

**REVIEWED**

*By SLGFD at 9:04 am, Apr 07, 2022*

# **WILKES COUNTY NORTH CAROLINA**

## **ANNUAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2020**



# WILKES COUNTY, NORTH CAROLINA

## ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2020

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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  
Wilkes County  
Wilkesboro, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wilkes 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.

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, each major fund, and the aggregate remaining fund information of Wilkes County, North Carolina, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Fire District 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 Officer's Special Separation Allowance Schedule of Changes in Total Pension Liability and Schedule of Total Pension Liability as a Percentage of Covered Payroll, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Governmental Employees' Retirement Systems Schedules of the County's Proportionate Share of Net Pension Asset (Liability) and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension 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 Wilkes County's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, other schedules, and 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 materials respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2020 on our consideration of Wilkes County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wilkes 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 Wilkes County's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

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

December 2, 2020, except for the restated Schedule of Expenditures of Federal and State Awards and notes to the Schedule of Expenditures of Federal and State Awards, for which the date is March 24, 2022.

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## **Management's Discussion and Analysis**

As management of Wilkes County, we offer readers of Wilkes County's financial statements this narrative overview and analysis of the financial activities of Wilkes County for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

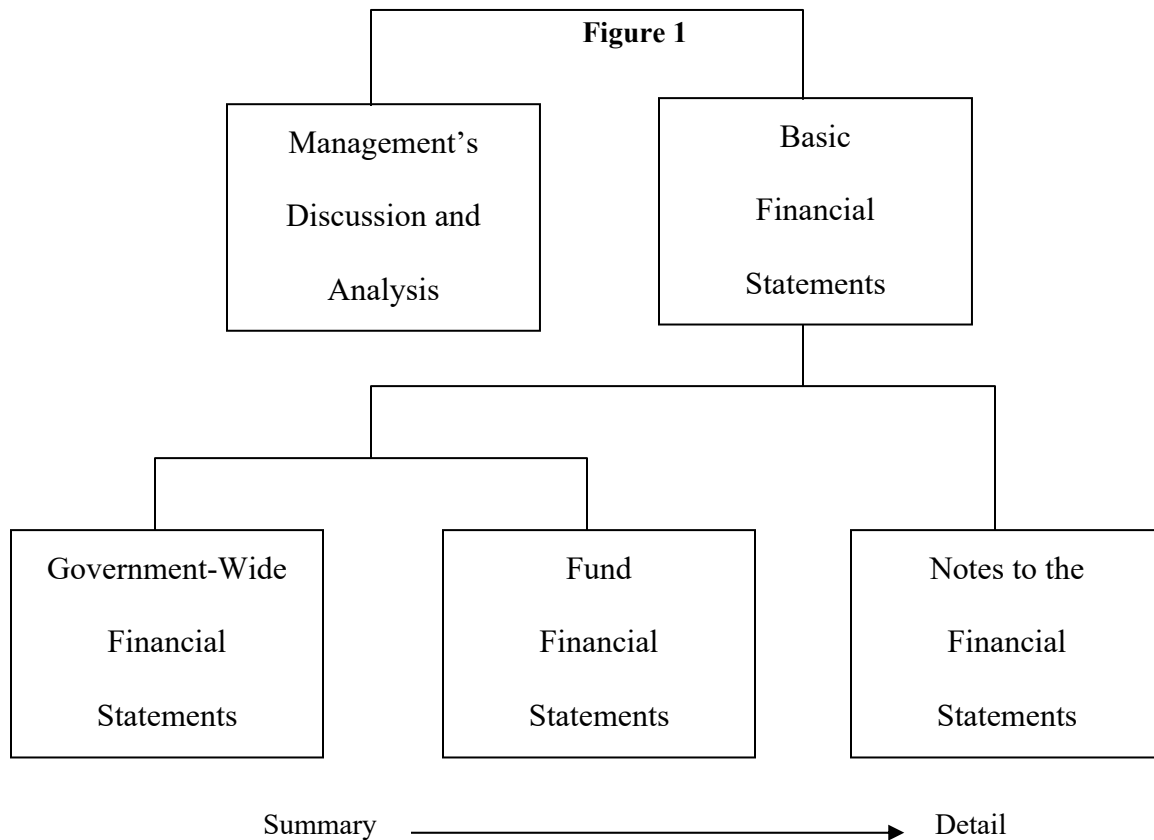
### **Financial Highlights**

- The assets and deferred outflows of resources of Wilkes County exceed its liabilities and deferred inflows of resources at the close of the fiscal year by \$26,368,510 (*net position*).
- The government's total net position increased by \$3,015,237.
- As of the close of the current fiscal year, Wilkes County's governmental funds reported combined ending fund balances of \$41,487,168. Approximately 16 percent of this total amount, or \$6,536,037 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$29,549,046, or 39 percent, of total General Fund expenditures for the fiscal year.
- Wilkes County's most recent bond rating from Moody's Investor and from Standard and Poor's Corporation is an Aa3 and an AA-, respectively.

### **Overview of the Financial Statements**

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

## Required Components of Annual Financial Report



### Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is the **required supplemental information**. This section contains funding information about the County's pension plans.

After the required supplemental information, **supplemental information** is provided to show details about the County's funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

## **Government-Wide Financial Statements**

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

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

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the County's basic services, such as public safety, cultural and recreational, and general administration. Property taxes and local option sales tax finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the airport and landfill services offered by Wilkes County.

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

## **Fund Financial Statements**

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

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

Wilkes 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.** Wilkes County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Wilkes County uses enterprise funds to account for its airport and landfill operations. These funds represent 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. Wilkes County has three fiduciary funds. The Social Services Trust Fund, an agency fund, was established to account for monies deposited with the Social Services Department for the benefit of certain individuals. The Ad Valorem Tax–Other Municipalities Fund accounts for property taxes and registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County.

**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 J of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Wilkes County’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on Schedule A-1 of this report.

## Government-Wide Financial Analysis

### Wilkes County’s Net Position

**Figure 2**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Assets:</b>						
Current and other assets	\$ 48,651,642	\$ 44,707,944	\$ 7,873,362	\$ 7,705,423	\$ 56,525,004	\$ 52,413,367
Capital assets, net	34,508,268	34,885,165	20,745,598	20,193,872	55,253,866	55,079,037
Total assets	<u>83,159,910</u>	<u>79,593,109</u>	<u>28,618,960</u>	<u>27,899,295</u>	<u>111,778,870</u>	<u>107,492,404</u>
<b>Deferred Outflows of Resources</b>	<u>6,402,631</u>	<u>7,083,499</u>	<u>226,365</u>	<u>254,719</u>	<u>6,628,996</u>	<u>7,338,218</u>
<b>Liabilities:</b>						
Long-term liabilities	65,410,212	69,739,187	10,055,565	9,428,397	75,465,777	79,167,584
Other liabilities	9,281,959	7,526,784	383,251	171,867	9,665,210	7,698,651
Total liabilities	<u>74,692,171</u>	<u>77,265,971</u>	<u>10,438,816</u>	<u>9,600,264</u>	<u>85,130,987</u>	<u>86,866,235</u>
<b>Deferred Inflows of Resources</b>	<u>6,637,897</u>	<u>4,433,611</u>	<u>270,472</u>	<u>177,503</u>	<u>6,908,369</u>	<u>4,611,114</u>
<b>Net Position:</b>						
Net investment in capital assets	27,579,337	25,474,904	20,745,598	20,193,872	48,324,935	45,668,776
Restricted	6,650,494	5,499,434	-	-	6,650,494	5,499,434
Unrestricted	<u>(25,997,358)</u>	<u>(25,997,312)</u>	<u>(2,609,561)</u>	<u>(1,817,625)</u>	<u>(28,606,919)</u>	<u>(27,814,937)</u>
Total net position	<u>\$ 8,232,473</u>	<u>\$ 4,977,026</u>	<u>\$ 18,136,037</u>	<u>\$ 18,376,247</u>	<u>\$ 26,368,510</u>	<u>\$ 23,353,273</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Wilkes County exceeded liabilities and deferred inflows of resources by \$26,368,510 as of June 30, 2020. The County's net position increased by \$3,015,237 for the fiscal year ended June 30, 2020. The County's net position also reflects the investment in capital assets (e.g. land, buildings, and equipment), less any related debt still outstanding that was issued to acquire those items. Wilkes County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Wilkes County's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the County's net position, \$6,650,494, represents resources that are subject to external restrictions on how they may be used. The remaining balance is an unrestricted deficit of \$28,606,919. This deficit is a presentation of the fact that Wilkes County carries \$19,715,000 of debt for the Wilkes County Board of Education for the construction of four new middle schools and renovations to four high schools and one elementary school. The Wilkes County Board of Education and Wilkes Community College show the assets associated with this debt on their books.

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 96.81%
- Sustained operating budgets at minimal costs and estimated revenues conservatively
- Increase in local options sales received from the state

**Wilkes County's Changes in Net Position**  
**Figure 3**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>						
Program revenues:						
Charges from services	\$ 8,094,071	\$ 8,545,123	\$ 3,839,347	\$ 3,854,523	\$ 11,933,418	\$ 12,399,646
Operating grants and contributions	13,442,032	10,790,570	-	-	13,442,032	10,790,570
Capital grants and contributions	808,110	949,697	362,751	136,146	1,170,861	1,085,843
General revenues:						
Property taxes	43,574,345	42,011,651	-	-	43,574,345	42,011,651
Local option sales tax	19,067,892	17,923,232	-	-	19,067,892	17,923,232
Other	774,238	826,359	75,480	96,299	849,718	922,658
Total revenues	<u>85,760,688</u>	<u>81,046,632</u>	<u>4,277,578</u>	<u>4,086,968</u>	<u>90,038,266</u>	<u>85,133,600</u>
<b>Expenses:</b>						
General government	8,861,671	8,145,427	-	-	8,861,671	8,145,427
Public safety	24,248,941	22,497,411	-	-	24,248,941	22,497,411
Economic and physical development	3,182,446	1,551,825	-	-	3,182,446	1,551,825
Environmental protection	137,510	145,677	-	-	137,510	145,677
Human services	21,961,091	21,279,163	-	-	21,961,091	21,279,163
Cultural and recreation	1,599,493	1,635,692	-	-	1,599,493	1,635,692
Education	21,019,162	20,101,408	-	-	21,019,162	20,101,408
Interest on long-term debt	994,927	1,115,411	-	-	994,927	1,115,411
Airport	-	-	1,618,822	1,726,728	1,618,822	1,726,728
Landfill	-	-	3,398,966	3,016,356	3,398,966	3,016,356
Total expenses	<u>82,005,241</u>	<u>76,472,014</u>	<u>5,017,788</u>	<u>4,743,084</u>	<u>87,023,029</u>	<u>81,215,098</u>
Change in net position before transfers	3,755,447	4,574,618	(740,210)	(656,116)	3,015,237	3,918,502
Transfers in (out)	<u>(500,000)</u>	<u>(536,330)</u>	<u>500,000</u>	<u>536,330</u>	<u>-</u>	<u>-</u>
Change in net position	3,255,447	4,038,288	(240,210)	(119,786)	3,015,237	3,918,502
<b>Net Position:</b>						
Net position, beginning	<u>4,977,026</u>	<u>938,738</u>	<u>18,376,247</u>	<u>18,496,033</u>	<u>23,353,273</u>	<u>19,434,771</u>
End of year - June 30	<u>\$ 8,232,473</u>	<u>\$ 4,977,026</u>	<u>\$ 18,136,037</u>	<u>\$ 18,376,247</u>	<u>\$ 26,368,510</u>	<u>\$ 23,353,273</u>

**Governmental Activities.** Governmental activities increased the County's net position by \$3,255,447. Key elements of this increase are as follows:

- Maintaining a collection percentage of 90% in the collection of property taxes
- Increase in local option sales tax and related revenues
- Conservative budgeting in operating expenses and revenue estimates

**Business-Type Activities.** Business-type activities decreased Wilkes County's net position by \$240,210. Key elements of this decrease are as follows:

- Decrease in operating revenues for the airport in the current year due to COVID.
- Decrease in capital contributions for the airport in the current year

### **Financial Analysis of the County's Funds**

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

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

The General Fund is the chief operating fund of Wilkes County. At the end of the current fiscal year, fund balance available in the General Fund was \$35,751,058 while total fund balance reached \$40,720,306. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 47% of total General Fund expenditures and transfers to other funds, while total fund balance represents 53% of that same amount.

The COVID Recovery Act Fund (one of the County's major funds) is another fund of note when considering fund balance levels. This fund accounts for the revenues received under the CARES Act which are restricted for necessary expenditures incurred due to the coronavirus disease. The revenues recognized in the current year match the expenditures in the current year, therefore the fund did not have any impact on the fund balance for the governmental funds.

At June 30, 2020, the governmental funds of Wilkes County reported a combined fund balance of \$41,487,168, an increase over last year. The primary reason for this increase is the increase in fund balance in the General Fund.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by approximately \$699,140 (0.88%). Amendments were necessary due to conservatism used in compiling the original budget, economic changes and additional grant funding sources.

**Proprietary Funds.** Wilkes County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Airport Fund at the end of the fiscal year totaled \$(755,125). Unrestricted net position of the Landfill Fund at the end of the fiscal year totaled \$(1,854,436).

### Capital Asset and Debt Administration

**Capital Assets.** Wilkes County's capital assets for its governmental and business-type activities as of June 30, 2020 totaled \$55,253,866 (net of accumulated depreciation). These assets include buildings, land, improvements, and equipment.

Major capital asset transactions during the year include:

- Start of construction of new cell at landfill 768,000
- Purchase of equipment for the Landfill of roughly \$423,000
- Working on capital projects at the airport of roughly \$632,000

### Wilkes County's Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,004,649	\$ 2,004,649	\$ 5,400,945	\$ 5,400,945	\$ 7,405,594	\$ 7,405,594
Buildings	30,054,692	29,934,870	5,124,352	5,100,922	35,179,044	35,035,792
Improvements	9,747,440	9,104,823	22,652,486	22,652,486	32,399,926	31,757,309
Machinery and equipment	14,611,186	14,129,637	6,136,772	5,685,034	20,747,958	19,814,671
Construction in progress	198,751	73,000	1,891,145	496,067	2,089,896	569,067
Total	56,616,718	55,246,979	41,205,700	39,335,454	97,822,418	94,582,433
Accumulated depreciation	(22,108,450)	(20,361,814)	(20,460,102)	(19,141,582)	(42,568,552)	(39,503,396)
Capital assets, net	<u>\$ 34,508,268</u>	<u>\$ 34,885,165</u>	<u>\$ 20,745,598</u>	<u>\$ 20,193,872</u>	<u>\$ 55,253,866</u>	<u>\$ 55,079,037</u>

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

**Wilkes County's Outstanding Debt  
Long-Term Debt**

**Figure 5**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Direct placement -						
installment purchase	\$ 8,050,000	\$ 10,243,775	\$ -	\$ -	\$ 8,050,000	\$ 10,243,775
Certificate of participation	18,425,000	19,635,000	-	-	18,425,000	19,635,000
Total	<u>\$ 26,475,000</u>	<u>\$ 29,878,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,475,000</u>	<u>\$ 29,878,775</u>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Wilkes County is \$499,600,000.

Additional information regarding Wilkes County's long-term debt can be found in the notes of this audited financial report.

**Budget Highlights for the Fiscal Year Ending June 30, 2021**

**Governmental Activities.** The General Fund's original adopted revenue budget totals \$73,110,698 which is \$5.9 million less than the FY 2018-2019 actual amounts. The budget includes a property tax rate of 66 cents per \$100 assessed value, a decrease of 1 cent due to revaluation. The property tax base is expected to grow about 1% and sales taxes are budgeted with a 14% decrease over the 2018-2019 budget, due to the uncertain impact of the Covid pandemic. There is an appropriation of \$3,781,897 million from fund balance to be used for capital improvements and other capital needs. The County has elected to use cash on hand to meet its current capital needs as an alternative to borrowing funds.

**Business-Type Activities.** The budgeted expenditure amounts for the Airport Fund are more than prior year actual amounts due to an increase in capital project expenses funded mostly by federal and state grants. The budgeted operating expenditure amounts for the Landfill Fund are budgeted fairly consistent to prior year actual amounts. The total budget for the Landfill Fund is approximately the same in comparison to the prior year.

**Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer of Wilkes County, Mr. Chris Huffman, 110 North Street, Wilkesboro, North Carolina 28697, or [chuffman@wilkescounty.net](mailto:chuffman@wilkescounty.net).

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## WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 38,457,230	\$ 3,481,492	\$ 41,938,722
Taxes receivable, net	2,680,487	-	2,680,487
Accounts receivable, net	741,358	247,695	989,053
Due from other governments	4,732,925	102,562	4,835,487
Inventories	-	28,181	28,181
Internal balances	400,000	(400,000)	-
Cash and cash equivalents, restricted	1,535,914	4,413,432	5,949,346
Total current assets	48,547,914	7,873,362	56,421,276
Other assets:			
Pension asset, restricted	103,728	-	103,728
Capital assets:			
Land, improvements, and construction in progress	2,203,400	7,292,090	9,495,490
Other capital assets, net	32,304,868	13,453,508	45,758,376
Total other assets	34,611,996	20,745,598	55,357,594
Total assets	83,159,910	28,618,960	111,778,870
<b>Deferred Outflows of Resources:</b>			
Charge on refunding	378,501	-	378,501
OPEB deferrals	1,027,103	42,796	1,069,899
Pension deferrals	3,070,670	109,461	3,180,131
Contributions to pension plan	1,926,357	74,108	2,000,465
Total deferred outflows of resources	6,402,631	226,365	6,628,996
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued expenses	2,039,245	301,675	2,340,920
Accounts payable from restricted assets	591,336	-	591,336
Prepaid fees	235,872	-	235,872
Advances from grantors	944,578	-	944,578
Due within one year	5,470,928	45,672	5,516,600
Total current liabilities	9,281,959	347,347	9,629,306
Long-term liabilities:			
Total pension liability - LEOSSA	2,066,891	-	2,066,891
Net pension liability - LGERS	7,857,655	316,268	8,173,923
Total OPEB Liability	29,825,319	1,242,722	31,068,041
Due in more than one year	25,660,347	8,532,479	34,192,826
Total long-term liabilities	65,410,212	10,091,469	75,501,681
Total liabilities	74,692,171	10,438,816	85,130,987
<b>Deferred Inflows of Resources:</b>			
OPEB deferrals	6,461,783	269,241	6,731,024
Pension deferrals	129,881	1,231	131,112
Prepaid taxes	46,233	-	46,233
Total deferred inflows of resources	6,637,897	270,472	6,908,369
<b>Net Position:</b>			
Net investment in capital assets	27,579,337	20,745,598	48,324,935
Restricted for:			
Stabilization by state statute	5,573,925	-	5,573,925
Crime prevention	118,961	-	118,961
Register of Deeds	234,263	-	234,263
Register of Deeds' pension plan	114,457	-	114,457
Public safety	608,888	-	608,888
Unrestricted	(25,997,358)	(2,609,561)	(28,606,919)
Total net position	\$ 8,232,473	\$ 18,136,037	\$ 26,368,510

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

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 8,861,671	\$ 1,391,997	\$ 332,333	\$ 37,020
Public safety	24,248,941	3,842,771	1,053,331	-
Environmental protection	137,510	155,630	29,625	-
Economic and physical development	3,182,446	-	1,614,559	92,857
Human services	21,961,091	2,645,729	10,227,344	-
Cultural and recreational	1,599,493	57,944	-	-
Education	21,019,162	-	184,840	678,233
Interest on long-term debt	994,927	-	-	-
Total governmental activities	<u>82,005,241</u>	<u>8,094,071</u>	<u>13,442,032</u>	<u>808,110</u>
<b>Business-Type Activities:</b>				
Landfill	3,398,966	2,967,070	-	-
Airport	1,618,822	872,277	-	362,751
Total business-type activities	<u>5,017,788</u>	<u>3,839,347</u>	<u>-</u>	<u>362,751</u>
Total primary government	<u>\$ 87,023,029</u>	<u>\$ 11,933,418</u>	<u>\$ 13,442,032</u>	<u>\$ 1,170,861</u>

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

# WILKES COUNTY, NORTH CAROLINA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Functions/Programs</b>			
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General government	\$ (7,100,321)	\$ -	\$ (7,100,321)
Public safety	(19,352,839)	-	(19,352,839)
Environmental protection	47,745	-	47,745
Economic and physical development	(1,475,030)	-	(1,475,030)
Human services	(9,088,018)	-	(9,088,018)
Cultural and recreational	(1,541,549)	-	(1,541,549)
Education	(20,156,089)	-	(20,156,089)
Interest on long-term debt	(994,927)	-	(994,927)
Total governmental activities	<u>(59,661,028)</u>	<u>-</u>	<u>(59,661,028)</u>
<b>Business-Type Activities:</b>			
Landfill	-	(431,896)	(431,896)
Airport	-	(383,794)	(383,794)
Total business-type activities	<u>-</u>	<u>(815,690)</u>	<u>(815,690)</u>
Total primary government	<u>(59,661,028)</u>	<u>(815,690)</u>	<u>(60,476,718)</u>
<b>General Revenues:</b>			
Ad valorem taxes	43,574,345	-	43,574,345
Local option sales tax	19,067,892	-	19,067,892
Other taxes and licenses	253,433	-	253,433
Investment earnings	520,805	75,480	596,285
Total general revenues, excluding transfers	<u>63,416,475</u>	<u>75,480</u>	<u>63,491,955</u>
Transfers	<u>(500,000)</u>	<u>500,000</u>	<u>-</u>
Total general revenues and transfers	<u>62,916,475</u>	<u>575,480</u>	<u>63,491,955</u>
Change in net position	3,255,447	(240,210)	3,015,237
<b>Net Position:</b>			
Beginning of year - July 1	<u>4,977,026</u>	<u>18,376,247</u>	<u>23,353,273</u>
End of year - June 30	<u>\$ 8,232,473</u>	<u>\$ 18,136,037</u>	<u>\$ 26,368,510</u>

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

# WILKES COUNTY, NORTH CAROLINA

## BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2020

	General Fund	COVID Recovery Act Fund	Other Governmental Funds	Total
<b>Assets:</b>				
Cash and cash equivalents	\$ 37,380,638	\$ -	\$ 1,076,592	\$ 38,457,230
Restricted cash	37,564	1,498,350	-	1,535,914
Receivables, net	741,358	-	-	741,358
Taxes receivable, net	2,427,779	-	252,708	2,680,487
Due from other governments	4,128,248	-	604,677	4,732,925
Due from other funds	696,313	-	-	696,313
Total assets	<u>\$ 45,411,900</u>	<u>\$ 1,498,350</u>	<u>\$ 1,933,977</u>	<u>\$ 48,844,227</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 1,347,475	\$ -	\$ 618,094	\$ 1,965,569
Accounts payable from restricted assets	-	591,336	-	591,336
Due to other funds	-	-	296,313	296,313
Prepaid fees	235,872	-	-	235,872
Advance from grantors	37,564	907,014	-	944,578
Total liabilities	<u>1,620,911</u>	<u>1,498,350</u>	<u>914,407</u>	<u>4,033,668</u>
<b>Deferred Inflows of Resources</b>	<u>3,070,683</u>	<u>-</u>	<u>252,708</u>	<u>3,323,391</u>
<b>Fund Balances:</b>				
Restricted:				
Stabilization by state statute	4,969,248	-	604,677	5,573,925
Restricted, all other	353,224	-	608,888	962,112
Committed	2,066,891	-	-	2,066,891
Assigned:				
Subsequent year's expenditures	3,781,897	-	-	3,781,897
Unassigned	29,549,046	-	(446,703)	29,102,343
Total fund balances	<u>40,720,306</u>	<u>-</u>	<u>766,862</u>	<u>41,487,168</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,411,900</u>	<u>\$ 1,498,350</u>	<u>\$ 1,933,977</u>	

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

# **WILKES COUNTY, NORTH CAROLINA**

## **BALANCE SHEET - GOVERNMENTAL FUNDS** **JUNE 30, 2020**

	<u><b>Total</b></u>
Total fund balances from Page 1 of 2	\$ 41,487,168
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Premiums related to debt issuance, net of accumulated amortization, are not a current use of resources and, therefore, are not reported in the funds.	(1,667,281)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,508,268
Net pension asset	103,728
Net pension liability - LGERS	(7,857,655)
Total pension liability - LEOSSA	(2,066,891)
Total OPEB Liability	(29,825,319)
Contributions to the pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	1,926,357
Deferred outflows of resources related to pensions are not reported in the funds.	3,070,670
Deferred outflows of resources related to OPEB are not reported in the funds.	1,027,103
Deferred inflows of resources related to pensions are not reported in the funds.	(129,881)
Deferred inflows of resources related to OPEB are not reported in the funds.	(6,461,783)
Charges related to refunding	378,501
Accrued interest expense	(73,676)
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(29,463,994)
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.	<u>3,277,158</u>
Net position of governmental activities (Exhibit A)	<u><u>\$ 8,232,473</u></u>

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

## WILKES COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	COVID Recovery Act Fund	Other Governmental Funds	Total
<b>Revenues:</b>				
Ad valorem taxes	\$ 39,244,806	\$ -	\$ 4,297,696	\$ 43,542,502
Local option sales taxes	19,067,892	-	-	19,067,892
Other taxes and licenses	253,433	-	-	253,433
Unrestricted intergovernmental revenues	291,881	-	-	291,881
Restricted intergovernmental revenues	11,351,782	621,950	1,599,559	13,573,291
Permits and fees	424,558	-	-	424,558
Sales and services	6,548,718	-	439,528	6,988,246
Interest earned on investments	518,429	-	2,376	520,805
Miscellaneous	1,317,350	-	-	1,317,350
Total revenues	<u>79,018,849</u>	<u>621,950</u>	<u>6,339,159</u>	<u>85,979,958</u>
<b>Expenditures:</b>				
Current:				
General government	8,283,239	-	-	8,283,239
Public safety	18,237,677	621,950	4,722,623	23,582,250
Environmental protection	120,946	-	-	120,946
Economic and physical development	1,525,770	-	1,599,559	3,125,329
Human services	21,169,514	-	-	21,169,514
Cultural and recreation	1,497,522	-	-	1,497,522
Education	21,019,162	-	-	21,019,162
Debt service:				
Principal repayments	3,403,775	-	-	3,403,775
Interest	1,040,097	-	-	1,040,097
Total expenditures	<u>76,297,702</u>	<u>621,950</u>	<u>6,322,182</u>	<u>83,241,834</u>
Revenues over (under) expenditures	<u>2,721,147</u>	<u>-</u>	<u>16,977</u>	<u>2,738,124</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	87,500	87,500
Transfers (out)	(587,500)	-	-	(587,500)
Sale of capital assets	61,123	-	-	61,123
Total other financing sources (uses)	<u>(526,377)</u>	<u>-</u>	<u>87,500</u>	<u>(438,877)</u>
Net change in fund balances	2,194,770	-	104,477	2,299,247
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>38,525,536</u>	<u>-</u>	<u>662,385</u>	<u>39,187,921</u>
End of year - June 30	<u>\$ 40,720,306</u>	<u>\$ -</u>	<u>\$ 766,862</u>	<u>\$ 41,487,168</u>

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

# WILKES COUNTY, NORTH CAROLINA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 2,299,247
--	--------------

Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:

Property taxes	31,843
Sales and services	(251,113)

Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.

1,626,895

The sale/disposal of capital assets is reported as a revenue in the governmental funds statement without subtracting the net book value of the capital assets sold.

(7,124)

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.

(1,996,668)

Expenses related to compensated absences, arbitrage, and non-current health claims payable that do not require current financial resources are not reported as expenditures in the governmental funds statement.

(30,562)

Change in deferred outflows - pension

(650,377)

Change in deferred inflows - pension

27,675

Change in net pension asset and liability

(1,087,357)

Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.

14,787

Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.

3,403,775

Amortization of premiums received on debt issuance reduces the interest cost over the same life. Amortization is not reported as an expenditure or revenue in the governmental funds statement.

104,205

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.

4,048

Amortization of deferred charges on refunding

(63,083)

OPEB plan expense

(170,744)

Total changes in net position of governmental activities

\$ 3,255,447

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

# WILKES COUNTY, NORTH CAROLINA

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Final Budget
	Original	Final	Actual	Over/(Under)
<b>Revenues:</b>				
Ad valorem taxes	\$ 38,546,574	\$ 38,546,574	\$ 39,244,806	\$ 698,232
Local option sales tax	17,628,578	17,628,578	19,067,892	1,439,314
Other taxes and licenses	160,000	160,000	253,433	93,433
Unrestricted intergovernmental revenues	310,000	310,000	291,881	(18,119)
Restricted intergovernmental revenues	12,635,226	13,076,008	11,351,782	(1,724,226)
Permits and fees	429,915	429,915	424,558	(5,357)
Sales and services	7,603,621	7,645,247	6,548,718	(1,096,529)
Investment earnings	465,746	465,746	518,429	52,683
Miscellaneous	1,371,423	1,588,155	1,317,350	(270,805)
Total revenues	<u>79,151,083</u>	<u>79,850,223</u>	<u>79,018,849</u>	<u>(831,374)</u>
<b>Expenditures:</b>				
General government	9,669,428	10,110,428	8,283,239	1,827,189
Public safety	19,277,410	19,496,499	18,237,677	1,258,822
Environmental protection	160,000	160,000	120,946	39,054
Economic and physical development	1,740,971	1,754,471	1,525,770	228,701
Human services	24,456,058	25,041,295	21,169,514	3,871,781
Cultural and recreation	1,699,367	1,699,367	1,497,522	201,845
Education	21,810,572	21,813,072	21,019,162	793,910
Debt service:				
Principal repayments	3,408,775	3,408,775	3,403,775	5,000
Interest	<u>1,040,258</u>	<u>1,040,258</u>	<u>1,040,097</u>	<u>161</u>
Total expenditures	<u>83,262,839</u>	<u>84,524,165</u>	<u>76,297,702</u>	<u>8,226,463</u>
Revenues over (under) expenditures	<u>(4,111,756)</u>	<u>(4,673,942)</u>	<u>2,721,147</u>	<u>7,395,089</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (out)	(900,000)	(987,500)	(587,500)	400,000
Sale of capital assets	70,000	90,409	61,123	(29,286)
Appropriated fund balance	<u>4,941,756</u>	<u>5,571,033</u>	<u>-</u>	<u>(5,571,033)</u>
Total other financing sources (uses)	<u>4,111,756</u>	<u>4,673,942</u>	<u>(526,377)</u>	<u>(5,200,319)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,194,770</u>	<u>\$ 2,194,770</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>38,525,536</u>	
End of year - June 30			<u>\$ 40,720,306</u>	

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

# WILKES COUNTY, NORTH CAROLINA

## COVID RECOVERY ACT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over/Under</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Restricted Intergovernmental:				
CARES Act	\$ -	\$ 1,363,086	\$ 621,950	\$ (741,136)
Total revenues	-	1,363,086	621,950	(741,136)
<b>Expenditures:</b>				
Public Safety:				
Municipality subrecipients	-	591,336	591,336	-
Grants to other agencies	-	20,000	20,000	-
Salaries and employee benefits	-	751,750	10,614	741,136
Total expenditures	-	1,363,086	621,950	741,136
Net change in fund balance	\$ -	\$ -	-	\$ -
<b>Fund Balance:</b>				
Beginning of year - July 1			-	
End of year - June 30			\$ -	

## WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020

	Major Enterprise Funds		
	Landfill Fund	Airport Fund	Total
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 3,339,180	\$ 142,312	\$ 3,481,492
Receivables, net	208,652	39,043	247,695
Inventories	-	28,181	28,181
Due from other governments	56,874	45,688	102,562
Total current assets	3,604,706	255,224	3,859,930
Non-current assets:			
Restricted cash and cash equivalents	4,413,432	-	4,413,432
Capital assets:			
Land, improvements, and construction in progress	3,325,270	3,966,820	7,292,090
Other capital assets, net	3,307,867	10,145,641	13,453,508
Total capital assets	6,633,137	14,112,461	20,745,598
Total non-current assets	11,046,569	14,112,461	25,159,030
Total assets	14,651,275	14,367,685	29,018,960
<b>Deferred Outflows of Resources:</b>			
OPEB deferrals	32,097	10,699	42,796
Pension deferrals	92,126	17,335	109,461
Contributions to pension plan	58,999	15,109	74,108
Total deferred outflows of resources	183,222	43,143	226,365
<b>Liabilities, Deferred Inflows of Resources, and Net Position:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	103,311	198,364	301,675
Due to other funds	-	400,000	400,000
Current portion of compensated absences	35,661	10,011	45,672
Net pension liability	252,850	63,418	316,268
Total current liabilities	391,822	671,793	1,063,615
Non-current liabilities:			
Accrued landfill closure and post-closure care costs	8,505,000	-	8,505,000
Compensated absences - non-current	23,855	3,624	27,479
Total OPEB liability	932,041	310,681	1,242,722
Total non-current liabilities	9,460,896	314,305	9,775,201
Total liabilities	9,852,718	986,098	10,838,816
<b>Deferred Inflows of Resources:</b>			
OPEB deferrals	201,931	67,310	269,241
Pension deferrals	1,147	84	1,231
Total deferred inflows of resources	203,078	67,394	270,472
<b>Net Position:</b>			
Net investment in capital assets	6,633,137	14,112,461	20,745,598
Unrestricted	(1,854,436)	(755,125)	(2,609,561)
Total net position	\$ 4,778,701	\$ 13,357,336	\$ 18,136,037

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

# WILKES COUNTY, NORTH CAROLINA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Major Enterprise Funds		
	Landfill Fund	Airport Fund	Total
<b>Operating Revenues:</b>			
Charges for services	\$ 2,743,122	\$ 758,559	\$ 3,501,681
Rents	-	109,632	109,632
Scrap tire disposal grant	5,055	-	5,055
Other operating revenues	218,893	4,086	222,979
Total operating revenues	<u>2,967,070</u>	<u>872,277</u>	<u>3,839,347</u>
<b>Operating Expenses:</b>			
Airport operations	-	900,308	900,308
Landfill operations	2,088,960	-	2,088,960
Landfill closure and post-closure care costs	710,000	-	710,000
Depreciation	600,006	718,514	1,318,520
Total operating expenses	<u>3,398,966</u>	<u>1,618,822</u>	<u>5,017,788</u>
Operating income (loss)	<u>(431,896)</u>	<u>(746,545)</u>	<u>(1,178,441)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Interest earned on investments	75,480	-	75,480
Income (loss) before capital contributions	(356,416)	(746,545)	(1,102,961)
Capital contributions	<u>-</u>	<u>362,751</u>	<u>362,751</u>
Income (loss) before transfers	<u>(356,416)</u>	<u>(383,794)</u>	<u>(740,210)</u>
<b>Transfers:</b>			
Transfers in	500,000	-	500,000
Total transfers	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Change in net position	143,584	(383,794)	(240,210)
<b>Net Position:</b>			
Beginning of year - July 1	<u>4,635,117</u>	<u>13,741,130</u>	<u>18,376,247</u>
End of year - June 30	<u>\$ 4,778,701</u>	<u>\$ 13,357,336</u>	<u>\$ 18,136,037</u>

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

## WILKES COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Major Enterprise Funds		
	Landfill Fund	Airport Fund	Total
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 2,976,353	\$ 895,613	\$ 3,871,966
Cash paid for goods and services	(1,244,743)	(538,569)	(1,783,312)
Cash paid to employees for services	(788,137)	(152,583)	(940,720)
Net cash provided (used) by operating activities	<u>943,473</u>	<u>204,461</u>	<u>1,147,934</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Transfers in	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Net cash provided (used) by non-capital financing activities	<u>500,000</u>	<u>-</u>	<u>500,000</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Capital grants received	-	369,714	369,714
Acquisition and construction of capital assets	<u>(1,226,940)</u>	<u>(643,306)</u>	<u>(1,870,246)</u>
Net cash provided (used) for capital and related financing activities	<u>(1,226,940)</u>	<u>(273,592)</u>	<u>(1,500,532)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	<u>75,480</u>	<u>-</u>	<u>75,480</u>
Net increase (decrease) in cash and cash equivalents	292,013	(69,131)	222,882
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>7,460,599</u>	<u>211,443</u>	<u>7,672,042</u>
End of year - June 30	<u>\$ 7,752,612</u>	<u>\$ 142,312</u>	<u>\$ 7,894,924</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (431,896)	\$ (746,545)	\$ (1,178,441)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	600,006	718,514	1,318,520
Landfill closure and post-closure care costs	710,000	-	710,000
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	4,741	23,336	28,077
(Increase) decrease in deferred outflows of resources - pension	19,924	6,641	26,565
(Increase) decrease in deferred outflows of resources - OPEB	1,341	448	1,789
Increase (decrease) in net pension liability	34,134	11,378	45,512
Increase (decrease) in deferred inflows of resources - pension	(852)	(284)	(1,136)
Increase (decrease) in deferred inflows of resources - OPEB	70,580	23,526	94,106
(Increase) decrease in inventory	-	19,903	19,903
Increase (decrease) in accounts payable and accrued liabilities	37,984	169,452	207,436
Increase (decrease) in OPEB liability	(66,585)	(22,195)	(88,780)
Increase (decrease) in accrued vacation pay	(35,904)	287	(35,617)
Total adjustments	<u>1,375,369</u>	<u>951,006</u>	<u>2,326,375</u>
Net cash provided (used) by operating activities	<u>\$ 943,473</u>	<u>\$ 204,461</u>	<u>\$ 1,147,934</u>

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

**WILKES COUNTY, NORTH CAROLINA****STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****JUNE 30, 2020**

	<b>Agency Funds</b>
	<hr/>
<b>Assets:</b>	
Cash and cash equivalents	\$ 265,735
Taxes receivable	<hr/> 254,141
Total assets	<hr/> <hr/> \$ 519,876
 <b>Liabilities:</b>	
Miscellaneous liabilities	\$ 519,876
Total liabilities	<hr/> <hr/> \$ 519,876

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

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# **WILKES COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

### **1. Summary of Significant Accounting Policies**

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

#### **A. Reporting Entity**

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

#### **Wilkes County Industrial Facility and Pollution Control Financing Authority**

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

#### **B. Basis of Presentation, Basis of Accounting**

##### **Basis of Presentation, Measurement Focus - Basis of Accounting**

*Government-Wide Statements.* The Statement of Net Position and the Statement of Activities display information about the County. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

The County reports the following major governmental funds:

**General Fund.** This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Special Revenue Fund – COVID Recovery Act Fund.** This fund is used to account for all the revenues received under the CARES Act which are restricted for necessary expenditures incurred due to the public health emergency with respect to the coronavirus disease.

The County reports the following major enterprise funds:

**Airport Fund.** This fund accounts for the operation and maintenance of the airport.

**Landfill Fund.** This fund accounts for the operation, maintenance, and development of the landfill and various recycling centers.

The County reports the following fiduciary fund types:

**Agency Funds.** Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; and the Ad Valorem Tax - Other Municipalities Fund, which accounts for property taxes registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County, and Fines and Forfeitures.

**Nonmajor Funds.** The County maintains 4 legally budgeted nonmajor funds. The Fire District Fund, the Law Enforcement Restricted Fund, the Emergency Telephone System Fund, and the Community Development Block Grants Fund are reported as non-major special revenue funds.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. 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 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in 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. These billed taxes are applicable

# **WILKES COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

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 or resources.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the state at year-end on behalf of the County are recognized as revenue. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. 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 is adopted for the General Fund, the special revenue funds, and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the capital projects funds and the enterprise capital projects funds, which are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

### **D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity**

#### **Deposits and Investments**

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

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The County's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Government Portfolio, a SEC-registered (2a-7) government money market mutual fund, are measured at fair market value. The NCCMT-Term Portfolio's securities are valued at fair value.

As of June 30, 2020, The Term portfolio has a duration of .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.

### Cash and Cash Equivalents

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

### Restricted Assets

The unspent grant proceeds in the General Fund and the COVID Recovery Act Fund is classified as a restricted asset because it represents unspent grant proceeds. Cash in the Landfill Closure and Post-Closure Fund is classified as restricted because its use is completely restricted to closing and monitoring the landfill.

#### **Wilkes County Restricted Cash**

##### **Governmental Activities:**

###### **General Fund:**

Unspent grant proceeds	\$ 37,564
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###### **COVID Recovery Act Fund:**

Unspent grant proceeds	1,498,350
Total governmental activities	<u>1,535,914</u>

##### **Business-Type Activities:**

###### **Landfill Fund:**

Landfill closure	4,413,432
Total restricted cash	<u>\$ 5,949,346</u>

# **WILKES COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

### **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.

### **Allowances for Doubtful Accounts**

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

### **Inventories and Prepaid Items**

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the County's enterprise funds consist of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's enterprise funds is recorded as an expense as it is consumed or sold.

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.

### **Capital Assets**

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

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

# **WILKES COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

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

	<u><b>Years</b></u>
Buildings	50
Improvements	10-30
Furniture and equipment	9
Vehicles	10
Computer equipment	5-9

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has four items that meet this criterion, charge on refunding, contributions made to the pension plan in the current fiscal year, and pension and OPEB deferrals. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has five items that meet the criterion for this category – prepaid taxes, other receivables, property taxes receivable, OPEB deferrals and pension related deferrals.

### **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 another financing source.

### **Compensated Absences**

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

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

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 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 represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute.

Restricted net position as of June 30, 2020 is as follows:

	<b>Governmental Activities</b>
Stabilization by state statute	\$ 5,573,925
Crime prevention	118,961
Register of Deeds	234,263
Register of Deeds pension plan	114,457
Public safety	608,888
Total	<u>\$ 6,650,494</u>

#### Unrestricted Net Position

The County has \$19,715,000 of debt outstanding for the acquisition and construction of public school and community college facilities. The assets related to this debt are not reported in the County's net position since title to the related assets are held by Wilkes County Board of Education and Wilkes Community College.

#### Fund Balances

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

The governmental fund types classify fund balance 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.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Restricted Fund Balance

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>
<i>Restricted for Stabilization by State Statute –</i> North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by state statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by state statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.	\$4,969,248	\$ 604,677
<i>Restricted for Public Safety - Crime Prevention –</i> portion of fund balance that is restricted by revenue source for crime prevention expenditures.	118,961	-
<i>Restricted for Register of Deeds -</i> portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds' office.	234,263	-

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Funds</u>
<i>Restricted for Public Safety - Law Enforcement –</i> portion of fund balance that is restricted by revenue source for law enforcement expenditures.	-	5,211
<i>Restricted for Public Safety - Fire Districts –</i> portion of fund balance that is restricted by revenue source for fire district expenditures.	-	449,933
<i>Restricted for Public Safety - E-911 –</i> portion of fund balance that is restricted by revenue source for E911 expenditures.	-	153,744
	<u>\$ 5,322,472</u>	<u>\$ 1,213,565</u>

### Committed Fund Balance

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing Board 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 by the ordinance remains in place until similar actions is taken (the adoption of another ordinance) to remove or revise the limitation. Committed fund balance is summarized as follows:

	<u>General Fund</u>
Committed for LEO pension obligation - portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance obligations	<u>\$ 2,066,891</u>

### Assigned Fund Balance

Assigned fund balance is the portion of fund balance that the County intends to use for specific purposes. The County's Board of Commissioners has the authority to assign fund balance.

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

	<u>General Fund</u>
Subsequent year's expenditures	<u>\$ 3,781,897</u>

# **WILKES COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

### **Unassigned Fund Balance**

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

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

Wilkes County has not adopted a formal 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 (Exhibit C)	\$ 40,720,306
Less:	
Stabilization by state statute	<u>(4,969,248)</u>
Available for appropriation	<u>\$ 35,751,058</u>

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

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

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 2. Detail Notes on All Funds

#### A. Assets

##### Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County 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 \$15,568,251 and a bank balance of \$16,733,281 of the bank balance, \$1,040,117 was covered by federal depository insurance and \$15,693,164 was covered by collateral held under the Pooling Method.

At June 30, 2020, Wilkes County had \$5,555 cash on hand.

##### Investments

As of June 30, 2020, the County had the following investments and maturities.

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6-12 Months	Greater than 12 Months
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 29,951,710	N/A	N/A	N/A
First Citizens Wealth Management					
US Treasuries	Fair Value - Level 1	1,793,956	\$ 145,403	\$ 453,551	\$ 1,195,002
US Government Agencies	Fair Value - Level 2	585,640	235,873	121,818	227,949
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	248,691	N/A	N/A	N/A
		<u>\$ 32,579,997</u>	<u>\$ 381,276</u>	<u>\$ 575,369</u>	<u>\$ 1,422,951</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

All investments 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 one debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level two debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

*Credit Risk:* The County has no formal policy, but limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2020, the County's investments in NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poors. The County's investments in US Agencies (Federal Home Loan Bank, Federal Home Loan Mortgage Corp, and Federal National Mortgage Association) are rated AAA by Standard and Poor's and Aa3 by Moody's Investor Services.

### Property Tax - Use-Value Assessment on Certain Lands

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,030,618	\$ 957,272	\$ 4,987,890
2018	4,093,086	603,730	4,696,816
2019	4,161,854	239,307	4,401,161
2020	4,190,479	-	4,190,479
Total	<u>\$ 16,476,037</u>	<u>\$ 1,800,309</u>	<u>\$ 18,276,346</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Receivables

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
		<b>Landfill</b>	<b>Airport</b>
<b>Taxes Receivable:</b>			
Taxes receivable	\$ 3,630,369	\$ -	\$ -
Allowance for doubtful accounts	(949,882)	-	-
Total taxes receivable	<u>\$ 2,680,487</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Accounts Receivable:</b>			
Other	\$ 144,687	\$ -	\$ -
EMS/Landfill/Airport sales	912,759	234,436	44,315
Allowance for doubtful accounts	(316,088)	(25,784)	(5,272)
Total accounts receivable	<u>\$ 741,358</u>	<u>\$ 208,652</u>	<u>\$ 39,043</u>
<b>Due from Other Governments:</b>			
Local option sales tax distribution	\$ 3,501,185	\$ -	\$ -
Sales tax refund	823,159	56,874	8,639
Motor vehicle tax	408,581	-	-
Grants	-	-	37,049
Total due from other governments	<u>\$ 4,732,925</u>	<u>\$ 56,874</u>	<u>\$ 45,688</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Capital Assets

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

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2020</u>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 2,004,649	\$ -	\$ -	\$ -	\$ 2,004,649
Construction in progress	73,000	375,758	-	(250,007)	198,751
Total non-depreciable capital assets	<u>2,077,649</u>	<u>375,758</u>	<u>-</u>	<u>(250,007)</u>	<u>2,203,400</u>
<b>Depreciable Capital Assets:</b>					
Buildings	29,934,870	119,822	-	-	30,054,692
Other improvements	9,104,823	392,610	-	250,007	9,747,440
Equipment	14,129,637	738,705	257,156	-	14,611,186
Total depreciable capital assets	<u>53,169,330</u>	<u>1,251,137</u>	<u>257,156</u>	<u>250,007</u>	<u>54,413,318</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	9,171,109	720,731	-	-	9,891,840
Other improvements	2,668,351	457,458	-	-	3,125,809
Equipment	8,522,354	818,479	250,032	-	9,090,801
Total accumulated depreciation	<u>20,361,814</u>	<u>\$ 1,996,668</u>	<u>\$ 250,032</u>	<u>\$ -</u>	<u>22,108,450</u>
Total depreciable capital assets, net	<u>32,807,516</u>				<u>32,304,868</u>
Governmental activities capital assets, net	<u>\$ 34,885,165</u>				<u>\$ 34,508,268</u>

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

General government	\$ 842,197
Public safety	925,228
Environmental protection	16,564
Human services	50,519
Social services	69,117
Cultural and recreational	93,043
Total	<u>\$ 1,996,668</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Increases	Decreases	Transfers	Balance June 30, 2020
<b>Business-Type Activities:</b>					
<b>Landfill:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 2,557,068	\$ -	\$ -	\$ -	\$ 2,557,068
Construction in progress	5,500	775,202	-	(12,500)	768,202
Total non-depreciable assets	<u>2,562,568</u>	<u>775,202</u>	<u>-</u>	<u>(12,500)</u>	<u>3,325,270</u>
<b>Depreciable Capital Assets:</b>					
Buildings	432,816	-	-	12,500	445,316
Other improvements	5,818,687	-	-	-	5,818,687
Equipment	5,412,003	451,738	-	-	5,863,741
Total depreciable capital assets	<u>11,663,506</u>	<u>451,738</u>	<u>-</u>	<u>12,500</u>	<u>12,127,744</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	355,938	5,308	-	-	361,246
Other improvements	4,143,366	298,720	-	-	4,442,086
Equipment	3,720,567	295,978	-	-	4,016,545
Total accumulated depreciation	<u>8,219,871</u>	<u>\$ 600,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>8,819,877</u>
Total depreciable capital assets, net	<u>3,443,635</u>				<u>3,307,867</u>
Landfill capital assets, net	<u>6,006,203</u>				<u>6,633,137</u>
<b>Airport:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	2,843,877	\$ -	\$ -	\$ -	2,843,877
Construction in progress	490,567	632,376	-	-	1,122,943
Total non-depreciable capital assets	<u>3,334,444</u>	<u>632,376</u>	<u>-</u>	<u>-</u>	<u>3,966,820</u>
<b>Depreciable Capital Assets:</b>					
Buildings	4,668,106	10,930	-	-	4,679,036
Other improvements	16,833,799	-	-	-	16,833,799
Equipment	273,031	-	-	-	273,031
Total depreciable capital assets	<u>21,774,936</u>	<u>10,930</u>	<u>-</u>	<u>-</u>	<u>21,785,866</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	185,407	13,210	-	-	198,617
Other improvements	10,530,017	685,714	-	-	11,215,731
Equipment	206,287	19,590	-	-	225,877
Total accumulated depreciation	<u>10,921,711</u>	<u>\$ 718,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>11,640,225</u>
Total depreciable capital assets, net	<u>10,853,225</u>				<u>10,145,641</u>
Airport capital assets, net	<u>14,187,669</u>				<u>14,112,461</u>
Business-type activities capital assets, net	<u>\$ 20,193,872</u>				<u>\$ 20,745,598</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2020 is composed of the following elements:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets	\$ 34,508,268	\$ 20,745,598
Long-term debt	(28,142,281)	-
Long-term debt for assets not owned by the County	19,715,000	-
Net investment in capital assets	<u>\$ 27,579,337</u>	<u>\$ 20,745,598</u>

The \$378,501 charge on refunding is related to debt for assets not owned by the County.

### B. Liabilities

#### Payables

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Vendors	\$ 1,852,869	\$ 300,767	\$ 2,153,636
Other expenses	186,376	908	187,284
Total accounts payable	<u>\$ 2,039,245</u>	<u>\$ 301,675</u>	<u>\$ 2,340,920</u>

### Pension Plan Obligations

#### Local Governmental Employees' Retirement System

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

## WILKES COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 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 \$1,885,001 for the year ended June 30, 2020.

*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.

## WILKES COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS 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 a liability of \$8,173,923 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, 2019, the County's proportion was .299%, which was an increase of .0027% from its proportion as of June 30, 2018 measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$3,658,534. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,399,583	\$ -
Changes of assumptions	1,332,214	-
Net difference between projected and actual earnings on pension plan investments	199,373	-
Changes in proportion and differences between County contributions and proportionate share of contributions	2,637	28,515
County contributions subsequent to the measurement date	1,885,001	-
Total	<u>\$ 4,818,808</u>	<u>\$ 28,515</u>

## WILKES COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$1,885,001 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 ended June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Total</b>
2021	\$ 1,454,277
2022	442,609
2023	785,344
2024	223,062
2025	-
Thereafter	-
Total	<u>\$ 2,905,292</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 increase	3.50 - 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 rates based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. 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 as of December 31, 2014.

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

## WILKES COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 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 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.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

*Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00 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:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
County's proportionate share of the net pension liability (asset)	<u>\$ 18,695,256</u>	<u>\$ 8,173,923</u>	<u>\$ (571,437)</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.

### **Law Enforcement Officers' Special Separation Allowance**

**Plan Description.** Wilkes County administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report is 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	13
Active plan members	<u>79</u>
Total	<u>92</u>

### **Summary of Significant Accounting Policies**

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

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

### 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 is used to measure the total pension liability is the S&P Municipal Bond 20-Year High Grade Rate Index.

**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.

### Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefit payments 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. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$183,989 as benefits came due for the reporting period.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS 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 a total pension liability of \$2,066,891. 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 \$189,220.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 137,709	\$ 40,652
Changes of assumptions	97,223	56,022
County benefit payments and plan administrative expense made subsequent to the measurement date	110,204	-
Total	<u>\$ 345,136</u>	<u>\$ 96,674</u>

The County paid \$110,204 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Total</b>
2021	\$ 32,548
2022	32,929
2023	37,041
2024	28,567
2025	7,173
Total	<u>\$ 138,258</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

*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	\$ 2,225,234	\$ 2,066,891	\$ 1,922,291

### Schedule of Changes in Total Pension Liability Law Enforcement Officer's Special Separation Allowance

	2020
Beginning balance	\$ 1,971,335
Service cost	88,264
Interest on the total pension liability	68,408
Differences between expected and actual	66,418
Changes of assumptions or other inputs	56,455
Benefit payments	(183,989)
Ending balance of the total pension liability	\$ 2,066,891

*Changes of Assumptions.* Changes of assumptions and other inputs reflects a change in the discount rate from 3.64 percent at June 30, 2018 to 3.26 percent at June 30, 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.

### 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

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

(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 \$188,252 for the reporting year. No amounts were forfeited.

### Registers of Deeds' Supplemental Pension Fund

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

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

**Contributions.** Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$5,260 for the year ended June 30, 2020.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS 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 \$103,728 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 .525%, which was an decrease of .071% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$12,722. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 5,002
Net difference between projected and actual earnings on pension plan investments	1,061	-
Changes in proportion and differences between County contributions and proportionate share of contributions	10,331	921
County contributions subsequent to the measurement date	5,260	-
Total	<u>\$ 16,652</u>	<u>\$ 5,923</u>

\$5,260 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Total</b>
2021	\$ 506
2022	4,469
2023	2,544
2024	(2,050)
2025	-
Total	<u>\$ 5,469</u>

## WILKES COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

**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 increase	3.50 - 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 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.

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

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2019 is 1.4%.

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.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

	<b>1% Decrease (2.75%)</b>	<b>Discount Rate (3.75%)</b>	<b>1% Increase (4.75%)</b>
County's proportionate share of the net pension liability (asset)	<u>\$ (85,743)</u>	<u>\$ (103,728)</u>	<u>\$ (118,934)</u>

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

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

The following is information related to the proportionate share and pension expense for all pension plans:

	<b>LGERS</b>	<b>ROD</b>	<b>LEOSSA</b>	<b>Total</b>
Proportionate share of net pension liability (asset)	\$ 8,173,923	\$(103,728)	\$ -	\$ 8,070,195
Proportion of the net pension liability (asset)	0.29931%	0.52542%	n/a	0.82473%
Total pension liability	-	-	2,066,891	2,066,891
Pension expense	3,658,534	12,722	189,220	3,860,476

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

<b>Deferred Outflows of Resources</b>	<b>LGERS</b>	<b>ROD</b>	<b>LEOSSA</b>	<b>Total</b>
Differences between expected and actual experience	\$1,399,583	\$ -	\$ 137,709	\$1,537,292
Changes of assumptions	1,332,214	-	97,223	1,429,437
Net difference between projected and actual earnings on pension plan investments	199,373	1,061	-	200,434
Changes in proportion and differences between County contributions and proportionate share of contributions	2,637	10,331	-	12,968
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>1,885,001</u>	<u>5,260</u>	<u>110,204</u>	<u>2,000,465</u>
Total deferred outflows of resources	<u>\$4,818,808</u>	<u>\$ 16,652</u>	<u>\$ 345,136</u>	<u>\$5,180,596</u>

<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$ -	\$ 5,002	\$ 40,652	\$ 45,654
Changes of assumptions	-	-	56,022	56,022
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>28,515</u>	<u>921</u>	<u>-</u>	<u>29,436</u>
Total deferred inflows of resources	<u>\$ 28,515</u>	<u>\$ 5,923</u>	<u>\$ 96,674</u>	<u>\$ 131,112</u>

### Other Post-Employment Benefits

**Plan Description.** The County (by local ordinance) provides post-employment healthcare benefits to retirees of the County as a single-employer, defined, benefit plan, provided they participate in the North Carolina Local Governmental Employees' Retirement System (LGERS) and have at least thirty years of creditable service with the County. The County pays 50% of the cost of coverage for these benefits through private insurers until the retiree reaches the age for Medicare eligibility. Also, the County's retirees can purchase coverage for their dependents at the County's group rates if that dependent was previously covered at the time of retirement. New dependents cannot be added after retirement. The County Commissioners may amend the benefit provisions. A separate report was not issued for the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Management of the HCB Plan is vested in the Wilkes County Board of Commissioners.

Membership of the Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

	<b>2019</b>
Retirees and dependents receiving benefits	<u>112</u>
Active members	<u>473</u>
Total	<u><u>585</u></u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Total OPEB Liability

The County's total OPEB liability of \$31,068,041 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2019.

**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	2.5 percent
Salary increase	
General Employees	3.50 to 7.75 percent, including inflation
Law Enforcement Officers	3.50 to 7.35 percent, including inflation
Discount rate	3.50 percent
Health care cost trend rates	Pre-Medicare - 7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026. Medicare - 5.00% for 2019 decreasing to an ultimate rate of 4.50% by 2021.

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

### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2019</b>	<b>\$ 33,287,543</b>
<b>Changes for the year:</b>	
Service cost	1,051,826
Interest	1,275,774
Differences between expected and actual experience	(3,414,999)
Changes of assumptions or other inputs	(140,039)
Benefit payments	(992,064)
Net changes	(2,219,502)
<b>Balance at June 30, 2020</b>	<b>\$ 31,068,041</b>

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

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

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

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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:

	<b>1% Decrease (2.50%)</b>	<b>Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
Total OPEB liability	<u>\$ 37,070,601</u>	<u>\$ 31,068,041</u>	<u>\$ 26,406,750</u>

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

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB liability	<u>\$ 26,067,312</u>	<u>\$ 31,068,041</u>	<u>\$ 37,639,026</u>

### 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 \$1,183,132. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 267,140	\$ 2,974,354
Changes of assumptions or other inputs	-	3,756,670
County contributions subsequent to the measurement date	802,759	-
Total	<u>\$ 1,069,899</u>	<u>\$ 6,731,024</u>

## **WILKES COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

\$802,759 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 ended June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Total</b>
2021	\$ (1,144,468)
2022	(1,144,468)
2023	(1,144,468)
2024	(1,144,468)
2025	(944,877)
Thereafter	(941,135)
Total	<u><u>\$ (6,463,884)</u></u>

#### **Other Employment Benefits**

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

#### **Closure and Post-Closure Care Costs - Landfill Facility**

Federal and state laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$8,505,000 reported as landfill closure and post-closure care liability at June 30, 2020 represents a cumulative amount reported to date based on the use of 100% of cell 1, 100% of cell 2, 100% of cell 3, 98% of cell 4, and

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

construction of cell 5 is underway. The facility has 4 cells. These amounts are based on what it would cost to perform all closure and post-closure care in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test that is one option under state and federal laws and regulations that help determine if a unit is financially able to meet closure and post-closure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and post-closure care costs. These funds and transfers from prior years are held in investments with a cost of \$4,413,432 (market value \$4,413,432) at year-end. The County expects that future inflation costs will be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

### Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources are comprised of the following:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Charge on refunding	\$ 378,501	\$ -
(OPEB) - Differences between expected and actual experience	267,140	2,974,354
(OPEB) - Changes of assumptions	-	3,756,670
Benefit payments for the OPEB plan paid subsequent to measurement date	802,759	
(Pensions) - Differences between expected and actual experience	1,537,292	45,654
(Pensions) - Changes of assumptions	1,429,437	56,022
(Pensions) - Net difference between projected and actual earnings on pension plan investments	200,434	-
(Pensions) - Changes in proportion and differences between County contributions and proportionate share of contributions	12,968	29,436
Contributions to pension plan subsequent to measurement date (LGERS, ROD)	1,890,261	-
Benefit payments and admin costs paid subsequent to the measurement date (LEOSSA)	110,204	-
Prepaid taxes not yet earned (General)	-	46,233
Taxes receivable, net (General)	-	2,427,779
Taxes receivable, net (Fire District Fund)	-	252,708
Other receivables, net (General)	-	596,671
Total	<u>\$ 6,628,996</u>	<u>\$ 10,185,527</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 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 the Employers Mutual Casualty Company administered by Faw Insurance Agency. Through Faw Insurance, the County obtains insurance coverage of \$7 million per occurrence for commercial excess liability, general liability coverage of \$1 million per any one occurrence and workers' compensation coverage up to the statutory limits. Public official and law enforcement liability coverage is up to \$1 million per each claim with a commercial excess policy of \$7 million per each claim. Law enforcement liability coverage is up to \$1 million per each wrongful act. Through Faw Insurance, the County has blanket coverage for property and contents of \$66,919,435.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through commercial security bonds. The Tax Collector is bonded for \$100,000; the Finance Officer and Register of Deeds are bonded for \$50,000 each; and the Sheriff, Sheriff Chief Deputy, and EMS Director are bonded for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$1,000,000.

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 carries commercial flood and earthquake insurance with a limit of \$2,000,000 per occurrence.

The County's employee healthcare program is financed using an entirely self-funded plan. One health plan is available to employees, retirees, covered dependents, and eligible former employees. The County administers the healthcare plan through a self-funded program, supplemented by employee contributions, to pay claims administration and medical claims of the employees and their covered dependents. Specific stop-loss insurance with a deductible of \$75,000 for all occurrences and an aggregate stop-loss insurance of 125% of estimated claims are purchased to limit the County's losses for the overall program. Liabilities of the program are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount of claims that have been incurred but not reported (IBNRs). The County reasonably expects a portion of these claims to be paid within one year of occurrence. Changes in the County's claims liability balance are as follows:

	<u>2019</u>	<u>2020</u>
Balance, beginning of year	\$ 758,023	\$ 852,430
Incurred claims (including IBNRs)		
and changes in estimates	5,726,144	4,949,608
Less claims payments	<u>(5,631,737)</u>	<u>(5,026,804)</u>
Balance, end of year	<u>\$ 852,430</u>	<u>\$ 775,234</u>

# **WILKES COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

### **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 effect of these legal matters will not have a material adverse effect on the County's financial position.

### **Long-Term Obligations**

#### **Direct Placement – Installment Purchase Agreements**

\$12,690,000 note, issued June 2013, interest at 1.94%, payable in annual installments of \$850,000, plus interest paid semi-annual, with final payment due in 2028; issued for construction of a jail \$ 6,760,000

\$13,335,000 Refunding of Certificates of Participation, Series 2000, issued November 2010, interest rate at 3.41%; payable in annual installments ranging from \$265,255 to \$1,853,203 including interest; used for the construction of middle schools for Wilkes County Board of Education 1,290,000

Total installment purchase agreements \$ 8,050,000

The \$12,690,000 bank note is a direct placement installment purchase with a bank. The County executed a Deed of Trust for the benefit of the bank as security. The Deed of Trust grants a lien on the site and all building improvements and fixtures located thereon. In the event of default the bank may (a) declare the entire amount of the principal of the Installment Payments and the accrued and unpaid interest to date of declaration to be immediately due and payable; (b) exercise all remedies available at law or in equity or under the Deed of Trust; (c) subject to the Enforcement Limitation, proceed by appropriate court action to enforce performance.

The \$13,335,000 Refunding of Certificates of Participation Series 2000 is a direct placement installment agreement. The County executed a Deed of Trust for the benefit of the bank as security. The Deed of Trust grants a lien on the site and all building improvements and fixtures located thereon.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

For Wilkes County, the future minimum payments as of June 30, 2020 are as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 2,135,000	\$ 153,139	\$ 2,288,139
2022	845,000	114,751	959,751
2023	845,000	98,358	943,358
2024	845,000	81,965	926,965
2025	845,000	65,572	910,572
2026-2028	2,535,000	98,358	2,633,358
Total	<u>\$ 8,050,000</u>	<u>\$ 612,143</u>	<u>\$ 8,662,143</u>

### Certificate of Participation

\$24,425,000 Refunding of Certificates of Participation Series 2006, issued November 2015, interest rates ranging from 4.00% - 5.00%; payable in annual installments ranging from \$1,215,000 to \$5,890,000 plus interest; issued for renovation of four schools for Wilkes County Board of Education \$ 18,425,000

The \$24,425,000 Refunding of Certificates of Participation Series 2006 were publicly sold. The County executed a Deed of Trust for the benefit of the bank as security. The Deed of Trust grants a lien on the site and all building improvements and fixtures located thereon.

For Wilkes County, the future minimum payments as of June 30, 2020 are as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 1,175,000	\$ 798,700	\$ 1,973,700
2022	1,175,000	739,950	1,914,950
2023	1,175,000	681,200	1,856,200
2024	1,180,000	622,450	1,802,450
2025	5,890,000	563,450	6,453,450
2026-2030	2,365,000	1,273,050	3,638,050
2031-2035	4,420,000	743,400	5,163,400
2036	1,045,000	41,800	1,086,800
Total	<u>\$ 18,425,000</u>	<u>\$ 5,464,000</u>	<u>\$ 23,889,000</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Long-Term Obligation Activity

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

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion of Balance
<b>Governmental Activities:</b>					
Direct placement installment purchases	\$ 10,243,775	\$ -	\$ 2,193,775	\$ 8,050,000	\$ 2,135,000
Certificate of participation	19,635,000	-	1,210,000	18,425,000	1,175,000
Compensated absences	2,106,002	1,687,260	1,579,502	2,213,760	1,579,502
Incurred, but not reported, health claims	852,430	4,949,608	5,026,804	775,234	581,426
Total pension liability (LEOSSA)	1,971,335	95,556	-	2,066,891	-
Net pension liability (LGERS)	6,765,373	1,092,282	-	7,857,655	-
Total OPEB liability	31,956,041	-	2,130,722	29,825,319	-
Unamortized premiums	1,771,486	-	104,205	1,667,281	-
Total governmental activities	<u>\$ 75,301,442</u>	<u>\$ 7,824,706</u>	<u>\$ 12,245,008</u>	<u>\$ 70,881,140</u>	<u>\$ 5,470,928</u>
<b>Business-Type Activities:</b>					
<b>Landfill Fund:</b>					
Accrued landfill closure and post-closure care costs	\$ 7,795,000	\$ 710,000	\$ -	\$ 8,505,000	\$ -
Compensated absences	95,420	35,661	71,565	59,516	35,661
Net pension liability (LGERS)	218,716	34,134	-	252,850	-
Total OPEB liability	998,626	-	66,585	932,041	-
Total Landfill Fund	<u>\$ 9,107,762</u>	<u>\$ 779,795</u>	<u>\$ 138,150</u>	<u>\$ 9,749,407</u>	<u>\$ 35,661</u>
<b>Airport Fund:</b>					
Compensated absences	\$ 13,348	\$ 10,298	\$ 10,011	\$ 13,635	\$ 10,011
Net pension liability (LGERS)	52,040	11,378	-	63,418	-
Total OPEB liability	332,876	-	22,195	310,681	-
Total Airport Fund	<u>\$ 398,264</u>	<u>\$ 21,676</u>	<u>\$ 32,206</u>	<u>\$ 387,734</u>	<u>\$ 10,011</u>

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

At June 30, 2020, Wilkes County had a legal debt margin of approximately \$499,600,000.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Advance Refundings

On November 19, 2015, the County issued \$24,425,000 of limited obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$25,620,000 of limited obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$630,833. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. The advance was undertaken to reduce total debt service payments over the next 20 years by \$3,951,869 and resulted in an economic gain of \$2,954,606. On June 30, 2020 \$18,425,000 of bonds outstanding is considered defeased.

### Conduit Debt Obligations

Wilkes County Industrial Facility and Pollution Control Authority have issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County nor any political subdivision, thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2020, there were no industrial revenue bonds outstanding.

### Due to/from Other Funds

Balances due to/from other funds at June 30, 2020, consist of the following:

<b>Due to/Due from Other Funds:</b>	<b>Amount</b>
Due to the General Fund from the Airport Fund to repay funds to cover cash flow shortage during capital project phase	\$ 400,000
Due to General Fund from the Community Development Block Grants Fund to cover cash flow shortage	296,313
Total	<u>\$ 696,313</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Transfers to/from Other Funds

Transfers in (out) for the year ended June 30, 2020, are summarized below:

	Transfers		Purpose
	From	To	
<b>Operating Transfers</b>			
<b>From/To Other Funds:</b>			
General Fund	\$ 587,500	\$ -	
Community Development Block Grants Fund	-	87,500	To meet matching grant requirements
Landfill Capital Reserve	-	500,000	To set aside funds for future landfill expansion
Total transfers	<u>\$ 587,500</u>	<u>\$ 587,500</u>	

### 3. Related Organization

The County's governing board is responsible for appointing the members of the Board of the Wilkes Transportation Authority (Authority), but the County's accountability for this organization does not extend beyond making these appointments. Wilkes Transportation Authority is a public authority that exists to provide transportation services to the citizens of Wilkes County. It is funded primarily with federal and State grants and service fees.

### 4. Joint Ventures

The County, in conjunction with the State of North Carolina and the Wilkes County Board of Education, participates in a joint venture to operate the Wilkes Campus of Wilkes Community College (Community College). Wilkes County appoints four members of the seventeen-member Board of Trustees of the Community College. The Community College is included as a component unit of the state. The County provides financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Wilkes Campus of Wilkes Community College's facilities. The County contributed \$4,015,958 and \$150,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2020. Wilkes County does not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2020. Complete financial statements for Wilkes Community College may be obtained from the Community College's administrative offices at P.O. Box 120, Wilkesboro, North Carolina 28697.

The County also participates in a joint venture to operate VAYA Health with fifteen other local governments. Wilkes County appoints two Board members to the thirty-member Board and one member to the Advisory Board of the VAYA Health. The County has an ongoing financial responsibility for the joint venture because the VAYA Health's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the VAYA Health, so no equity interest has been reflected in the financial statements at June 30, 2020. In accordance with the intergovernmental agreement between the

# **WILKES COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

participating governments, the County appropriated \$254,200 to VAYA Health to supplement its activities. Complete financial statements for VAYA Health can be obtained from VAYA Health's offices at 44 Bonnie Lane, Sylva, North Carolina 28779.

The County also participates in a joint venture to operate Appalachian Regional Library (Library) with two other local governments. Wilkes County appoints four board members to the twelve-member Board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$693,525 to the Library to supplement its activities. Complete financial statements for the Appalachian Regional Library can be obtained from the Library's offices at 148 Library Drive, West Jefferson, North Carolina 28694.

The County participates in a joint venture to operate Wilkes Economic Development Corporation, (Corporation) a non-profit corporation, with two municipalities and the Wilkes Chamber of Commerce. Wilkes County appoints four Board members to the nine-member Board of the Corporation. The County has an ongoing financial responsibility for the joint venture because the Corporation's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the non-profit Corporation, so no equity interests have been reflected in the financial statements at June 30, 2020. The County appropriated \$255,000 to the Corporation during the year. Complete financial statements for the Wilkes Economic Development Corporation can be obtained from the Corporation's offices at P.O. Box 727, North Wilkesboro, North Carolina 28659.

### **5. Jointly Governed Organization**

The County, in conjunction with six other counties and nineteen municipalities, established the High Country Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$36,421 to the Council during the fiscal year ended June 30, 2020.

The County, in conjunction with six other counties, established the Northwest Regional Housing Authority (Authority). The participating governments established the Authority for housing and urban development. Each participating government appoints one member of the Authority's governing board.

### **6. 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.

# **WILKES COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

### **7. Subsequent Event**

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.

## WILKES COUNTY, NORTH CAROLINA

**WILKES COUNTY'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS\***

	<b>Local Government Employees' Retirement System</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Wilkes' proportion of the net pension liability (asset) (%)	0.29931%	0.29659%	0.29190%	0.28774%	0.27742%	0.27346%	0.27346%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ 8,173,923	\$ 7,036,129	\$ 7,036,129	\$ 6,106,807	\$ 1,245,044	\$ (1,612,722)	\$ 3,360,611
Wilkes' covered payroll*	\$ 19,751,765	\$ 18,343,058	\$ 17,627,739	\$ 16,786,999	\$ 15,873,019	\$ 15,404,189	\$ 14,773,299
Wilkes' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	41.38%	38.36%	39.92%	36.38%	7.84%	( 10.47%)	22.75%
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.

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

**WILKES COUNTY, NORTH CAROLINA****WILKES COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS**

	<b>Local Government Employees' Retirement System</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 1,885,001	\$ 1,553,171	\$ 1,403,879	\$ 1,307,592	\$ 1,147,444	\$ 1,131,485	\$ 1,094,518
Contributions in relation to the contractually required contribution	<u>1,885,001</u>	<u>1,553,171</u>	<u>1,403,879</u>	<u>1,307,592</u>	<u>1,147,444</u>	<u>1,131,485</u>	<u>1,094,518</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wilkes' covered payroll	\$ 20,740,830	\$ 19,751,765	\$ 18,343,058	\$ 17,627,739	\$ 16,786,999	\$ 15,873,019	\$ 15,404,189
Contributions as a percentage of covered payroll	9.09%	7.86%	7.65%	7.42%	6.84%	7.13%	7.11%

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

**WILKES COUNTY, NORTH CAROLINA**

**LAW ENFORCEMENT OFFICER'S SPECIAL SEPARATION ALLOWANCE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAST FOUR FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 1,971,335	\$ 1,919,108	\$ 1,907,407	\$ 1,951,036
Service cost	88,264	89,259	75,052	77,166
Interest on the total pension liability	68,408	58,142	70,590	66,973
Differences between expected and actual	66,418	132,099	(88,289)	-
Changes of assumptions or other inputs	56,455	(68,917)	111,634	(37,671)
Benefit payments	(183,989)	(158,356)	(157,286)	(150,097)
Ending balance of the total pension liability	<u>\$ 2,066,891</u>	<u>\$ 1,971,335</u>	<u>\$ 1,919,108</u>	<u>\$ 1,907,407</u>

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

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

**WILKES COUNTY, NORTH CAROLINA**

**LAW ENFORCEMENT OFFICER'S SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF  
OF COVERED PAYROLL  
LAST FOUR FISCAL YEARS**

<b>Law Enforcement Officers' Special Separation Allowance</b>				
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 2,066,891	\$ 1,971,335	\$ 1,919,108	\$ 1,907,407
Covered payroll	\$ 3,477,333	\$ 3,239,268	\$ 3,088,792	\$ 3,064,964
Total pension liability as a percentage of covered payroll	59.44%	60.86%	62.13%	62.23%

**Notes to Schedules:**

Wilkes County has no assets accumulated in a trust 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 year's information will be displayed as it becomes available.

**WILKES COUNTY, NORTH CAROLINA****OTHER POST-EMPLOYMENT BENEFITS****SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS****REQUIRED SUPPLEMENTARY INFORMATION****LAST THREE FISCAL YEARS**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 1,051,826	\$ 1,128,984	\$ 1,302,991
Interest on the total pension liability	1,275,774	1,188,309	1,060,873
Differences between expected and actual experience	(3,414,999)	35,568	400,636
Changes of assumptions	(140,039)	(2,001,612)	(3,598,317)
Benefit payments	<u>(992,064)</u>	<u>(878,653)</u>	<u>(1,183,579)</u>
Net change in total OPEB liability	(2,219,502)	(527,404)	(2,017,396)
Total OPEB liability - beginning	<u>33,287,543</u>	<u>33,814,947</u>	<u>35,832,343</u>
Total OPEB liability - ending	<u><u>\$ 31,068,041</u></u>	<u><u>\$ 33,287,543</u></u>	<u><u>\$ 33,814,947</u></u>
Covered payroll	\$ 18,673,305	\$ 16,989,373	\$ 16,989,373
Total OPEB liability as a percentage of covered payroll	166.38%	195.93%	199.04%

**Notes to Schedule:**

*Change 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:

<b>Fiscal Year</b>	<b>Rate</b>
2020	3.50%
2019	3.89%
2018	3.56%

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

**WILKES COUNTY, NORTH CAROLINA****WILKES COUNTY'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS\***

	<b>Register of Deeds' Supplemental Pension Fund</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Wilkes' proportion of the net pension liability (asset) (%)	0.52542%	0.59653%	0.58377%	0.61932%	0.63542%	0.62699%	0.58181%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ (103,728)	\$ (98,803)	\$ (99,644)	\$ (115,788)	\$ (147,252)	\$ (142,114)	\$ (124,275)
Wilkes' covered payroll	\$ 57,727	\$ 51,797	\$ 62,770	\$ 63,251	\$ 41,854	\$ 63,511	\$ 62,593
Wilkes' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(179.69%)	(190.75%)	(158.74%)	(183.06%)	(351.82%)	(223.76%)	(198.54%)
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.

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

**WILKES COUNTY, NORTH CAROLINA****WILKES COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS**

	<b>Register of Deeds' Supplemental Pension Fund</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 5,260	\$ 5,260	\$ 3,921	\$ 3,962	\$ 3,962	\$ 2,928	\$ 5,119
Contributions in relation to the contractually required contribution	<u>5,260</u>	<u>5,260</u>	<u>3,921</u>	<u>3,962</u>	<u>3,962</u>	<u>2,928</u>	<u>5,119</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wilkes' covered payroll	\$ 60,723	\$ 57,727	\$ 51,797	\$ 62,770	\$ 63,251	\$ 41,854	\$ 63,511
Contributions as a percentage of covered payroll	8.66%	9.11%	7.57%	6.31%	6.26%	7.00%	8.06%

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

# WILKES COUNTY, NORTH CAROLINA

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

#### IN FUND BALANCE - BUDGET AND ACTUAL

#### FOR THE YEAR ENDED JUNE 30, 2020

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

	2020			2019
	Budget	Actual	Variance Over /Under	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 38,054,524	\$ 38,792,434	\$ 737,910	\$ 37,943,163
Penalties and interest	492,050	452,372	(39,678)	584,198
Total	38,546,574	39,244,806	698,232	38,527,361
<b>Local Option Sales Taxes:</b>				
Article 39 one percent	6,149,490	7,036,393	886,903	6,484,300
Article 40 one-half of one percent	5,171,419	5,025,649	(145,770)	4,894,021
Article 42 one-half of one percent	3,357,458	3,759,118	401,660	3,500,892
Article 44 one-half of one percent	1,326,110	1,406,712	80,602	1,314,133
Article 46 one-fourth of one percent	1,624,101	1,840,020	215,919	1,729,886
Total	17,628,578	19,067,892	1,439,314	17,923,232
<b>Other Taxes and Licenses:</b>				
Real estate transfer taxes	160,000	253,433	93,433	179,313
Total	160,000	253,433	93,433	179,313
<b>Unrestricted Intergovernmental:</b>				
Payments in lieu of taxes	30,000	28,315	(1,685)	31,636
Beer and wine tax	280,000	263,566	(16,434)	263,970
Total	310,000	291,881	(18,119)	295,606
<b>Restricted Intergovernmental:</b>				
Federal and state grants	11,409,432	10,410,589	(998,843)	10,209,394
Lottery proceeds	1,000,000	625,000	(375,000)	625,000
Court facility fees	125,000	81,130	(43,870)	93,147
Fines and forfeitures	18,000	71,417	53,417	85,368
Other	523,576	163,646	(359,930)	176,357
Total	13,076,008	11,351,782	(1,724,226)	11,189,266
<b>Permits and Fees:</b>				
Building permits	225,500	213,440	(12,060)	190,897
Register of Deeds	204,415	211,118	6,703	197,263
Total	429,915	424,558	(5,357)	388,160

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2020**

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

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>	<u>Actual</u>
<b>Sales and Services:</b>				
Ambulance and rescue squad fees	3,030,174	2,486,976	(543,198)	2,894,093
Jail fees	545,000	387,850	(157,150)	509,609
Rents and fees	3,974,073	3,615,948	(358,125)	3,805,551
Recreation fees	96,000	57,944	(38,056)	68,880
Total	<u>7,645,247</u>	<u>6,548,718</u>	<u>(1,096,529)</u>	<u>7,278,133</u>
<b>Investment Earnings:</b>				
Investment earnings	<u>465,746</u>	<u>518,429</u>	<u>52,683</u>	<u>643,699</u>
<b>Miscellaneous:</b>				
Other	<u>1,588,155</u>	<u>1,317,350</u>	<u>(270,805)</u>	<u>599,695</u>
Total revenues	<u>79,850,223</u>	<u>79,018,849</u>	<u>(831,374)</u>	<u>77,024,465</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits	129,150	128,155		126,944
Other operating expenditures	<u>332,500</u>	<u>329,237</u>		<u>324,117</u>
Total	<u>461,650</u>	<u>457,392</u>	<u>4,258</u>	<u>451,061</u>
<b>Administration:</b>				
Salaries and employee benefits	409,330	360,196		364,950
Other operating expenditures	<u>25,200</u>	<u>13,544</u>		<u>15,083</u>
Total	<u>434,530</u>	<u>373,740</u>	<u>60,790</u>	<u>380,033</u>
<b>Elections:</b>				
Salaries and employee benefits	258,601	215,188		208,566
Other operating expenditures	<u>121,700</u>	<u>87,261</u>		<u>90,195</u>
Total	<u>380,301</u>	<u>302,449</u>	<u>77,852</u>	<u>509,707</u>
<b>Finance:</b>				
Salaries and employee benefits	449,160	428,281		378,698
Other operating expenditures	<u>29,385</u>	<u>18,529</u>		<u>16,640</u>
Total	<u>478,545</u>	<u>446,810</u>	<u>31,735</u>	<u>395,338</u>

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2020**

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

	<b>2020</b>			<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over /Under</b>	<b>Actual</b>
<b>Tax Administration:</b>				
Salaries and employee benefits	1,056,177	956,880		975,607
Other operating expenditures	327,000	225,514		264,434
Total	1,383,177	1,182,394	200,783	1,240,041
<b>Legal:</b>				
Professional services	250,000	250,000	-	201,389
<b>Register of Deeds:</b>				
Salaries and employee benefits	319,724	316,838		274,383
Other operating expenditures	93,440	63,926		60,052
Total	413,164	380,764	32,400	359,434
<b>Public Buildings:</b>				
Salaries and employee benefits	124,590	116,634		108,531
Other operating expenditures	402,800	298,741		248,885
Capital outlay	830,000	382,357		292,028
Total	1,357,390	797,732	559,658	649,444
<b>Court Facilities:</b>				
Salaries and employee benefits	132,278	132,107		127,736
Other operating expenditures	314,820	265,116		247,842
Capital outlay	300,000	244,387		62,823
Total	747,098	641,610	105,488	438,401
<b>Central Services:</b>				
<b>Data Processing:</b>				
Salaries and employee benefits	213,978	213,365		205,188
Other operating expenditures	244,520	224,929		224,676
Total	458,498	438,294	20,204	429,864
<b>Central Garage:</b>				
Salaries and employee benefits	352,192	306,462		305,109
Other operating expenditures	701,000	628,096		716,385
Capital outlay	39,000	32,522		39,409
Total	1,092,192	967,080	125,112	1,060,903

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2020**

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

	<b>2020</b>			<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over /Under</b>	<b>Actual</b>
<b>Purchasing:</b>				
Salaries and employee benefits	65,533	59,189		57,683
Other operating expenditures	9,350	3,294		5,504
Total	74,883	62,483	12,400	63,187
<b>Other Central Services:</b>				
Other expenditures	1,108,990	1,058,563		786,830
Group insurance	1,470,010	923,928		951,257
Total	2,579,000	1,982,491	596,509	1,738,087
Total general government	10,110,428	8,283,239	1,827,189	7,916,889
<b>Public Safety:</b>				
<b>Sheriff:</b>				
Salaries and employee benefits	5,456,777	5,303,037		5,099,797
Other operating expenditures	481,678	419,469		424,897
Capital outlay	313,613	310,929		257,246
Total	6,252,068	6,033,435	218,633	5,781,940
<b>Drug Crime Prevention:</b>				
Other operating expenditures	225,000	66,129		131,274
Total	225,000	66,129	158,871	131,274
<b>Animal Control:</b>				
Salaries and employee benefits	573,706	546,799		525,186
Other operating expenditures	142,600	91,036		101,589
Capital outlay	15,000	11,496		35,460
Total	731,306	649,331	81,975	662,235
<b>Jail:</b>				
Salaries and employee benefits	2,314,557	2,293,119		2,242,921
Other operating expenditures	1,788,505	1,755,469		1,608,584
Capital outlay	27,900	27,900		-
Total	4,130,962	4,076,488	54,474	3,851,505

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2020**

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

	<b>2020</b>			<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over /Under</b>	<b>Actual</b>
<b>Emergency Management:</b>				
Salaries and employee benefits	76,065	68,725		66,628
Other operating expenditures	58,741	42,520		21,165
Total	134,806	111,245	23,561	87,793
<b>Fire:</b>				
Salaries and employee benefits	152,936	151,857		136,028
Other operating expenditures	73,240	59,561		60,557
Capital outlay	24,955	21,800		65,036
Assistance to local fire departments	21,800	20,800		800
Total	272,931	254,018	18,913	262,421
<b>Inspections:</b>				
Salaries and employee benefits	495,074	469,669		446,323
Other operating expenditures	31,600	15,568		22,983
Total	526,674	485,237	41,437	469,306
<b>Medical Examiner:</b>				
Other operating expenditures	102,000	69,575		83,290
Total	102,000	69,575	32,425	83,290
<b>Emergency Medical Services:</b>				
Salaries and employee benefits	4,168,778	3,942,261		3,582,805
Other operating expenditures	967,730	809,044		810,241
Capital outlay	501,242	333,584		316,694
Total	5,637,750	5,084,889	552,861	4,709,740
<b>Emergency Communications Center:</b>				
Salaries and employee benefits	1,082,002	1,043,872		1,056,433
Other operating expenditures	401,000	363,458		350,120
Total	1,483,002	1,407,330	75,672	1,406,553
Total public safety	19,496,499	18,237,677	1,258,822	17,446,057
<b>Environmental Protection:</b>				
Reservoir expenditures	160,000	120,946	39,054	129,112
Total environmental protection	160,000	120,946	39,054	129,112

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2020**

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

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>	<u>Actual</u>
<b>Economic and Physical Development:</b>				
<b>Economic Development:</b>				
Other operating expenditures	479,600	385,874		470,958
Total	479,600	385,874	93,726	470,958
<b>Planning and Zoning:</b>				
Salaries and employee benefits	219,258	202,058		199,828
Other operating expenditures	40,800	21,866		31,357
Total	260,058	223,924	36,134	231,185
<b>Agricultural Extension:</b>				
Salaries and employee benefits	192,503	180,998		153,450
Other operating expenditures	26,810	25,476		47,886
Capital outlay	44,196	44,196		-
Total	263,509	250,670	12,839	201,336
<b>Extension Local:</b>				
Other operating expenditures	76,514	14,347		15,514
Total	76,514	14,347	62,167	15,514
<b>Forestry:</b>				
Salaries and employee benefits	8,105	8,099		4,091
Other operating expenditures	97,642	97,585		81,326
Total	105,747	105,684	63	85,417
<b>Soil Conservation:</b>				
Salaries and employee benefits	259,686	249,683		238,255
Other operating expenditures	136,525	124,837		100,462
Capital outlay	18,975	18,973		33,370
Total	415,186	393,493	21,693	372,087
<b>Community Development:</b>				
Other operating expenditures	153,857	151,778		151,841
Total	153,857	151,778	2,079	151,841
Total economic and physical development	1,754,471	1,525,770	228,701	1,528,338

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2020**

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

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>	<u>Actual</u>
<b>Human Services:</b>				
<b>Health:</b>				
<b>Administration:</b>				
Salaries and employee benefits	1,761,811	1,044,852		1,356,344
Other operating expenditures	498,543	418,569		433,587
Capital outlay	5,217	5,217		66,073
Total	<u>2,265,571</u>	<u>1,468,638</u>	<u>796,933</u>	<u>1,856,004</u>
<b>Program Salaries:</b>				
Salaries and employee benefits	<u>45,036</u>	<u>-</u>	<u>45,036</u>	<u>736,065</u>
Total	<u>45,036</u>	<u>-</u>	<u>45,036</u>	<u>736,065</u>
<b>Environmental Health:</b>				
Salaries and employee benefits	22,000	21,253		-
Other operating expenditures	<u>11,990</u>	<u>11,451</u>		<u>7,496</u>
Total	<u>33,990</u>	<u>32,704</u>	<u>1,286</u>	<u>7,496</u>
<b>Food and Lodging:</b>				
Other operating expenditures	<u>12,391</u>	<u>38</u>	<u>12,353</u>	<u>11,077</u>
<b>Tuberculosis:</b>				
Salaries and employee benefits	22,000	21,759		8,044
Other operating expenditures	<u>3,355</u>	<u>3,175</u>		<u>3,320</u>
Total	<u>25,355</u>	<u>24,934</u>	<u>421</u>	<u>11,364</u>
<b>Bioterrorism:</b>				
Salaries and employee benefits	27,000	26,586		13,026
Other operating expenditures	<u>2,700</u>	<u>2,086</u>		<u>2,621</u>
Total	<u>29,700</u>	<u>28,672</u>	<u>1,028</u>	<u>15,647</u>
<b>Health Immunization Other:</b>				
Salaries and employee benefits	<u>55,000</u>	<u>54,581</u>		<u>16,217</u>
Total	<u>55,000</u>	<u>54,581</u>	<u>419</u>	<u>16,217</u>
<b>Health Case Management:</b>				
Salaries and employee benefits	64,000	112,493		-
Other operating expenditures	<u>2,250</u>	<u>998</u>		<u>2,074</u>
Total	<u>66,250</u>	<u>113,491</u>	<u>(47,241)</u>	<u>2,074</u>

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2020**

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

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>	<u>Actual</u>
<b>Adult Health:</b>				
Salaries and employee benefits	561,811	654,324		84,161
Other operating expenditures	226,902	169,149		181,925
Total	788,713	823,473	(34,760)	266,086
<b>Health Care Connection:</b>				
Salaries and employee benefits	49,604	58,681		35,737
Other operating expenditures	34,000	34,000		33,250
Total	83,604	92,681	(9,077)	68,987
<b>Communicable Disease:</b>				
Salaries and employee benefits	31,000	30,819		29,737
Other operating expenditures	2,293	2,293		2,293
Total	33,293	33,112	181	32,030
<b>Comprehensive Cancer Control:</b>				
Salaries and employee benefits	5,000	4,721		54,775
Other operating expenditures	27,372	14,080		10,852
Total	32,372	18,801	13,571	65,627
<b>Family Planning:</b>				
Salaries and employee benefits	86,000	135,892		64,283
Other operating expenditures	64,087	54,898		49,448
Total	150,087	190,790	(40,703)	113,731
<b>Health Diabetes Grant:</b>				
Salaries and employee benefits	65,000	64,187		64,160
Other operating expenditures	1,800	408		13,763
Total	66,800	64,595	2,205	77,923
<b>Health Promotion:</b>				
Salaries and employee benefits	-	-		98,845
Other operating expenditures	20,974	16,088		13,658
Total	20,974	16,088	4,886	112,503
<b>Mesh Units - Schools:</b>				
Salaries and employee benefits	117,000	166,779		10,952
Other operating expenditures	140,311	139,887		79,636
Total	257,311	306,666	(49,355)	90,588

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2020**

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

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>	<u>Actual</u>
<b>Wilkes Dental Clinic:</b>				
Other operating expenditures	<u>1,503,200</u>	<u>1,181,896</u>	<u>321,304</u>	<u>1,120,074</u>
<b>Maternal Clinic:</b>				
Salaries and employee benefits	8,000	7,985		4,348
Other operating expenditures	<u>1,508</u>	<u>1,508</u>		<u>1,400</u>
Total	<u>9,508</u>	<u>9,493</u>	<u>15</u>	<u>5,748</u>
<b>Infant Mortality Reduction:</b>				
Salaries and employee benefits	23,000	22,714		-
Other operating expenditures	<u>29,811</u>	<u>21,873</u>		<u>67,216</u>
Total	<u>52,811</u>	<u>44,587</u>	<u>8,224</u>	<u>67,216</u>
<b>MCC and MOW:</b>				
Salaries and employee benefits	-	-		44,868
Other operating expenditures	<u>5,500</u>	<u>5,500</u>		<u>16,871</u>
Total	<u>5,500</u>	<u>5,500</u>	<u>-</u>	<u>61,739</u>
<b>Child Health:</b>				
Salaries and employee benefits	205,000	254,424		-
Other operating expenditures	<u>66,175</u>	<u>43,122</u>		<u>70,942</u>
Total	<u>271,175</u>	<u>297,546</u>	<u>(26,371)</u>	<u>70,942</u>
<b>CSC and MOW:</b>				
Salaries and employee benefits	124,000	123,783		16,307
Other operating expenditures	<u>3,010</u>	<u>2,895</u>		<u>3,346</u>
Total	<u>127,010</u>	<u>126,678</u>	<u>332</u>	<u>19,653</u>
<b>Women, Infants, and Children:</b>				
Salaries and employee benefits	143,000	142,443		149,318
Other operating expenditures	<u>43,300</u>	<u>43,283</u>		<u>40,980</u>
Total	<u>186,300</u>	<u>185,726</u>	<u>574</u>	<u>190,298</u>
<b>School Nurse Funding:</b>				
Other operating expenditures	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
<b>Smart Start:</b>				
Salaries and employee benefits	-	-	-	18,053
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,053</u>

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2020**

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

	<b>2020</b>			<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over /Under</b>	<b>Actual</b>
<b>Wilkes County Health Center:</b>				
Salaries	499,150	499,150		623,620
Operating expenditures	13,714	12,157		21,108
Total	512,864	511,307	1,557	644,728
<b>HIV &amp; STD:</b>				
Salaries and employee benefits	69,000	68,848		-
Other operating expenditures	1,305	1,100		1,297
Total	70,305	69,948	357	1,297
<b>WIC/BPCP:</b>				
Salaries and employee benefits	74,500	73,077		139,198
Other operating expenditures	2,610	2,536		1,471
Total	77,110	75,613	1,497	140,669
<b>Mental Health &amp; Substance Abuse Services:</b>				
Salaries and employee benefits	28,688	42,977		44,503
Other operating expenditures	36,000	34,600		89,832
Total	64,688	77,577	(12,889)	134,335
<b>Substance Use Disorder:</b>				
Salaries and employee benefits	55,464	43,028		93,797
Other operating expenditures	308,602	191,027		29,382
Capital outlay	32,000	31,043		-
Total	396,066	265,098	130,968	123,179
<b>CARES Health DHHS:</b>				
Salaries and employee benefits	-	8,125		-
Other operating expenditures	39,041	6,935		-
Total	39,041	15,060	23,981	-
<b>Immunization Action Plan:</b>				
Salaries and employee benefits	55,000	54,581		-
Other operating expenditures	500	500	-	-
Total	55,500	55,081	419	-
Total health	7,487,525	6,340,374	1,147,151	6,231,350

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2020**

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

	<b>2020</b>			<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over /Under</b>	<b>Actual</b>
<b>Mental Health:</b>				
Contribution to other agencies	538,754	534,004	4,750	538,086
Total mental health	538,754	534,004	4,750	538,086
<b>Social Services:</b>				
<b>Administration:</b>				
Salaries and employee benefits	7,235,878	6,985,730		6,653,264
Other operating expenditures	617,708	452,907		543,580
Capital outlay	163,190	125,643		190,723
Total	8,016,776	7,564,280	452,496	7,387,567
<b>Medicaid Program:</b>				
County participation only	877,100	462,471		521,637
Total	877,100	462,471	414,629	521,637
<b>Food Stamps Program:</b>				
Other operating expenditures	535,203	415,010		405,969
Total	535,203	415,010	120,193	405,969
<b>Low Income Energy Assistance Program:</b>				
Other operating expenditures	358,785	358,685	100	343,300
<b>Work First:</b>				
Contract services	140,000	32,427		37,421
Total	140,000	32,427	107,573	37,421
<b>Daycare Operations:</b>				
Contract services	139,558	15,747		14,558
Total	139,558	15,747	123,811	14,558
<b>In-Home Service:</b>				
Other operating expenditures	58,255	6,463		14,469
Total	58,255	6,463	51,792	14,469
<b>Foster Care:</b>				
Salaries and employee benefits	5,383	1,680		1,098
Other operating expenditures	4,938,238	3,652,368		3,821,835
Total	4,943,621	3,654,048	1,289,573	3,822,933

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2020**

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

	<b>2020</b>			<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over /Under</b>	<b>Actual</b>
<b>Other Assistance:</b>				
Other operating expenditures	131,000	78,541		67,217
Total	131,000	78,541	52,459	67,217
 Total social services	 15,200,298	 12,587,672	 2,612,626	 12,615,071
 <b>Other Human Services:</b>				
<b>Veterans Service Officer:</b>				
Salaries and employee benefits	103,255	91,424		137,059
Other operating expenditures	13,250	3,803		7,585
Total	116,505	95,227	21,278	144,644
 <b>Youth Services:</b>				
Salaries and employee benefits	15,959	15,429		17,606
Other operating expenditures	6,727	4,511		4,321
Contributions to other agencies	357,262	349,000		285,503
Total	379,948	368,940	11,008	307,430
 <b>Senior Citizens Services:</b>				
Contributions to other services	650,000	592,416	57,584	596,686
 <b>Other Services:</b>				
Contributions to other agencies	668,265	650,881	17,384	642,315
 Total other human services	 1,814,718	 1,707,464	 107,254	 1,691,075
 Total human services	 25,041,295	 21,169,514	 3,871,781	 21,075,582
 <b>Cultural and Recreation:</b>				
<b>Recreation:</b>				
Salaries and employee benefits	565,854	523,897		559,148
Other operating expenditures	332,400	208,662		269,632
Capital outlay	73,000	36,850		36,343
Total	971,254	769,409	201,845	865,123
 <b>Libraries:</b>				
Contribution to regional library	693,525	693,525	-	664,639

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>	<u>Actual</u>
<b>Museums and Art</b>	<u>34,588</u>	<u>34,588</u>	<u>-</u>	<u>34,588</u>
Total cultural and recreation	<u>1,699,367</u>	<u>1,497,522</u>	<u>201,845</u>	<u>1,564,350</u>
<b>Education:</b>				
Public schools - current expenses	13,917,773	13,917,773		13,286,320
Public schools - capital outlay	2,726,841	2,310,431		2,156,743
Public schools - (lottery) capital outlay	1,000,000	625,000		625,000
Community colleges - current	4,018,458	4,015,958		3,883,345
Community colleges - capital outlay	<u>150,000</u>	<u>150,000</u>		<u>150,000</u>
Total education	<u>21,813,072</u>	<u>21,019,162</u>	<u>793,910</u>	<u>20,101,408</u>
<b>Debt Service:</b>				
Principal retirement	3,408,775	3,403,775		3,432,874
Interest and fees	<u>1,040,258</u>	<u>1,040,097</u>		<u>1,163,454</u>
Total debt service	<u>4,449,033</u>	<u>4,443,872</u>	<u>5,161</u>	<u>4,596,328</u>
Total expenditures	<u>84,524,165</u>	<u>76,297,702</u>	<u>8,226,463</u>	<u>74,358,064</u>
Revenues over (under) expenditures	<u>(4,673,942)</u>	<u>2,721,147</u>	<u>7,395,089</u>	<u>2,666,401</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(987,500)	(587,500)	400,000	(536,330)
Sale of capital assets	90,409	61,123	(29,286)	49,384
Appropriated fund balance	<u>5,571,033</u>	<u>-</u>	<u>(5,571,033)</u>	<u>-</u>
Total other financing sources (uses)	<u>4,673,942</u>	<u>(526,377)</u>	<u>(5,200,319)</u>	<u>(486,946)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,194,770</u>	<u>\$ 2,194,770</u>	<u>2,179,455</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>38,525,536</u>		<u>36,346,081</u>
End of year - June 30		<u>\$ 40,720,306</u>		<u>\$ 38,525,536</u>

## WILKES COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2020

	Fire District Fund	Law Enforcement Restricted Fund	Wireless E-911 Telephone System Fund	Community Development Block Grants Fund	Total
<b>Assets:</b>					
Cash and cash equivalents	\$ 917,637	\$ 5,211	\$ 153,744	\$ -	\$ 1,076,592
Taxes receivable, net	252,708	-	-	-	252,708
Due from other governments	39,076	-	31,398	534,203	604,677
Total assets	<u>\$ 1,209,421</u>	<u>\$ 5,211</u>	<u>\$ 185,142</u>	<u>\$ 534,203</u>	<u>\$ 1,933,977</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 467,704	\$ -	\$ -	\$ 150,390	\$ 618,094
Due to other funds	-	-	-	296,313	296,313
Total liabilities	<u>467,704</u>	<u>-</u>	<u>-</u>	<u>446,703</u>	<u>914,407</u>
<b>Deferred Inflows of Resources</b>	<u>252,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,708</u>
<b>Fund Balances:</b>					
Restricted:					
Stabilization by state statute	39,076	-	31,398	534,203	604,677
Restricted, all other	449,933	5,211	153,744	-	608,888
Unassigned	-	-	-	(446,703)	(446,703)
Total fund balances	<u>489,009</u>	<u>5,211</u>	<u>185,142</u>	<u>87,500</u>	<u>766,862</u>
Total liabilities and fund balances	<u>\$ 1,209,421</u>	<u>\$ 5,211</u>	<u>\$ 185,142</u>	<u>\$ 534,203</u>	<u>\$ 1,933,977</u>

## WILKES COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Fire District Fund</b>	<b>Law Enforcement Restricted Fund</b>	<b>E-911 Telephone System Fund</b>	<b>Community Development Block Grants Fund</b>	<b>Total</b>
<b>Revenues:</b>					
Ad valorem taxes	\$ 4,297,696	\$ -	\$ -	\$ -	\$ 4,297,696
Restricted intergovernmental	-	-	-	1,599,559	1,599,559
Sales and services	-	-	439,528	-	439,528
Investment earnings	-	51	2,325	-	2,376
Total revenues	<u>4,297,696</u>	<u>51</u>	<u>441,853</u>	<u>1,599,559</u>	<u>6,339,159</u>
<b>Expenditures:</b>					
Public safety	4,214,078	-	508,545	-	4,722,623
Economic and physical development	-	-	-	1,599,559	1,599,559
Total expenditures	<u>4,214,078</u>	<u>-</u>	<u>508,545</u>	<u>1,599,559</u>	<u>6,322,182</u>
Revenues over (under) expenditures	83,618	51	(66,692)	-	16,977
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	-	87,500	87,500
Net change in fund balances	83,618	51	(66,692)	87,500	104,477
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>405,391</u>	<u>5,160</u>	<u>251,834</u>	<u>-</u>	<u>662,385</u>
End of year - June 30	<u>\$ 489,009</u>	<u>\$ 5,211</u>	<u>\$ 185,142</u>	<u>\$ 87,500</u>	<u>\$ 766,862</u>

**WILKES COUNTY, NORTH CAROLINA****FIRE DISTRICT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND****CHANGES IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2020****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2020</b>			<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 4,543,343	\$ 4,297,696	\$ (245,647)	\$ 3,975,196
Total revenues	<u>4,543,343</u>	<u>4,297,696</u>	<u>(245,647)</u>	<u>3,975,196</u>
<b>Expenditures:</b>				
Public safety:				
Tax collection fees	15,510	17,227	(1,717)	16,125
Distribution to fire districts	<u>4,527,833</u>	<u>4,196,851</u>	<u>330,982</u>	<u>3,932,450</u>
Total expenditures	<u>4,543,343</u>	<u>4,214,078</u>	<u>329,265</u>	<u>3,948,575</u>
Net change in fund balance	<u>\$ -</u>	83,618	<u>\$ 83,618</u>	26,621
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>405,391</u>		<u>378,770</u>
End of year - June 30		<u>\$ 489,009</u>		<u>\$ 405,391</u>

## WILKES COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT RESTRICTED FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2020</b>			<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Restricted intergovernmental:				
Investment earnings	\$ -	\$ 51	\$ 51	\$ 71
<b>Expenditures:</b>				
Public safety:				
Law enforcement restricted	5,000	-	5,000	-
Revenues over (under) expenditures	(5,000)	51	5,051	71
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	5,000	-	(5,000)	-
Net change in fund balance	\$ -	51	\$ 51	71
<b>Fund Balance:</b>				
Beginning of year - July 1		5,160		5,089
End of year - June 30		\$ 5,211		\$ 5,160

**WILKES COUNTY, NORTH CAROLINA**

**EMERGENCY TELEPHONE SYSTEM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>	<u>Actual</u>
<b>Revenues:</b>				
E-911 telephone surcharge	\$ 482,557	\$ 439,528	\$ (43,029)	\$ 520,113
Investment earnings	2,500	2,325	(175)	3,276
Total revenues	<u>485,057</u>	<u>441,853</u>	<u>(43,204)</u>	<u>523,389</u>
<b>Expenditures:</b>				
Public safety:				
Other operating expenditures	<u>685,057</u>	<u>508,545</u>	<u>176,512</u>	<u>607,789</u>
Revenues over (under) expenditures	(200,000)	(66,692)	133,308	(84,400)
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(66,692)</u>	<u>\$ (66,692)</u>	<u>(84,400)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>251,834</u>		<u>336,234</u>
End of year - June 30		<u>\$ 185,142</u>		<u>\$ 251,834</u>

## WILKES COUNTY, NORTH CAROLINA

**COMMUNITY DEVELOPMENT BLOCK GRANTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
Restricted intergovernmental	\$ 1,828,114	\$ 45,791	\$ 1,599,559	\$ 1,645,350	\$ (182,764)
<b>Expenditures:</b>					
Economic and physical development:					
Mulberry School Project	1,280,614	45,791	1,182,927	1,228,718	(51,896)
Neighborhood revitalization	635,000	-	416,632	416,632	(218,368)
Total expenditures	1,915,614	45,791	1,599,559	1,645,350	(270,264)
Revenues over (under) expenditures	(87,500)	-	-	-	87,500
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	87,500	-	87,500	87,500	-
Net change in fund balance	\$ -	\$ -	87,500	\$ 87,500	\$ 87,500
<b>Fund Balances:</b>					
Beginning of year - July 1			-		
End of year - June 30			\$ 87,500		

**WILKES COUNTY, NORTH CAROLINA****AIRPORT FUND****SCHEDULE OF REVENUES AND EXPENDITURES -****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2020****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2020</b>			<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/(Under)</b>	<b>Actual</b>
<b>Revenues:</b>				
Operating revenues:				
Charges for services:				
Sales	\$ 1,060,912	\$ 758,559	\$ (302,353)	\$ 886,754
Rents	117,000	109,632	(7,368)	110,370
Other operating revenues	5,050	4,086	(964)	(171,559)
Total operating revenues	<u>1,182,962</u>	<u>872,277</u>	<u>(310,685)</u>	<u>825,565</u>
Non-operating revenues:				
Restricted intergovernmental	<u>2,700,000</u>	<u>362,751</u>	<u>(2,337,249)</u>	<u>126,517</u>
Total non-operating revenues	<u>2,700,000</u>	<u>362,751</u>	<u>(2,337,249)</u>	<u>133,097</u>
Total revenues	<u>3,882,962</u>	<u>1,235,028</u>	<u>(2,647,934)</u>	<u>958,662</u>
<b>Expenditures:</b>				
Airport operations:				
Salaries and employee benefits	196,882	194,579	2,303	150,348
Fuel and oil purchases	738,300	473,083	265,217	578,877
Other operating expenditures	236,280	212,845	23,435	217,984
Capital outlay	11,500	10,930	570	-
Airport capital projects:				
Construction	<u>3,100,000</u>	<u>632,376</u>	<u>2,467,624</u>	<u>175,003</u>
Total expenditures	<u>4,282,962</u>	<u>1,523,813</u>	<u>2,759,149</u>	<u>1,122,212</u>
Revenues over (under) expenditures	(400,000)	(288,785)	111,215	(163,550)
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>400,000</u>	<u>-</u>	<u>(400,000)</u>	<u>36,330</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (288,785)</u>	<u>\$ (288,785)</u>	<u>\$ (127,220)</u>

**WILKES COUNTY, NORTH CAROLINA**

**AIRPORT FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES -**

**BUDGET AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2020**

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

	<u>2020</u>		<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
			<u>Actual</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (288,785)	
Reconciling items:			
Depreciation		(718,514)	
Capital outlay		10,930	
Change in deferred outflows of resources - pensions		(6,641)	
Change in net pension liability		(11,378)	
Change in deferred inflows of resources - pensions		284	
Construction project expenditures		632,376	
Change in deferred outflows of resources - OPEB		(448)	
Change in deferred inflows of resources - OPEB		(23,526)	
Change in accrual for unfunded OPEB		22,195	
Change in accrual for compensated absences		(287)	
Total reconciling items		(95,009)	
Change in net position		\$ (383,794)	

**WILKES COUNTY, NORTH CAROLINA****LANDFILL FUND****SCHEDULE OF REVENUES AND EXPENDITURES****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2020****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2020</b>			<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/(Under)</b>	<b>Actual</b>
<b>Revenues:</b>				
Operating revenues:				
Solid waste charges	\$ 2,218,517	\$ 2,743,122	\$ 524,605	\$ 2,617,126
Scrap tire disposal tax	-	5,055	5,055	5,896
Other operating revenues	203,000	218,893	15,893	230,933
Total operating revenues	<u>2,421,517</u>	<u>2,967,070</u>	<u>545,553</u>	<u>2,853,955</u>
Non-operating revenues:				
Interest earnings	20,000	27,736	7,736	33,526
Insurance reimbursements	-	-	-	3,049
Total non-operating revenues	<u>20,000</u>	<u>27,736</u>	<u>7,736</u>	<u>36,575</u>
Total revenues	<u>2,441,517</u>	<u>2,994,806</u>	<u>553,289</u>	<u>2,890,530</u>
<b>Expenditures:</b>				
Landfill operations:				
Salaries and employee benefits	944,515	877,360	67,155	881,673
Other operating expenditures	1,388,562	1,188,962	199,600	1,302,755
Capital outlay	2,208,738	1,226,940	981,798	473,124
Total landfill operations	<u>4,541,815</u>	<u>3,293,262</u>	<u>1,248,553</u>	<u>2,657,552</u>
Revenues over (under) expenditures	<u>(2,100,298)</u>	<u>(298,456)</u>	<u>1,801,842</u>	<u>232,978</u>
<b>Other Financing Sources (Uses):</b>				
Transfer out - Landfill Reserve Fund	-	-	-	(100,000)
Transfer in - Landfill Reserve Fund	1,000,000	1,000,000	-	-
Appropriated fund balance	<u>1,100,298</u>	<u>-</u>	<u>(1,100,298)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,100,298</u>	<u>1,000,000</u>	<u>(1,100,298)</u>	<u>(100,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 701,544</u>	<u>\$ 701,544</u>	<u>\$ 132,978</u>

**WILKES COUNTY, NORTH CAROLINA**

**LANDFILL FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**BUDGET AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2020**

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

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>	<u>Actual</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 701,544		
Reconciling items:				
Capital outlay		1,226,940		
Depreciation		(600,006)		
Change in accrued landfill closure/post-closure costs		(710,000)		
Change in deferred outflows of resources - pension		(19,924)		
Change in net pension liability		(34,134)		
Change in deferred inflows of resources - pensions		852		
Change in accrual for unfunded OPEB		66,585		
Change in deferred outflows of resources - OPEB		(1,341)		
Change in deferred inflows of resources - OPEB		(70,580)		
Change in accrual for compensated absences		35,904		
Intrafund transfer in - Landfill Closure and Post- Closure Reserve Fund		(1,000,000)		
Interest from Landfill Closure and Post-Closure Reserve Fund		47,744		
Total reconciling items		(1,057,960)		
Landfill Reserve Fund:				
Transfers from other funds		500,000		
Change in net position		\$ 143,584		

**WILKES COUNTY, NORTH CAROLINA****LANDFILL CLOSURE AND POSTCLOSURE RESERVE FUND****SCHEDULE OF REVENUES AND EXPENDITURES -****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2020****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2020</b>			<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Interest earnings	\$ 25,000	\$ 47,744	\$ (22,744)	\$ 62,773
<b>Other Financing Sources (Uses):</b>				
Sinking reserve	(525,000)	-	525,000	-
Transfers in	500,000	500,000	-	600,000
Transfers out	(1,000,000)	(1,000,000)	-	-
Appropriated fund balance	1,000,000	-	(1,000,000)	-
Total other financing sources (uses)	(25,000)	(500,000)	(475,000)	600,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (452,256)	\$ (452,256)	\$ 662,773

**WILKES COUNTY, NORTH CAROLINA****AGENCY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<b>Social Services:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 60,446	\$ 231,255	\$ 188,848	\$ 102,853
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 60,446	\$ 231,255	\$ 188,848	\$ 102,853
<b>Ad Valorem Tax - Other Municipalities:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 113,720	\$ 2,768,467	\$ 2,719,305	\$ 162,882
Taxes receivable	286,519	2,334,276	2,366,654	254,141
Total assets	\$ 400,239	\$ 5,102,743	\$ 5,085,959	\$ 417,023
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 400,239	\$ 5,102,743	\$ 5,085,959	\$ 417,023
<b>Fines and Forfeitures:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ -	\$ 190,852	\$ 190,852	\$ -
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ -	\$ 190,852	\$ 190,852	\$ -
<b>Total All Agency Funds:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 174,166	\$ 3,190,574	\$ 3,099,005	\$ 265,735
Taxes receivable	286,519	2,334,276	2,366,654	254,141
Total assets	\$ 460,685	\$ 5,524,850	\$ 5,465,659	\$ 519,876
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 460,685	\$ 5,333,998	\$ 5,274,807	\$ 519,876
Intergovernmental payable	-	190,852	190,852	-
Total liabilities	\$ 460,685	\$ 5,524,850	\$ 5,465,659	\$ 519,876

## WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**JUNE 30, 2020**

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2019</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2020</b>
2019-2020	\$ -	\$ 38,603,940	\$ (37,373,430)	\$ 1,230,510
2018-2019	1,197,052	-	(668,903)	528,149
2017-2018	560,493	-	(203,259)	357,234
2016-2017	398,162	-	(115,199)	282,963
2015-2016	318,618	-	(89,197)	229,421
2014-2015	235,602	-	(60,169)	175,433
2013-2014	208,114	-	(45,208)	162,906
2012-2013	202,511	-	(33,085)	169,426
2011-2012	158,619	-	(25,822)	132,797
2010-2011	121,617	-	(12,795)	108,822
2009-2010	94,782	-	(94,782)	-
Total	<u>\$ 3,495,570</u>	<u>\$ 38,603,940</u>	<u>\$ (38,721,849)</u>	3,377,661
Less: Allowance for uncollectible accounts - General Fund				<u>(949,882)</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 2,427,779</u>
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes - General Fund				<u>\$ 39,244,806</u>
Reconciling items:				
Penalties and interest collected				(452,372)
Discounts taken				272,272
Prior year releases and write offs				115,430
Miscellaneous				<u>(458,287)</u>
Total reconciling items				<u>(522,957)</u>
Total collections and credits				<u>\$ 38,721,849</u>

## WILKES COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
FOR THE YEAR ENDED JUNE 30, 2020

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 6,567,471,057	\$ 0.66	\$ 38,522,496	\$ 34,001,662	\$ 4,520,834
Penalties	-		18,653	4,114	14,539
Total	<u>6,567,471,057</u>		<u>38,541,149</u>	<u>34,005,776</u>	<u>4,535,373</u>
<b>Discoveries:</b>					
Current year taxes	18,016,579	0.66	119,257	119,257	-
Penalties	-		10,316	10,316	-
Total	<u>18,016,579</u>		<u>129,573</u>	<u>129,573</u>	<u>-</u>
<b>Abatements</b>	<u>(10,118,485)</u>	0.66	<u>(66,782)</u>	<u>(66,782)</u>	<u>-</u>
Total property valuation	<u>\$ 6,575,369,151</u>				
<b>Net Levy</b>			38,603,940	34,068,567	4,535,373
Less: Uncollected tax at June 30, 2020			<u>1,230,510</u>	<u>1,230,510</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 37,373,430</u>	<u>\$ 32,838,057</u>	<u>\$ 4,535,373</u>
<b>Current Levy Collection Percentage</b>			<u>96.81%</u>	<u>96.39%</u>	<u>100.00%</u>

**WILKES COUNTY, NORTH CAROLINA****SECONDARY MARKET DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2020****Assessed Valuation:**

Assessment ratio	100%
------------------	------

Real property	\$ 5,282,196,295
Personal property	1,074,758,085
Public service companies	<u>218,414,771</u>

Total assessed valuation	<u>\$ 6,575,369,151</u>
--------------------------	-------------------------

Tax rate per \$100	0.66
--------------------	------

Levy (includes discoveries, releases, and abatements)	<u>\$ 38,603,940</u>
---	----------------------

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2020:

Fire protection districts	<u>\$ 3,736,807</u>
---------------------------	---------------------

**WILKES COUNTY, NORTH CAROLINA****TEN LARGEST TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2020 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Duke Energy Carolinas, LLC	Utility company	\$ 130,030,276	1.98%
Tyson Farms, Inc.	Food processor	79,965,646	1.22%
Lowes Home Center, Inc. #1	Retail sales	51,650,120	0.79%
Louisiana Pacific	Building products manufacturing	39,378,264	0.60%
Jed-Wen Inc.	Building products manufacturing	20,725,113	0.32%
Carolina West Wireless Inc.	Phone company	27,337,870	0.42%
Faw, JC	Real estate	20,642,110	0.31%
Elementia USA/Plycem USA	Building products manufacturing	17,693,671	0.27%
James R Vannoy & Sons Construction	Construction company	16,696,834	0.25%
High Contry Lumber Mulch	Building products manufacturing	14,925,173	0.23%
Total		<u>\$ 419,045,077</u>	<u>6.37%</u>

**WILKES COUNTY, NORTH CAROLINA****EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE  
JUNE 30, 2020**

Amounts reported on the Emergency Telephone System Fund budget  
to actual are different from the PSAP Revenue-Expenditure  
Report because:

Ending fund balance, reported on the budget-to-actual schedule	\$ 185,142
Cumulative rounding difference in revenues and expenditures as reported in the PSAP report (difference in beginning Fund Balance-budget to actual vs. PSAP report)	<u>(5)</u>
Ending balance, PSAP Revenue - Expenditure Report	<u><u>\$ 185,137</u></u>

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

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

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

### **Independent Auditor's Report**

To the Board of Commissioners  
Wilkes County  
Wilkesboro, North Carolina

We have audited, 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, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wilkes County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Wilkes County's basic financial statements, and have issued our report thereon dated December 2, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Wilkes County's internal control over financial reporting (internal control) as a basis of 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 Wilkes County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a 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 significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wilkes 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 no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Wilkes County's Response to Finding**

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

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

*Martin Starnes & Associates, CPAs, P.A.*

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

December 2, 2020 except for the restated Schedule of Expenditures of Federal and State Awards and notes to the Schedule of Expenditures of Federal and State Awards, for which the date is March 24, 2022.

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

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

## **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 Commissioners  
Wilkes County  
Wilkesboro, North Carolina

### **Report On Compliance for Each Major Federal Program**

We have audited Wilkes 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 Wilkes County's major federal programs for the year ended June 30, 2020. Wilkes 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 Wilkes 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 Wilkes 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 Wilkes County's compliance.

## **Opinion On Each Major State Program**

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

## **Other Matters**

As discussed in Note 6 to the Schedule of Expenditures of Federal and State Awards, the schedule was restated to increase CFDA No. 93.224 expenditures by \$623,737. Finding number 2020-003 was added as a result of this restatement. The previously issued auditor's report dated December 2, 2020 is not to be relied upon due to the restatement of the Schedule of Expenditures of Federal and State Awards. Audit procedures applied subsequent to the original audit report date were limited solely to the restatement of the Schedule of Expenditures of Federal and State Awards. Our opinion on each major federal program is not modified as a result of this restatement.

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings, Responses and Questioned Costs as Finding 2020-003. Our opinion on each major federal program is not modified with respect to this matter.

Wilkes County's response to the non-compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Wilkes County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report On Internal Control Over Compliance**

Management of Wilkes 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 Wilkes 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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wilkes County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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 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. We consider the deficiency

in internal control over compliance described in the accompanying Schedule of Findings, Responses and Questioned Costs as item 2020-003 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses and Questioned Costs as item 2020-002 to be a significant deficiency.

Wilkes County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Wilkes County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.

Hickory, North Carolina

December 2, 2020 except for the restated Schedule of Expenditures of Federal and State Awards and notes to the Schedule of Expenditures of Federal and State Awards, for which the date is March 24, 2022.

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

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

## **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 Commissioners  
Wilkes County  
Wilkesboro, North Carolina

### **Report On Compliance for Each Major State Program**

We have audited Wilkes 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 Wilkes County's major state programs for the year ended June 30, 2020. Wilkes 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 Wilkes 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 Wilkes 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 Wilkes County's compliance.

## Opinion On Each Major State Program

In our opinion, Wilkes 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 Wilkes 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 Wilkes 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 our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wilkes 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 a combination of deficiencies, in internal control over compliance, such that there is 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 material weaknesses or significant deficiencies 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 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.

Wilkes County's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Wilkes County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.

Hickory, North Carolina

December 2, 2020 except for the restated Schedule of Expenditures of Federal and State Awards and notes to the Schedule of Expenditures of Federal and State Awards, for which the date is March 24, 2022.

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# WILKES 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 auditor's report issued on whether the financial statements were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiency identified? Yes

Non-compliance material to financial statements noted? No

#### Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes
- Significant deficiencies 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 CFR 200.516(a)? Yes

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Medicaid Cluster	93.778
Low Income Home Energy Assistance Program	93.568
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228
Airport Improvement Program	20.106
Child Support Enforcement	93.563

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

Auditee qualified as low-risk auditee? No

# WILKES 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 weaknesses identified? No
- Significant deficiencies 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

Public School Building Capital Fund  
Medicaid Cluster  
State Foster Home  
State Foster Home Fund (SFHF) Maximization  
Airport Improvement Program

## **WILKES COUNTY, NORTH CAROLINA**

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

#### **2. Financial Statement Findings**

##### **Finding 2020-001**

##### **Significant Deficiency**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** Account reconciliations by fund were prepared but not balanced to the general ledger during the year.

**Effect:** Lack of timely balancing of the reconciliations greatly increases the risk of improper financial reporting.

**Cause:** The County did not agree bank reconciliations to the general ledger during the year.

**Recommendation:** The County should evaluate the internal controls over bank reconciliations and require the reconciliations to be balanced to the general control accounts monthly.

**Views of Responsible Officials and Corrective Action Plan:** Management concurs with this finding and will adhere to the Corrective Action Plan in this audit report.

## WILKES 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)  
CFDA #: 93.778  
Grant Number: XIX-MAP20

U.S. Department of Health and Human Services  
Passed through the N.C. Department of Health and Human Services  
Program Name: Low-Income Home Energy Assistance Program  
CFDA #: 93.568  
Grant Number: G20BINCLIEA

U.S. Department of Health and Human Services  
Passed through the N.C. Department of Health and Human Services  
Program Name: Child Support Enforcement  
CFDA #: 93.563  
Grant Number: 2004NC4005

#### **Finding: 2020-002**

##### **Significant Deficiency**

**Criteria:** In accordance with 2 CFR 200, management must have an adequate system of internal control procedures in place to adequately safeguard confidential information from unauthorized use in compliance with applicable laws and regulations. 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, two unattended workstations of DSS employees were unlocked, and one of the two was logged onto the state network without anyone attending to the work station.

**Context:** During a surprise walkthrough, we examined 22 workstations and determined that 2 (9%) workstations were not properly secured. The workstations were unattended and/or logged onto the state system.

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

**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 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:** Management accepts this finding. Please refer to the Corrective Action Plan.

## **WILKES COUNTY, NORTH CAROLINA**

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

#### **3. Federal Award Findings and Questioned Costs (Continued)**

##### **Material Weakness**

##### **Non-Compliance**

##### **Finding 2020-003**

**Criteria:** In accordance with 2 CFR 200 and the State Single Audit Implementation Act, an auditee must prepare a complete and accurate Schedule of Expenditures of Federal and State Awards for the period covered by the auditee's financial statements.

**Condition:** Subsequent to the issuance of the County's single audit reporting package for the year ended June 30, 2020, the County discovered expenditures for the Health Center Program Cluster (CFDA No. 93.224) were incorrectly reported. The amount excluded from the cluster was material, resulting in a restatement of the Schedule of Expenditures of Federal and State Awards and resubmission of the data collection form reporting package.

**Effect:** Recall and reissue of the 2020 Single Audit and data collection form reporting package.

**Cause:** The County excluded one of the accounts in the general ledger from the cluster total for the program.

**Recommendation:** Management should reconcile all grant awards involving both federal and state awards to the grant document and reimbursement request for proper classification of expenditures.

**Views of Responsible Officials and Planned Corrective Actions:** The County agrees with this finding and will adhere to the correction action plan on page 120 in this audit report.

## **WILKES COUNTY, NORTH CAROLINA**

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

#### **4. State 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)  
CFDA #: 93.778  
Grant Number: XIX-MAP20

**Finding 2020-002** – Management should have an adequate system of internal control procedures in place to adequately safeguard confidential information from unauthorized use in compliance with applicable laws and regulations. See more details at Finding 2020-002 in Section 3 – Federal Award Findings and Questioned Costs.

# COUNTY OF WILKES

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Chris Huffman, MPA  
FINANCE OFFICER  
[chuffman@wilkescounty.net](mailto:chuffman@wilkescounty.net)

## **Finding: 2020-001**

**Name of Contact Person:** Chris Huffman, Finance Director

Finance has separated Tax deposits into a standalone account. Whereas in the past all deposits were combined. Finance has worked with our banking institution, so that each individual department now has their own deposits slips with a department specific identifying number that will have department specific statements to ensure accuracy in the monthly reconciliations. The Finance Officer will review the monthly reconciliation upon completion.

# COUNTY OF WILKES

## DIRECTOR

John L. Blevins, MPA

## DEPARTMENT OF SOCIAL SERVICES

304 COLLEGE STREET WILKESBORO, NORTH  
CAROLINA 28697-2854 (336) 651-7400  
ADMINISTRATIVE FAX (336) 903-7613  
CHILD SUPPORT FAX (336) 990-0409  
ELIGIBILITY FAX (336) 651-7568  
SOC. WK. SERVICES FAX (336) 651-7559

## PROGRAM ADMINISTRATOR

Kevin L. Brown

### Finding: 2020-002

**Name of Contact Person:** John Blevins, Social Services Director

Additional training is being provided to DSS staff on importance of securing work areas and how a breach may occur with workstations if left unattended and unsecured. Computer workstations log out automatically after brief periods of idle time. However, staff have been instructed to use manual lock of workstations whenever stepping away from their desk. Supervisors have also been instructed to do random visual checks of workstations.





## Wilkes County Health Department & Wilkes Community Health Center

Promoting health and preventing disease in our community

---

### WILKES COUNTY, NORTH CAROLINA

#### CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2020

**Finding: 2020-003**

**Name of Contact Person:** Rachel Willard, Health Director

**Corrective Action:** Management has put a system in place to review all federal and state grant awards and properly classify each funding source. All grants will be reconciled to the grant documents using the reimbursement requests and sent to finance. Communication will be improved with the Health Department and Finance Department through improved grant reconciliation procedures.

**Proposed Completion Date:** February 2, 2022

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

**Finding: 2019-001**

**Status:** Corrected

## WILKES COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended June 30, 2020

	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures		Passed-through to
Grantor / Pass-through Grantor / Program Title			Federal	State	Subrecipients
Federal Awards:					
U.S. Dept. of Agriculture					
Direct Program:					
Environmental Quality Incentives Program	10.912	USDA-NRCS-EQIP-CTA	\$ 38,270	\$ -	\$ -
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Supplemental Nutrition Assistance Program (SNAP) Cluster:					
Administration:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program <sup>3</sup>	10.561	185NC406S2514	380,871	-	-
Total Supplemental Nutrition Assistance Program (SNAP) Cluster			380,871	-	-
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	13A25403/5404/5405/5409/570A/570B/570K	343,422	-	-
Total U.S. Department of Agriculture			762,563	-	-
U.S. Dept. of Justice					
Passed-through the N.C. Dept. of Public Safety:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0830	55,729	-	-
Total U.S. Dept. of Justice			55,729	-	-
U.S. Dept. of Transportation					
Passed-through the N.C. Department of Transportation:					
Airport Improvement Program	20.106	36237.49.18.1/36237.49.18.2	68,957	-	-
Airport Improvement Program	20.106	36237.49.18.3	203,205	90,589	-
Total U.S. Dept. of Transportation			272,162	90,589	-
U.S. Dept. of Treasury					
Passed-through the Office of State Budget and Management:					
NC Pandemic Recovery Office					
COVID 19- Coronavirus Relief Fund	21.019	02-94	621,950	-	591,336
Total U.S. Dept. of Treasury			621,950	-	591,336
U.S. Department of Housing and Urban Development					
Passed-through the N.C. Dept. of Environmental Quality					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii					
Community Development Block Grant -Infrastructure Fund	14.228	13-D-2946	1,182,927	-	-
North Carolina Small Cities CDBG and Neighborhood Stabilization Program	14.228	17-C-3026	416,632	-	-
Total Environmental Protection Agency			1,599,559	-	-
U. S. Department of Homeland Security					
Passed-through N.C. Dept. of Public Safety:					
Division of Emergency Management					
Emergency Management Performance Grant	97.042	NA	20,625	-	-
Emergency Management Performance Grant	97.042	NA	18,279	-	-
Total U. S. Department of Homeland Security			38,904	-	-
U.S. Dept. of Health & Human Services					
Passed-through High Country Council of Governments					
Division of Aging and Adult Services:					
Aging Cluster:					
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	536331	32,134	1,890	-
In-Home Services:					
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	536332	266,797	15,694	-
Congregate Nutrition:					
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	536333	68,473	4,028	-
Home Delivered Meals:					
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	536334	192,100	11,300	-
Total Aging Cluster			559,504	32,912	-

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For the Year Ended June 30, 2020

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			Federal	State	
Passed-through N.C. Dept. of Health and Human Services					
<b>Division of Social Services</b>					
Temporary Assistance for Needy Families - Work First	93.558	2001NCTANF	237,444	-	-
<b>Division of Public Health:</b>					
Temporary Assistance for Needy Families - Work First	93.558	2001NCTANF	6,840	-	-
			244,284	-	-
Foster Care and Adoption Cluster (Note 4 )					
Foster Care - Title IV-E	93.658	2001NCFOST	1,811,796	351,272	-
Adoption Assistance	93.659	2001NCADPT	33,504	-	-
COVID-19 Adoption Assistance	93.659	NA	23,280	-	-
Total Foster Care and Adoption Cluster (Note 4)			1,868,580	351,272	-
Child Support Enforcement	93.563	2004NC4005	462,326	-	-
Low-Income Home Energy Assistance:					
Administration	93.568	G20BINCLIEA	57,143	-	-
Energy Assistance Payments	93.568	G20BINCLIEA	358,685	-	-
Crisis Intervention Program	93.568	G20BINCLIEA	357,859	-	-
Total Low-Income Home Energy Assistance			773,687	-	-
Special Children Adoption Fund Cluster (Note 4)					
Promoting Safe and Stable Families - Administration	93.556	2001NCFPSS	105,222	-	-
Total Special Children Adoption Fund Cluster			105,222	-	-
Stephanie Tubbs Jones Child Welfare Services Program:					
- Permanency Planning - Families for Kids	93.645	G2001NCCWSS	15,919	-	-
Total Stephanie Tubbs Jones Child Welfare Services Program:			15,919	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001NC1420	32,090	6,284	-
Social Services Block Grant - Other Service and Training	93.667	G2001NCSOSR	297,570		
<b>Division of Social Services:</b>					
Social Services Block Grant - State In Home Service Fund	93.667	G2001NCSOSR	16,136	-	-
Social Services Block Grant - State Adult Day Care	93.667	G2001NCSOSR	32,512	6,074	-
CPS TANF TO SSBG	93.667	G2001NCSOSR	80,733	-	-
Total Social Service Block Grant			426,951	6,074	-
Subsidized Child Care (Note 4)					
<b>Child Care Development Fund Cluster:</b>					
<b>Division of Social Services:</b>					
Child Care Mandatory and Matching Fund of the					
Child Care and Development Fund Administration	93.596	G2001NCCCDF	85,645	-	-
Total Child Care Development Fund Cluster/ Subsidized Child Care Cluster			85,645	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
<b>Division of Health Benefits:</b>					
<b>Division of Social Services:</b>					
Administration:					
Medicaid Cluster:					
Medical Assistance Program	93.778	XIX-MAP 20	1,413,212	2,018	-
Total Medicaid Cluster			1,413,212	2,018	-
<b>Division of Social Services:</b>					
Administration:					
Children's Health Insurance Program - N.C. Health Choice	93.767	CHIP 20	41,504	-	-
COVID-19 Children's Health Insurance Program - N.C. Health Choice	93.767	NA	634	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
<b>Division of Public Health:</b>					
Hospital Preparedness Program (HPP) and Public					
Health Emergency Preparedness (PHEP)					
Aligned Cooperative Agreements	93.074	1264 2680 EY	37,518	-	-
COVID-19 - Hospital Preparedness Program (HPP) and Public					
Health Emergency Preparedness (PHEP)					
Aligned Cooperative Agreements	93.074	NA	20,698	-	-
Project Grants and Cooperative Agreements for					
Tuberculosis Control Programs	93.116	1460 272C NF, 1460 272D NF	50	-	-
State and Community Based Programs					
Family Planning Services	93.217	13A1 592C FP	46,866	-	-
Immunization Cooperative Agreements	93.268	13331 631E EJ	20,426	-	-
Preventive Health and Health Services Block Grant	93.991	1261 5503 00, 1261 5503 PF	30,921	-	-
Cancer Prevention and Control Programs for					
State, Territorial and Tribal Organizations	93.898	NA	13,000	-	-
HIV Cluster					
Sexually Transmitted Diseases (STD) Prevention	93.977	1311 462D NB, 1311 462E NB	100	-	-
and Control Grants					
Total HIV Cluster			100		

## WILKES COUNTY, NORTH CAROLINA

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For the Year Ended June 30, 2020

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			Federal	State	
Division of Health Resources and Services Administration:					
Health Center Program Cluster:					
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	H80CS30715-01-04, H80CS307-15-03-02	432,902	-	-
COVID - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	HBCC34558, H8DC36355	667,311	-	-
Total Health Center Program Cluster			1,100,213		
Maternal and Child Health Services Block Grant					
Care Coordinator for Children			9,553	-	-
Infant Mortality Reduction			36,267	27,203	-
Child Fatality Prevention			673	-	-
HMHC-February Start			20,302	15,228	-
Child Health			20,087	-	-
		13A1 5740 AP, 13A1 5700 AR, 1271 5745 AP, 1271 5351 AP, 1271 5318 AP			
Total Maternal and Child Health Services Block Grant	93.994	AP	86,882	42,431	-
COVID-19 - Provider Relief Fund	93.498		1,392	-	-
Total U.S. Dept. of Health and Human Services			7,387,624	440,991	-
Total Federal Awards			10,738,491	531,580	591,336
State Awards:					
N.C. Dept. of Administration					
Veterans Service		DMVA 19/20		2,182	-
Total N.C. Dept. of Administration				2,182	-
N.C. Department of Environmental Quality					
Division of Waste Management					
Soil & Water Conservation		G40100296115SWC		25,500	-
Total N.C. Dept. Environmental Quality				25,500	-
N.C. Dept. of Health and Human Services					
Division of Social Services:					
Administration					
Smart Start				11,800	-
State Child Welfare/CPS/CS LD				59,487	-
Direct Benefit Payments				-	-
State Foster Home				203,067	-
State Foster Home Fund (SFHF) Maximization				320,113	-
Foster Care at Risk Maximization				28,742	-
Extended Foster Care Maximization Non IV-E programs				34,543	-
Total Division of Social Service				657,752	-
Division of Public Health:					
General Aid to Counties				85,428	-
General Communicable Disease Control				2,293	-
Family Planning				17,069	-
Child Health				4,913	-
Women's Health Service Fund				7,703	-
Food and Lodging				11,702	-
School Health Center				44,440	-
School Nurse Funding Initiative				150,000	-
Maternal Health				10,678	-
Breast and Cervical Cancer Control				11,275	-
Gonorrhea Partner Services				201	-
Healthy Community Activities				3,785	-
HIV/STD State				500	-
STD Drugs				1,000	-
Tuberculosis Control				3,305	-
Total Division of Public Health				354,292	-
Total N. C. Department of Health and Human Services				1,012,044	-
N.C. Dept. of Public Instruction					
Public School Building Capital Fund - Lottery Proceeds		7002996		625,000	-
School Safety Grant		PRC 039		140,400	-
Total N.C. Dept. of Public Instruction				765,400	-

## WILKES COUNTY, NORTH CAROLINA

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For the Year Ended June 30, 2020

Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures		Passed-through to Subrecipients
			Federal	State	
<b>N.C. Dept. of Public Safety</b>					
JCPC/Youth Grants For Agencies		DPS / JPC 298		216,718	-
Juvenile Crime Prevention Assistance		DPS / JCPC 301		2,696	-
Total N.C. Dept. of Public Safety				219,414	-
<b>N.C. Dept. of Transportation</b>					
Rural Operating Assistance Program					
ROAP Elderly and Disabled Transportation Assistance Program (E & DATP)		36220.10.8.1		93,612	-
ROAP Rural General Public Program (RGP)		36228.22.8.1		116,452	-
ROAP Work First Transitional - Employment		36236.11.7		19,372	-
Total Rural Operating Assistance Program					
Special Registration Plate - Visitors Center		WBS Element 42931		92,857	-
Total N.C. Dept. of Transportation				322,293	-
<b>Total State Awards</b>				2,346,833	-
<b>Total Federal and State Awards</b>			<u>\$ 10,738,491</u>	<u>\$ 2,878,413</u>	<u>\$ 591,336</u>

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

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of Wilkes 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 *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operation of Wilkes County, it is not intended to and does not present the financial position, changes in net position or cash flows of Wilkes County.

**Note 2: Summary of Significant Accounting Policies**

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

**Note 3: Indirect Cost Rate**

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

**Note 4: Cluster of Programs**

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

**Note 5: Coronavirus Relief Funds**

Wilkes County received \$1,363,086 of funding from the Coronavirus Relief Fund (21.019) in accordance with HB 1043 and is scheduled to receive \$1,327,736 appropriated from HB 1023. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Wilkes 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 not liable to the County for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020.

**Note 6: Restatement**

The County has restated its original Schedule to increase expenditures reported under CFDA No. 93.224 by \$632,737.