year	<u>\$ 565,169</u>	<u>\$ 769,946</u>	<u>\$ 2,233,865</u>

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
EMERGENCY TELEPHONE SYSTEM FUND
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other taxes and licenses:			
Restricted intergovernmental revenues	\$ 277,250	\$ 276,106	\$ (1,144)
Investment earnings	<u>1,893</u>	<u>1,667</u>	<u>(226)</u>
Total revenues	<u>279,143</u>	<u>277,773</u>	<u>(1,370)</u>
Expenditures:			
Current operating:			
Public safety:			
Telephone and furniture	92,740	60,228	32,512
Hardware maintenance	541,145	83,472	457,673
Software maintenance	30,000	16,282	13,718
Training	<u>10,000</u>	<u>5,555</u>	<u>4,445</u>
Total expenditures	<u>673,885</u>	<u>165,537</u>	<u>508,348</u>
Excess of revenues over (under) expenditures	(394,742)	112,236	506,978
Appropriated fund balance	<u>394,742</u>	<u>-</u>	<u>(394,742)</u>
Net change in fund balance	<u>\$ -</u>	112,236	<u>\$ 112,236</u>
Fund balance, beginning of year		<u>470,226</u>	
Fund balance, end of year		<u>\$ 582,462</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SERVICE DISTRICT FIRE DISTRICT
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 1,668,185	\$ 1,701,832	\$ 33,647
Motor vehicle taxes collected by state	169,678	181,657	11,979
prior year	<u>42,000</u>	<u>58,013</u>	<u>16,013</u>
Total	1,879,863	1,941,502	61,639
 Less: refunds	<u>-</u>	<u>(415)</u>	<u>(415)</u>
 Net	1,879,863	1,941,087	61,224
 Local option sales tax	362,000	422,061	60,061
Investment earnings	<u>-</u>	<u>892</u>	<u>892</u>
 Total revenues	<u>2,241,863</u>	<u>2,364,040</u>	<u>122,177</u>
 Expenditures:			
Current operating:			
Public safety	<u>2,286,962</u>	<u>2,286,962</u>	<u>-</u>
 Excess of revenues over (under) expenditures	(45,099)	77,078	122,177
 Appropriated fund balance	<u>45,099</u>	<u>-</u>	<u>(45,099)</u>
 Net change in fund balance	<u>\$ -</u>	77,078	<u>\$ 77,078</u>
 Fund balance, beginning of year		<u>113,186</u>	
 Fund balance, end of year		<u>\$ 190,264</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
RURAL HALL FIRE DISTRICT
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 64,745	\$ 63,906	\$ (839)
Motor vehicle taxes collected by state	9,269	9,776	507
prior year	<u>600</u>	<u>2,582</u>	<u>1,982</u>
Total	74,614	76,264	1,650
 Local option sales tax	 11,800	 16,349	 4,549
Investment earnings	<u>-</u>	<u>56</u>	<u>56</u>
 Total revenues	 <u>86,414</u>	 <u>92,669</u>	 <u>6,255</u>
 Expenditures:			
Current operating:			
Public safety	<u>93,414</u>	<u>93,414</u>	<u>-</u>
 Excess of revenues over (under) expenditures	 (7,000)	 (745)	 6,255
Appropriated fund balance	<u>7,000</u>	<u>-</u>	<u>(7,000)</u>
 Net change in fund balance	 <u>\$ -</u>	 (745)	 <u>\$ (745)</u>
 Fund balance, beginning of year		<u>11,654</u>	
 Fund balance, end of year		<u>\$ 10,909</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
KING FIRE DISTRICT
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes			
Current year	\$ 331,879	\$ 333,614	\$ 1,735
Motor vehicle taxes collected by state	52,915	55,663	2,748
prior year	5,000	6,166	1,166
	<u>389,794</u>	<u>395,443</u>	<u>5,649</u>
Less: refunds	<u>-</u>	<u>(13)</u>	<u>(13)</u>
Total	389,794	395,430	5,636
Local option sales tax	64,500	84,170	19,670
Investment earnings	<u>-</u>	<u>340</u>	<u>340</u>
Total revenues	<u>454,294</u>	<u>479,940</u>	<u>25,646</u>
Expenditures:			
Current operating:			
Public safety	<u>529,294</u>	<u>529,294</u>	<u>-</u>
Total expenditures	<u>529,294</u>	<u>529,294</u>	<u>-</u>
Excess of revenues over (under) expenditures	(75,000)	(49,354)	25,646
Appropriated fund balance	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(49,354)</u>	<u>\$ (49,354)</u>
Fund balance, beginning of year		<u>102,409</u>	
Fund balance, end of year		<u>\$ 53,055</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
WALNUT COVE FIRE DISTRICT
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 235,082	\$ 234,415	\$ (667)
Motor vehicle taxes collected by state prior year	32,185 6,000	33,830 9,132	1,645 3,132
Total	273,267	277,377	4,110
Less: refunds	-	(24)	(24)
Net	273,267	277,353	4,086
Local option sales tax	43,000	59,343	16,343
Investment earnings	-	225	225
Total revenues	316,267	336,921	20,654
Expenditures:			
Current operating:			
Public safety	323,503	323,503	-
Total expenditures	323,503	323,503	-
Excess of revenues over (under) expenditures	(7,236)	13,418	20,654
Appropriated fund balance	7,236	-	(7,236)
Net change in fund balance	<u>\$ -</u>	13,418	<u>\$ 13,418</u>
Fund balance, beginning of year		48,642	
Fund balance, end of year		<u>\$ 62,060</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SCHOOLS CAPITAL OUTLAY/CAPITAL RESERVE FUND
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other taxes and licenses:			
Local option sales taxes	\$ 1,780,000	\$ 2,093,340	\$ 313,340
Investment earnings	<u>-</u>	<u>1,129</u>	<u>1,129</u>
Total revenues	<u>1,780,000</u>	<u>2,094,469</u>	<u>314,469</u>
Expenditures:			
Schools:			
Capital outlay	<u>1,780,000</u>	<u>1,780,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	314,469	<u>\$ 314,469</u>
Fund balance, beginning of year		<u>250,700</u>	
Fund balance, end of year		<u>\$ 565,169</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL RESERVE FUND
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ -	\$ 7,555	\$ 7,555
Total revenues	<u>-</u>	<u>7,555</u>	<u>7,555</u>
Other Financing Sources (Uses):			
Operating transfers - in (out):			
From General Fund	398,073	398,073	-
From Stokes Reynolds Memorial Hospital Fund	10,000	10,000	-
To Capital Project Fund	(125,000)	(125,000)	-
To General Fund	<u>(283,073)</u>	<u>(642,389)</u>	<u>(359,316)</u>
Total other financing sources (uses)	<u>-</u>	<u>(359,316)</u>	<u>(359,316)</u>
Net change in fund balance	<u>\$ -</u>	<u>(351,761)</u>	<u>\$ (351,761)</u>
Fund balance, beginning of year		<u>1,121,707</u>	
Fund balance, end of year		<u>\$ 769,946</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP) -
STOKES-REYNOLDS MEMORIAL HOSPITAL FUND
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Lease income	\$ 10,001	\$ 10,001	\$ -
Stokes Reynolds Hospital Inc.	1,000	342	(658)
Miscellaneous revenue	-	2,896	2,896
Non-operating revenues:			
Interest income	-	116	116
Total revenues	<u>11,001</u>	<u>13,355</u>	<u>2,354</u>
Expenditures:			
Hospital expense	50,000	50,000	-
Operating expense	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>51,000</u>	<u>50,000</u>	<u>1,000</u>
Excess of revenues over (under) expenditures	<u>(39,999)</u>	<u>(36,645)</u>	<u>3,354</u>
Other Financing Sources (Uses):			
Operating transfers			
To Capital Reserve Fund	(10,000)	(10,000)	-
From General Fund	<u>49,999</u>	<u>49,999</u>	<u>-</u>
Total other financing sources (uses)	<u>39,999</u>	<u>39,999</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	3,354	<u>\$ 3,354</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Depreciation		<u>-</u>	
Change in net position		<u>\$ 3,354</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP) -
REGIONAL SEWER FUND
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Sewer fees	\$ 125,000	\$ 125,853	\$ 853
Non-operating revenues:			
Interest income	<u>-</u>	<u>2,331</u>	<u>2,331</u>
Total revenues	<u>125,000</u>	<u>128,184</u>	<u>3,184</u>
Expenditures:			
Salaries	30,458	30,003	455
Fringe	11,281	11,020	261
Operating expenditures	51,500	36,074	15,426
Maint. & repairs equipment	20,000	11,248	8,752
Capital outlay	9,828	9,206	622
Equipment	<u>1,000</u>	<u>367</u>	<u>633</u>
Total expenditures	<u>124,067</u>	<u>97,918</u>	<u>26,149</u>
Excess of revenues over (under) expenditures	933	30,266	29,333
Other Financing Sources (Uses):			
Operating transfers - out			
To Capital Projects Fund	<u>(32,500)</u>	<u>(32,500)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(31,567)	(2,234)	29,333
Retained earnings appropriated	<u>31,567</u>	<u>-</u>	<u>(31,567)</u>
Excess of revenues and retained earnings appropriated under expenditures and other uses	<u>\$ -</u>	(2,234)	<u>\$ (2,234)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to full accrual:			
Reconciling items:			
Capital outlay		9,206	
Depreciation		<u>(180,273)</u>	
Change in net position		<u>\$ (173,301)</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP) -
DANBURY WATER FUND
Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Water fees	\$ 130,000	\$ 170,483	\$ 40,483
Non-operating revenues:			
Miscellaneous	11,141	-	(11,141)
Interest income	730	586	(144)
Total revenues	<u>141,871</u>	<u>171,069</u>	<u>29,198</u>
Expenditures:			
Salaries	35,524	33,330	2,194
Fringe	12,537	12,009	528
Operating expenditures	35,325	25,275	10,050
Maintenance and repairs equipment	46,141	46,253	(112)
Capital outlay	1,775	1,770	5
Total expenditures	<u>131,302</u>	<u>118,637</u>	<u>12,665</u>
Excess of revenues over (under) expenditures	10,569	52,432	41,863
Other Financing Sources (Uses):			
Operating transfers - out:			
To Capital Project Fund	<u>(32,500)</u>	<u>(32,500)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(21,931)	19,932	41,863
Retained earnings appropriated	<u>21,931</u>	<u>-</u>	<u>(21,931)</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	19,932	<u>\$ 19,932</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Depreciation		<u>(48,775)</u>	
Change in net position		<u>\$ (28,843)</u>	

**STOKES COUNTY, NORTH CAROLINA
COMBINING SCHEDULE OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2020**

	Balance, July 1, 2019	Additions	Deductions	Balance, June 30, 2020
<u>Social Services Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 33,851	\$ 249,079	\$ 245,984	\$ 36,946
Accounts receivable	9,554	5,664	9,554	5,664
Total	<u>\$ 43,405</u>	<u>\$ 254,743</u>	<u>\$ 255,538</u>	<u>\$ 42,610</u>
LIABILITIES				
Accounts payable	\$ 12,205	\$ 13,016	\$ 12,205	\$ 13,016
Funds held for others	31,200	246,071	247,677	29,594
Total	<u>\$ 43,405</u>	<u>\$ 259,087</u>	<u>\$ 259,882</u>	<u>\$ 42,610</u>
<u>Recreation Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 3,183	\$ 8	\$ -	\$ 3,191
LIABILITIES				
Funds held for others	<u>\$ 3,183</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 3,191</u>
<u>Penalties and Interest-School</u>				
ASSETS				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 255,253</u>	<u>\$ 255,253</u>	<u>\$ -</u>
LIABILITIES				
Funds held for others	<u>\$ -</u>	<u>\$ 255,253</u>	<u>\$ 255,253</u>	<u>\$ -</u>
<u>Stokes County Jail</u>				
ASSETS				
Cash and cash equivalents	<u>\$ 23,224</u>	<u>\$ -</u>	<u>\$ 3,840</u>	<u>\$ 19,384</u>
LIABILITIES				
Funds held for others	<u>\$ 23,224</u>	<u>\$ -</u>	<u>\$ 3,840</u>	<u>\$ 19,384</u>
<u>Stokes County 4-H Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 5,124	\$ 11,365	\$ 9,154	\$ 7,335
LIABILITIES				
Accounts payable	\$ -	\$ 1,361	\$ -	\$ 1,361
Funds held for others	5,124	20,520	19,670	5,974
Total	<u>\$ 5,124</u>	<u>\$ 21,881</u>	<u>\$ 19,670</u>	<u>\$ 7,335</u>

**STOKES COUNTY, NORTH CAROLINA
COMBINING SCHEDULE OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2020**

	<u>Balance, July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2020</u>
<u>Total All Agency Funds</u>				
ASSETS				
Cash and cash equivalents	\$ 65,382	\$ 515,705	\$ 514,231	\$ 66,856
Accounts receivable	9,554	5,664	9,554	5,664
Total	<u>\$ 74,936</u>	<u>\$ 521,369</u>	<u>\$ 523,785</u>	<u>\$ 72,520</u>
LIABILITIES				
Accounts payable	\$ 12,205	\$ 14,377	\$ 12,205	\$ 14,377
Funds held for others	62,731	521,852	526,440	58,143
Total	<u>\$ 74,936</u>	<u>\$ 536,229</u>	<u>\$ 538,645</u>	<u>\$ 72,520</u>

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ADDITIONAL FINANCIAL DATA

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STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2020

Fiscal Year	Uncollected Balance July 1, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 26,995,940	\$ 26,309,670	\$ 686,270
2018-2019	684,564	98	407,166	277,496
2017-2018	300,557	-	119,642	180,915
2016-2017	197,269	337	68,412	129,194
2015-2016	140,040	70	51,351	88,759
2014-2015	101,854	336	38,010	64,180
2013-2014	86,129	-	25,585	60,544
2012-2013	66,358	-	12,496	53,862
2011-2012	50,136	-	6,566	43,570
2010-2011	41,507	-	5,939	35,568
2009-2010	30,238	-	30,238	-
Total	<u>\$ 1,698,652</u>	<u>\$ 26,996,781</u>	<u>\$ 27,075,075</u>	1,620,358
Less: Allowance for uncollectible ad valorem taxes receivable: General Fund				<u>447,744</u>
Ad valorem taxes receivable, net				<u>\$ 1,172,614</u>
Reconciliation with revenues:				
Taxes - ad valorem - General Fund				\$ 11,926,847
Taxes - ad valorem - Dedicated Debt Service Fund				1,637,966
Taxes - ad valorem - School Current Expense Fund				13,539,388
Discounts allowed				263,914
Amounts written off for tax year 2009-10 per Statute of Limitations				30,238
Miscellaneous				<u>(68,025)</u>
Subtotal				<u>27,330,328</u>
Less interest and penalties collected				<u>(255,253)</u>
Total				<u>\$ 27,075,075</u>

STOKES COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
Year Ended June 30, 2020

	County-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 3,400,126,212	\$ 0.66	\$ 22,440,833	\$ 19,681,184	\$ 2,759,649
Utilities	671,115,606	0.66	4,429,363	4,429,363	-
Penalties	-		15,143	15,143	-
Total	<u>4,071,241,818</u>		<u>26,885,339</u>	<u>24,125,690</u>	<u>2,759,649</u>
Discoveries:					
Current year taxes	<u>28,166,667</u>	0.66	<u>185,900</u>	<u>185,900</u>	<u>-</u>
Abatements					
	<u>(11,408,939)</u>		<u>(75,299)</u>	<u>(75,299)</u>	<u>-</u>
Total property valuation	<u>\$ 4,087,999,546</u>				
Net levy			26,995,940	24,236,291	2,759,649
Uncollected taxes at June 30, 2020			<u>686,270</u>	<u>686,270</u>	<u>-</u>
Current year's taxes collected			<u>\$ 26,309,670</u>	<u>\$ 23,550,021</u>	<u>\$ 2,759,649</u>
Current levy collection percentage			<u>97.46%</u>	<u>97.17%</u>	<u>100.00%</u>
Secondary Market Disclosures					
Assessed valuation:					
Assessment ratio					100%
Real property					\$ 2,785,575,398
Business property					174,067,760
Personal property					34,406,259
Motor Vehicle					422,834,534
Public service companies					671,115,595
Total assessed valuation					<u>\$ 4,087,999,546</u>
Tax rate per \$100					0.66
Levy (includes discoveries, releases and abatements)					<u>\$ 26,995,940</u>

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

Fire Protection Districts	
Service District	\$ 1,761,227
Rural Hall	66,294
King	342,365
Walnut Cove	<u>243,614</u>
Total	<u>\$ 2,413,500</u>

Table 1

STOKES COUNTY, NORTH CAROLINA
TEN LARGEST TAXPAYERS
Year Ended June 30, 2020

<u>Name</u>	<u>Product</u>	<u>Value</u>	<u>Levy</u>	<u>Percentage</u>
Duke Power Company	Electric Utility	\$ 618,440,475	\$ 3,834,331	14.20%
Wieland Copper Products	Copper Tubing	78,788,656	488,490	1.81%
R J Reynolds Tobacco Company	Tobacco Company	16,947,506	105,075	0.39%
Powerscreen Mid-Atlantic Inc	Build Equipment	14,906,172	92,418	0.34%
Wal-Mart Real Estate Business Trust	Retail	13,184,602	81,745	0.30%
Energy United EMC	Electric Utility	11,535,764	71,522	0.26%
Parkdale America	Elastic	11,060,495	68,575	0.25%
Time Warner Cable Internet LLC	Cable	10,615,264	65,815	0.24%
Surry-Yadkin Electric	Electric Utility	8,944,558	55,456	0.21%
Norfolk Southern	Railroad Utility	8,030,193	<u>49,787</u>	<u>0.18%</u>
Total			<u>\$ 4,913,214</u>	<u>18.18%</u>

STOKES COUNTY, NORTH CAROLINA
CAPITAL RESERVE FUND
RECONCILIATION OF FUND BALANCE
Year Ended June 30, 2020

Project Description	Balance July 1, 2019	Revenues and Operating Transfers - In	Operating Transfers - Out	Balance June 30, 2020
General Government:				
Administration	\$ 45,000	\$ -	\$ 45,000	\$ -
Finance	9,573	-	7,400	2,173
Public buildings	700,439	77,000	563,725	213,714
Register of Deeds	18,606	16,423	23,016	12,013
Vehicle maintenance	85,848	-	-	85,848
Technology	5,423	-	-	5,423
Elections	76,480	-	76,480	-
Total	<u>941,369</u>	<u>93,423</u>	<u>715,621</u>	<u>319,171</u>
Public Safety:				
Sheriff's Department - equipment	20,000	-	-	20,000
Jail	-	100,000	-	100,000
Emergency management	19,924	-	19,924	-
Emergency communications	31,844	-	31,844	-
Animal control	708	-	-	708
Total	<u>72,476</u>	<u>100,000</u>	<u>51,768</u>	<u>120,708</u>
Environmental Protection:				
Solid Waste/Sanitary Landfill	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Total	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Human Services:				
Stokes-Reynolds Memorial Hospital	32,500	10,000	-	42,500
Social Services	-	4,650	-	4,650
Total	<u>32,500</u>	<u>14,650</u>	<u>-</u>	<u>47,150</u>
Economic and Physical Development				
Economic Development	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Unspecified	<u>35,362</u>	<u>7,555</u>	<u>-</u>	<u>42,917</u>
Total	<u>\$ 1,121,707</u>	<u>\$ 415,628</u>	<u>\$ 767,389</u>	<u>\$ 769,946</u>

COMPLIANCE SECTION

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

Independent Auditor's Report

To the Board of County Commissioners
Stokes County
Danbury, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Stokes County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 1, 2021. The financial statements of the Stokes County Water and Sewer Authority were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with Stokes County Water and Sewer Authority.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Stokes 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 Stokes County's internal control. Accordingly, we do not express an opinion on the effectiveness of Stokes 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 County'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stokes County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the 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 an instance of non-compliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2020-001.

Stokes County's Response to Finding

Stokes County's response to the finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Stokes County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
March 1, 2021

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

Independent Auditor's Report

To the Board of County Commissioners
Stokes County
Danbury, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Stokes County, North Carolina's, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Stokes County's major federal programs for the year ended June 30, 2020. Stokes 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Stokes County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2020-002 that we consider to be a significant deficiency.

Stokes County's Response to Finding

Stokes County's response to the finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Stokes County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Purpose of this Report

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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
March 1, 2021

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Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of County Commissioners
Stokes County
Danbury, North Carolina

Report on Compliance for Each Major State Program

We have audited Stokes County, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Stokes County's major state programs for the year ended June 30, 2020. Stokes 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, Stokes County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2020-002 that we consider to be a significant deficiency.

Stokes County's Response to Finding

Stokes County's response to the finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Stokes County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Purpose of this Report

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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
March 1, 2021

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STOKES COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

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
- Significant deficiency(s) identified? None reported

Non-compliance material to financial statements noted? Yes

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? Yes

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

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

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Medicaid Cluster	93.778
SNAP Cluster	10.561

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

Auditee qualified as low-risk auditee? Yes

STOKES COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

- | | |
|---|-----|
| • Material weakness identified? | No |
| • Significant deficiency(s) identified? | Yes |

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

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

Identification of major state programs:

Program Name

Medicaid
School Nurse Funding Initiative
Public School Building Capital Fund
Juvenile Justice and Delinquency Prevention

STOKES COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

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

2020-001

Material Weakness

Non-Compliance

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting. Per G.S. 159-8, all money received and expended by a local government should be included in the budget ordinance. The statutes require that funds be appropriated before incurring the obligation of funds and that amounts be pre-audited prior to the expenditure being made.

Condition: Expenditures related to claims paid for County insurance were netted against payables. A prior period adjustment was required to correct an understatement of prior year payables. An adjustment in the current year was required to properly report expenditures. The County's budget did not include expenditures for an operating lease for vehicles across several departments within the General Fund. The Capital Reserve Fund had one transfer that was over budget. As a result, the County expended funds that were not appropriated.

Effect: Errors in financial reporting occurred, and the County was in violation of North Carolina General Statutes.

Cause: Expenditures were netted against payables resulting in an understatement of prior year payables and resulting in current year expenditures not being included in the budget.

Recommendation: Care should be taken to ensure that insurance transactions are reconciled to the financial statements. The County should implement additional monitoring controls, such as reviewing monthly budget to actual reports and careful pre-audit of expenditures. Budget amendments should be adopted prior to expending funds that exceed budgeted amounts.

Views of Responsible Officials and Planned Corrective Actions: The County agrees with this finding. Please refer to the Corrective Action Plan section of this report.

STOKES COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

3. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

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

Program Name: Medical Assistance Program (Medicaid; Title XIX), State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

CFDA #: 93.778, 10.561

Grant Number: XIX-MAP20, 205NC406S2514

2020-002

Significant Deficiency

Criteria: In accordance with the Division of Social Services Fiscal Manual, DSS employees should control physical access to the state network terminals or personal computers that are connected to the state mainframe.

Condition: Upon surprise inspection, one unattended workstation of a DSS employee was logged onto the state network without anyone attending to the workstation.

Context: While performing testing of internal control over compliance related to the Division of Social Services, we noted the above condition.

Effect: Unauthorized access to the state system could be obtained due to the unattended logon to the system throughout the DSS building.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2019-001.

Cause: Lapse of internal controls over data security.

Questioned Costs: The finding represents an internal control issue; therefore, no questioned costs are applicable.

Recommendation: Require the County Data Processing Department to implement procedures to require logout of workstations where access to the State DSS system is granted. The control procedures should include random verification of logout in instances where offices are unattended.

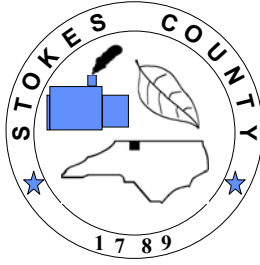
Views of Responsible Officials and Planned Corrective Actions: The County agrees with this finding. Please refer to the Corrective Action Plan section of this report.

STOKES COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

4. State Award Findings and Questioned Costs

Finding 2020-002 – In accordance with the Division of Social Services Fiscal Manual, DSS employees should control physical access to the state network terminals or personal computers that are connected to the state mainframe. See more details at Finding 2020-002 in Section 3 – Federal Award Findings and Questioned Costs.



Stokes County

Finance Department

P.O. Box 20

Danbury, NC 27016

Email: jedwards@co.stokes.nc.us

(336) 593-2405

(336) 593-2346 Fax

Corrective Action Plan

Finding: 2020-001

Name of Contact Person: Julia Edwards, Finance Director

Management Response: The County's health insurance is self-insured. The County was accounting for the self-insurance in a payable account. With discussion with the auditor, the County moved the loss to an expense account. The adjustment was made in September and we could not amend the budget. The County will be reviewing this expense on a monthly basis to assure that this does not occur again.

Proposed Completion Date: Immediately and ongoing



Stokes County
Department of Social Services

Post Office Box 30
Danbury, North Carolina 27016
www.co.stokes.nc.us/dss

Stacey S. Elmes
Director

Agency - Phone - (336)593-2861 - Fax - (336)593-9362
Child Welfare Fax - (336)593-2431
Child Support Fax - (336)593-2477

Corrective Action Plan

Finding: 2020-002

Name of Contact Person: Stacey Elmes, DSS Director

Management Response: Management has advised staff to lock their computers when they leave their workstation. Computers have been updated with a control setting so they will go to screen saver mode after one (1) minute of non-use and require the user to type their password to unlock. Management will periodically check offices that are unattended to ensure staff are locking their computers before leaving their workstations and team leaders will address policy with staff who are out of compliance.

Most computers have a sticky note on them with "Window L" as a reminder for the worker to click that prior to their getting up from the computer – this will lock the computer. We will do a building check to ensure that all computers have this sticky note on them.

Security measures such as hall doors being locked and outside doors being locked are in place to ensure people are not randomly wandering thru the halls. It is also a requirement for workers to escort their clients back to the outside hall door or elevator to the lobby so as to ensure that folks are not left in the worker areas unattended.

Proposed Completion Date: Immediately and ongoing

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

Finding: 2019-001
Status: Repeated as 2020-002

Finding: 2019-002
Status: Corrected

Finding: 2019-003
Status: Corrected

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local Expenditures
FEDERAL AWARDS:						
<u>U. S. Department of Agriculture</u>						
<u>Food and Nutrition Service</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Social Services:						
Administration:						
Supplemental Nutrition Assist. Program Cluster						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	205NC406S2514	\$ 280,277	\$ -	\$ -	\$ 280,277
Total Supplemental Nutrition Assist. Program Cluster			280,277	-	-	280,277
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Administration:						
WIC - Special Supplemental Nutrition Program for Women, Infants and Children	10.557	536260403/53260415	169,119	-	-	-
Total WIC - Supplemental Nutrition Program for Women, Infants & Children			169,119	-	-	-
Community Facilities Loans and Grants Cluster:						
Direct Program:						
Community Facilities Loans and Grants - Jail	10.766		163,000	-	-	-
Total Community Facilities Loans and Grants Cluster			163,000	-	-	-
Total U. S. Department of Agriculture			612,396	-	-	280,277
<u>U.S. Department of Justice</u>						
<u>Offices, Boards and Divisions</u>						
Direct Program						
Equitable Sharing Program	16.922		5,235	-	-	-
Total U. S. Department of Justice			5,235	-	-	-
<u>U.S. Department of Treasury</u>						
Direct Program						
Equitable Sharing Program	21.016		6,070	-	-	-
Passed-through N.C. Office of State Budget and Management -						
NC Pandemic Recovery Office						
COVID-19 Coronavirus Relief Fund - Stokes County	21.019	02-83	9,762	-	-	-
COVID-19 Coronavirus Relief Fund - passed through to the City of King	21.019	02-83	243,120	-	243,120	-
Total U.S. Department of Treasury			258,952	-	243,120	-
<u>U.S. Department of Health & Human Services</u>						
<u>Administration for Community Living</u>						
Passed-through the Piedmont Triad Regional Council						
<u>Aging Cluster:</u>						
Special Programs for the Aging - Title III B						
Grants for Supportive Services and Senior Centers	93.044	DOA-735	26,333	1,549	1,081	-
Grants for Supportive Services and Senior Centers	93.044	DOA-735	30,524	1,796	-	-
Special Programs for the Aging - Title III C						
Nutrition Services						
Nutrition Services Incentive Program	93.045	DOA-735	166,602	9,800	-	-
Nutrition Services Incentive Program	93.053	DOA-735	27,848	-	-	-
Total Aging Cluster			251,307	13,145	1,081	-
Social Services Block Grant (SSBG) - In-Home Services						
National Family Caregiver Support, Title III, Part E	93.667	DOA-735	5,425	155	216	-
	93.052	DOA-735	20,546	1,370	-	-
<u>Administration of Children and Families</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Social Services:						
<u>Foster Care and Adoption Cluster (Note 3)</u>						
Foster Care Title IV-E-Foster Care	93.658	2001NCFOST	100,970	-	-	127,272
Foster Care Title IV-E-Title IV-E Foster Care - Administration	93.658	2001NCFOST	436,406	27,382	-	404,095
Foster Care Title IV-E-Foster Care - Direct Benefit Payments	93.658	2001NCFOST	279,194	79,558	-	65,313
COVID-19 - Foster Care Title IV-E-Title IV-E Foster Care - Administration	93.658	2001NCFOST	11,699	747	-	-
COVID-19 - Foster Care Title IV-E-Foster Care - Direct Benefit Payments	93.658	2001NCFOST	13,100	-	-	-
Total Foster Care and Adoption Cluster (Note 3)			841,369	107,687	-	596,680
Administration:						
Temporary Assistance for Needy Families (TANF) / WorkFirst	93.558	2001NCTANF	432,300	-	-	243,790
Division of Public Health:						
Temporary Assistance for Needy Families	93.558	2001NCTANF	4,220	-	-	-
Child Support Enforcement	93.563	2001NCCES	273,459	-	-	141,204
Low-Income Home Energy Assistance:						
Low Income Energy Assistance- Administration						
LIHEA Payments	93.568	G20B1NCLIEA	28,120	-	-	-
	93.568	G20B1NCLIEA	178,517	-	-	-
Low Income Energy Assistance-Crisis Intervention Payments	93.568	G20B1NCLIEA	99,225	-	-	-

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local Expenditures
<u>Refugee and Entrant Assistance Cluster</u>						
Refugee and Entrant Assistance State/ Replacement Designee Administered Programs	93.566	WC302	294	-	-	-
Total Refugee and Entrant Assistance Cluster			294	-	-	-
Stephanie Tubbs Jones Child Welfare Service Program	93.645	G2001NCCWSS	27,367	-	-	9,122
Social Services Block Grant - Other Service and Training	93.667	G2001NCSOSR	129,357	-	-	43,119
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Admin	93.674	2001NCC1LP	6,090	1,523	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Direct Benefit Payments	93.674	2001NCC1LP	34,027	-	-	-
Social Service Block Grant	93.667	G2001NCSOSR	132,345	-	-	4,483
Passed-through the Red Bird Council of Governments:						
Division of Social Services:						
Mary Lee Allen Promoting Safe and Stable Families	93.556	2001NCFPCV	38,137	-	-	-
Subsidized Child Care Cluster (Note 3)						
<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	G2001NCCCDF	55,076	-	-	-
Total Child Care Development Fund Cluster/Subsidized Child Care Cluster (Note 3)			55,076	-	-	-
FEDERAL Awards (Continued)						
<u>Centers for Medicare and Medicaid Services:</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Health Benefits:						
Division of Social Services:						
<u>Medicaid Cluster:</u>						
Administration:						
Medical Assistance Program	93.778	XIX-MAP20	795,761	3,176	-	345,400
Total Medicaid Cluster			795,761	3,176	-	345,400
Division of Social Services:						
Administration:						
Children's Health Insurance Program - N.C. Health Choice	93.767	CHIP20	25,661	457	-	1,407
<u>Centers for Disease Control and Prevention</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	536260514	6,777	-	-	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	536260619	38,754	-	-	-
Prevention Health and Health Services Block Grant	93.991	536260886	30,921	-	-	-
Immunization Cooperative Agreements	93.268	536260715	14,616	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	536260452	9,425	-	-	-
<u>Office of Assistant Secretary for Health</u>						
Passed through N.C. Department of Health and Human Services						
Family Planning Services	93.217	536260151	42,033	-	-	-
<u>Health Resources and Services Administration</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Maternal and Child Health Services Block Grant to the State	93.994	536260151	40,016	20,598	-	-
<u>Administration for Community Living</u>						
Passed through N.C. Department of Insurance						
Division of SHIP						
State Health Insurance Assistance Program	93.324	091515-4046	3,421	-	-	-
Total U. S. Department of Health and Human Services			3,564,566	148,111	1,297	1,385,205
<u>U. S. Department of Homeland Security</u>						
Passed-through the N.C. Department of Public Safety:						
Disaster Grants - Public Assistance (Presidentially Declared Disasters) -						
Hurricane Dorian	97.036	MISSION 217522; 218729; 218477	3,001	-	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Hurricane Florence	97.036	MISSION 198608	3,335	-	-	-
Emergency Management Performance Grant Program	97.042	EMW-2019-19084	20,625	-	-	-
Passed-through the North Carolina Department of Health and Human Services:						
Emergency Management Performance Grant	97.042	EMPG-2019-19084A	18,279	-	-	-
Total U. S. Department of Homeland Security			45,240	-	-	-
Total Federal Awards			4,486,389	148,111	244,417	1,665,482

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local Expenditures
STATE AWARDS:						
<u>N. C. Department of Health and Human Services</u>						
Division of Social Services:						
Direct Benefit Payments:						
SFHF Maximization			-	36,924	-	86,924
State Foster Home			-	55,199	-	55,199
Extended FC MAX Non IV-E			-	41,188	-	-
Administration:						
AFDC Incent/Prog Integrity			-	4,242	-	-
Passed through the Stokes County Partnership for Children:						
St Child Welfare/CPS CS LD			-	130,948	-	-
Division of Public Health:						
Healthy Community Activities		1261550300	-	3,785	-	-
Aid to Counties		536260110	-	83,689	-	-
Food and Lodging Fees		536560874	-	7,196	-	-
General Communicable Disease Control		536260510	-	85	-	-
Breast and Cervical Cancer Program		536260452	-	2,110	-	-
TB Control		536260551	-	437	-	-
Family Planning (State)		536260151	-	16,175	-	-
School Nurse Funding Initiative		536260803	-	150,000	150,000	-
Total N. C. Department of Health and Human Services			-	531,978	150,000	142,123
<u>N. C. Department of Administration</u>						
Veterans Service			-	2,182	-	-
Total N. C. Department of Administration			-	2,182	-	-
<u>N. C. Department of Transportation</u>						
Rural Operating Assistance Program (ROAP) Cluster:						
Elderly and Disabled Transportation Assistance Program (E&DTAP)		DOT-16CL	-	77,404	-	-
Rural General Public Program (RGP)		DOT-16CL	-	81,696	-	-
Employment Transportation Assistance Program		DOT-16CL	-	14,296	-	-
Total Rural Operating Assistance Program (ROAP) Cluster			-	173,396	-	-
Total N. C. Department of Transportation			-	173,396	-	-
<u>N. C. Department of Public Safety</u>						
Division of Juvenile Justice and Delinquency Prevention						
Juvenile Justice and Delinquency Prevention			-	161,852	-	-
Division of Emergency Management						
NC Tier II Grant - LEPC Projects		T2-2019	-	1,000	-	-
Total N. C. Department of Public Safety			-	162,852	-	-
<u>N.C. Department of Public Instruction</u>						
Public School Capital Building Fund - Lottery			-	450,000	-	-
Total N. C. Department of Public Instruction			-	450,000	-	-
<u>N. C. Department of Environmental Quality</u>						
Division of Waste Management						
White Goods Management Program			-	21,053	-	-
Scrap Tire Program			-	63,196	-	-
Solid Waste Disposal Tax Dist			-	36,706	-	-
Electronic Management Program			-	2,690	-	-
Division of Water Infrastructure						
NC Clean Water Revolving Loan & Grant Program						
Merger Regionalization Feasibility Grant		H-MRF-D-18-0015	-	26,600	26,600	-
Total N. C. Department of Environmental Quality			-	150,245	26,600	-
<u>Piedmont Triad Regional Council</u>						
In-Home Services - State Funds		DOA-735	-	51,437	1,994	-
State Appropriation - Access		DOA-735	-	16,529	-	-
State Appropriation - Home Delivered Meals		DOA-735	-	43,563	-	-
General Purpose (Senior Center Development)		DOA-735	-	14,098	3,524	-
Total Piedmont Triad Regional Council			-	125,627	5,518	-
<u>N.C. Department of Agriculture</u>						
Spay Neuter Program			-	7,147	-	-
Total N. C. Department of Commerce			-	7,147	-	-
<u>N.C. Administrative Office of the Courts</u>						
Civil License Renovation			-	2,210	-	-
Total N.C. Administrative Office of the Courts			-	2,210	-	-
Total State Awards			-	1,605,637	182,118	142,123
Total Federal and State Awards			\$ 4,486,389	\$ 1,753,748	\$ 426,535	\$ 1,807,605

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2020

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipients</u>	<u>Local Expenditures</u>
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Notes to the Schedule of Expenditures of Federal and State Awards:

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of Stokes County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Stokes County, it is not intended to and does not present the financial position, changes in net position or cash flows of Stokes County.

2. Summary of Significant Accounting Policies

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

3. 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 and Adoption, Subsidized Child Care, and Refugee and Entrant Assistance Cluster.

4. Indirect Cost Rate

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

5. Loans Outstanding

Stokes County had the following loan balance outstanding at June 30, 2020 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2020 consist of:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Community Facilities Loans and Grants -Jail	10.766	-	\$ 6,527,600

6. Coronavirus Relief Funds

Stokes County received \$991,781 of funding from the Coronavirus Relief Fund (21.019) in accordance with HB 1043 and is scheduled to receive \$884,828 appropriated from HB 1023. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Stokes County, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020, or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with US Dept. of Treasury, the granting agency, guidelines. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties; however, municipalities are liable to the State, not the County, for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020.