

**WILKES COUNTY  
NORTH CAROLINA**

**ANNUAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2019**



# WILKES COUNTY, NORTH CAROLINA

## ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2019

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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, 2019, 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, 2019, 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 November 20, 2019 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  
November 20, 2019

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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, 2019. 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

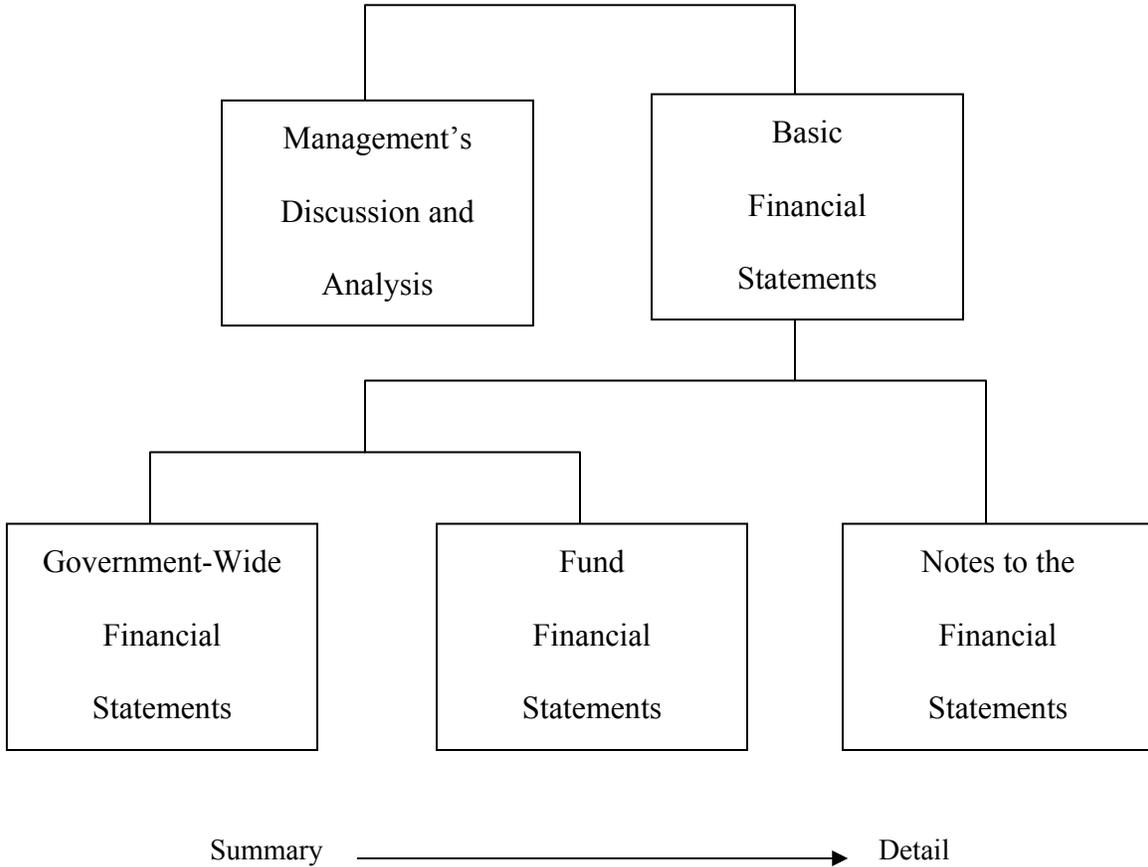
- The assets and deferred outflows of resources of Wilkes County exceed its liabilities and deferred inflows of resources at the close of the fiscal year by \$23,353,273 (*net position*).
- The government's total net position increased by \$3,918,502.
- As of the close of the current fiscal year, Wilkes County's governmental funds reported combined ending fund balances of \$39,187,921. Approximately 14 percent of this total amount, or \$5,377,512, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$26,872,318, or 36 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

Figure 1



### Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Assets:</b>						
Current and other assets	\$44,707,944	\$42,554,684	\$ 7,705,423	\$ 7,023,137	\$52,413,367	\$49,577,821
Capital assets, net	<u>34,885,165</u>	<u>35,189,099</u>	<u>20,193,872</u>	<u>20,843,350</u>	<u>55,079,037</u>	<u>56,032,449</u>
Total assets	<u>79,593,109</u>	<u>77,743,783</u>	<u>27,899,295</u>	<u>27,866,487</u>	<u>107,492,404</u>	<u>105,610,270</u>
<b>Deferred Outflows of Resources</b>						
	<u>7,083,499</u>	<u>4,571,657</u>	<u>254,719</u>	<u>151,264</u>	<u>7,338,218</u>	<u>4,722,921</u>
<b>Liabilities:</b>						
Long-term liabilities	69,739,187	71,685,085	9,428,397	9,063,564	79,167,584	80,748,649
Other liabilities	<u>7,526,784</u>	<u>6,393,761</u>	<u>171,867</u>	<u>327,990</u>	<u>7,698,651</u>	<u>6,721,751</u>
Total liabilities	<u>77,265,971</u>	<u>78,078,846</u>	<u>9,600,264</u>	<u>9,391,554</u>	<u>86,866,235</u>	<u>87,470,400</u>
<b>Deferred Inflows of Resources</b>						
	<u>4,433,611</u>	<u>3,297,856</u>	<u>177,503</u>	<u>130,164</u>	<u>4,611,114</u>	<u>3,428,020</u>
<b>Net Position:</b>						
Net investment in capital assets	25,474,904	24,796,760	20,193,872	20,843,350	45,668,776	45,640,110
Restricted	5,499,434	5,744,244	-	-	5,499,434	5,744,244
Unrestricted	<u>(25,997,312)</u>	<u>(29,602,266)</u>	<u>(1,817,625)</u>	<u>(2,347,317)</u>	<u>(27,814,937)</u>	<u>(31,949,583)</u>
Total net position	<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>

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 \$23,353,273 as of June 30, 2019. The County's net position increased by \$3,918,502 for the fiscal year ended June 30, 2019. 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, \$5,499,434, represents resources that are subject to external restrictions on how they may be used. The remaining balance is an unrestricted deficit of \$27,814,937. This deficit is a presentation of the fact that Wilkes County carries \$22,240,000 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 96.83%
- 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**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>						
Program revenues:						
Charges from services	\$ 8,545,123	\$ 9,322,650	\$ 3,854,523	\$ 3,820,554	\$ 12,399,646	\$ 13,143,204
Operating grants and contributions	10,790,570	10,053,727	-	-	10,790,570	10,053,727
Capital grants and contributions	949,697	852,286	136,146	293,976	1,085,843	1,146,262
General revenues:						
Property taxes	42,011,651	40,781,418	-	-	42,011,651	40,781,418
Local option sales tax	17,923,232	16,409,119	-	-	17,923,232	16,409,119
Other	826,359	468,250	96,299	50,450	922,658	518,700
Total revenues	<u>81,046,632</u>	<u>77,887,450</u>	<u>4,086,968</u>	<u>4,164,980</u>	<u>85,133,600</u>	<u>82,052,430</u>
<b>Expenses:</b>						
General government	8,145,427	7,473,823	-	-	8,145,427	7,473,823
Public safety	22,497,411	21,385,376	-	-	22,497,411	21,385,376
Economic and physical development	1,551,825	1,420,320	-	-	1,551,825	1,420,320
Environmental protection	145,677	96,559	-	-	145,677	96,559
Human services	21,279,163	19,852,090	-	-	21,279,163	19,852,090
Cultural and recreation	1,635,692	1,562,037	-	-	1,635,692	1,562,037
Education	20,101,408	19,209,008	-	-	20,101,408	19,209,008
Interest on long-term debt	1,115,411	1,301,972	-	-	1,115,411	1,301,972
Airport	-	-	1,726,728	1,842,638	1,726,728	1,842,638
Landfill	-	-	3,016,356	2,633,828	3,016,356	2,633,828
Total expenses	<u>76,472,014</u>	<u>72,301,185</u>	<u>4,743,084</u>	<u>4,476,466</u>	<u>81,215,098</u>	<u>76,777,651</u>
Change in net position before transfers	4,574,618	5,586,265	(656,116)	(311,486)	3,918,502	5,274,779
Transfers in (out)	<u>(536,330)</u>	<u>-</u>	<u>536,330</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>4,038,288</u>	<u>5,586,265</u>	<u>(119,786)</u>	<u>(311,486)</u>	<u>3,918,502</u>	<u>5,274,779</u>
<b>Net Position:</b>						
Net position, beginning	938,738	20,358,555	18,496,033	19,889,810	19,434,771	40,248,365
Restatement	<u>-</u>	<u>(25,006,082)</u>	<u>-</u>	<u>(1,082,291)</u>	<u>-</u>	<u>(26,088,373)</u>
Net position, beginning, restated	<u>938,738</u>	<u>(4,647,527)</u>	<u>18,496,033</u>	<u>18,807,519</u>	<u>19,434,771</u>	<u>14,159,992</u>
End of year - June 30	<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>

**Governmental Activities.** Governmental activities increased the County's net position by \$4,038,288. Key elements of this increase are as follows:

- Maintaining a collection percentage of 96.83% 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 \$119,786. Key elements of this decrease are as follows:

- Decrease in operating revenues for the airport in the current year
- 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 \$34,109,932 while total fund balance reached \$38,525,536. 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 46% of total General Fund expenditures and transfers to other funds, while total fund balance represents 52% of that same amount.

At June 30, 2019, the governmental funds of Wilkes County reported a combined fund balance of \$39,187,921, an increase over last year. The primary reason for this increase is the increase in fund balance in the General Fund.

The Fire District Fund (one of the County's major funds) is another fund of note when considering fund balance levels. This fund accounts for the collection and disbursements of fire district taxes to the various fire districts in the County. This fund had an ending balance of \$405,391 and \$378,770 for June 30, 2019 and 2018, respectively.

**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 \$1,265,260 (1.66%). 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 \$(446,539). Unrestricted net position of the Landfill Fund at the end of the fiscal year totaled \$(1,371,086).

## Capital Asset and Debt Administration

**Capital Assets.** Wilkes County’s capital assets for its governmental and business–type activities as of June 30, 2019 totaled \$55,079,037 (net of accumulated depreciation). These assets include buildings, land, improvements, and equipment.

Major capital asset transactions during the year include:

- Purchase of equipment for the Landfill of roughly \$473,000
- Working on capital projects at the airport of roughly \$175,000

### Wilkes County’s Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,004,649	\$ 2,004,649	\$ 5,400,945	\$ 5,400,945	\$ 7,405,594	\$ 7,405,594
Buildings	29,934,870	29,723,145	5,100,922	5,031,744	35,035,792	34,754,889
Improvements	9,104,823	8,811,439	22,652,486	22,652,486	31,757,309	31,463,925
Machinery and equipment	14,129,637	13,620,676	5,685,034	5,303,361	19,814,671	18,924,037
Construction in progress	73,000	-	496,067	315,564	569,067	315,564
Total	55,246,979	54,159,909	39,335,454	38,704,100	94,582,433	92,864,009
Accumulated depreciation	(20,361,814)	(18,970,810)	(19,141,582)	(17,860,750)	(39,503,396)	(36,831,560)
Capital assets, net	<u>\$ 34,885,165</u>	<u>\$ 35,189,099</u>	<u>\$ 20,193,872</u>	<u>\$ 20,843,350</u>	<u>\$ 55,079,037</u>	<u>\$ 56,032,449</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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Direct placement - installment purchase	\$10,243,775	\$12,461,648	\$ -	\$ -	\$10,243,775	\$12,461,648
Certificate of participation	19,635,000	20,850,000	-	-	19,635,000	20,850,000
Total	<u>\$29,878,775</u>	<u>\$33,311,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$29,878,775</u>	<u>\$33,311,648</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 \$476,800,000.

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, 2020**

**Governmental Activities.** The General Fund's original adopted revenue budget totals \$79,046,083 which is \$2.3 million more than the FY 2017-2018 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 2% and sales taxes are budgeted with a 6% increase over the 2018-2019 budget. There is an appropriation of \$4.966 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. There is also an increase in education expenditures for public schools and the community college.

**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, 2019

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 36,615,351	\$ 2,806,354	\$ 39,421,705
Taxes receivable, net	2,648,644	-	2,648,644
Accounts receivable, net	1,381,245	280,314	1,661,559
Due from other governments	3,556,453	104,983	3,661,436
Inventories	-	48,084	48,084
Internal balances	400,000	(400,000)	-
Cash and cash equivalents, restricted	7,448	4,865,688	4,873,136
Total current assets	44,609,141	7,705,423	52,314,564
Other assets:			
Pension asset, restricted	98,803	-	98,803
Capital assets:			
Land, improvements, and construction in progress	2,077,649	5,897,012	7,974,661
Other capital assets, net	32,807,516	14,296,860	47,104,376
Total other assets	34,983,968	20,193,872	55,177,840
Total assets	79,593,109	27,899,295	107,492,404
<b>Deferred Outflows of Resources:</b>			
Charge on refunding	441,584	-	441,584
OPEB deferrals	1,070,034	44,585	1,114,619
Pension deferrals	3,984,364	149,300	4,133,664
Contributions to pension plan	1,587,517	60,834	1,648,351
Total deferred outflows of resources	7,083,499	254,719	7,338,218
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued expenses	1,740,294	94,238	1,834,532
Prepaid fees	216,787	-	216,787
Advances from grantors	7,448	-	7,448
Due within one year	5,562,255	77,629	5,639,884
Total current liabilities	7,526,784	171,867	7,698,651
Long-term liabilities:			
Total pension liability - LEOSSA	1,971,335	-	1,971,335
Net pension liability - LGERS	6,765,373	270,756	7,036,129
Total OPEB Liability	31,956,041	1,331,502	33,287,543
Due in more than one year	29,046,438	7,826,139	36,872,577
Total long-term liabilities	69,739,187	9,428,397	79,167,584
Total liabilities	77,265,971	9,600,264	86,866,235
<b>Deferred Inflows of Resources:</b>			
OPEB deferrals	4,203,248	175,135	4,378,383
Pension deferrals	192,376	2,368	194,744
Prepaid taxes	37,987	-	37,987
Total deferred inflows of resources	4,433,611	177,503	4,611,114
<b>Net Position:</b>			
Net investment in capital assets	25,474,904	20,193,872	45,668,776
Restricted for:			
Stabilization by state statute	4,489,914	-	4,489,914
Crime prevention	118,961	-	118,961
Register of Deeds	180,562	-	180,562
Register of Deeds' pension plan	121,922	-	121,922
Public safety	588,075	-	588,075
Unrestricted	(25,997,312)	(1,817,625)	(27,814,937)
Total net position	\$ 4,977,026	\$ 18,376,247	\$ 23,353,273

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

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 8,145,427	\$ 705,672	\$ 312,997	\$ 177,430
Public safety	22,497,411	4,631,983	288,465	-
Environmental protection	145,677	138,877	25,500	-
Economic and physical development	1,551,825	-	-	92,857
Human services	21,279,163	2,999,711	10,013,701	-
Cultural and recreational	1,635,692	68,880	-	-
Education	20,101,408	-	149,907	679,410
Interest on long-term debt	1,115,411	-	-	-
Total governmental activities	<u>76,472,014</u>	<u>8,545,123</u>	<u>10,790,570</u>	<u>949,697</u>
<b>Business-Type Activities:</b>				
Landfill	3,016,356	2,853,955	-	3,049
Airport	<u>1,726,728</u>	<u>1,000,568</u>	-	<u>133,097</u>
Total business-type activities	<u>4,743,084</u>	<u>3,854,523</u>	-	<u>136,146</u>
Total primary government	<u>\$ 81,215,098</u>	<u>\$ 12,399,646</u>	<u>\$ 10,790,570</u>	<u>\$ 1,085,843</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, 2019

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Functions/Programs</b>			
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General government	\$ (6,949,328)	\$ -	\$ (6,949,328)
Public safety	(17,576,963)	-	(17,576,963)
Environmental protection	18,700	-	18,700
Economic and physical development	(1,458,968)	-	(1,458,968)
Human services	(8,265,751)	-	(8,265,751)
Cultural and recreational	(1,566,812)	-	(1,566,812)
Education	(19,272,091)	-	(19,272,091)
Interest on long-term debt	(1,115,411)	-	(1,115,411)
Total governmental activities	<u>(56,186,624)</u>	<u>-</u>	<u>(56,186,624)</u>
<b>Business-Type Activities:</b>			
Landfill	-	(159,352)	(159,352)
Airport	-	(593,063)	(593,063)
Total business-type activities	<u>-</u>	<u>(752,415)</u>	<u>(752,415)</u>
Total primary government	<u>(56,186,624)</u>	<u>(752,415)</u>	<u>(56,939,039)</u>
<b>General Revenues:</b>			
Ad valorem taxes	42,011,651	-	42,011,651
Local option sales tax	17,923,232	-	17,923,232
Other taxes and licenses	179,313	-	179,313
Investment earnings	647,046	96,299	743,345
Total general revenues, excluding transfers	<u>60,761,242</u>	<u>96,299</u>	<u>60,857,541</u>
Transfers	<u>(536,330)</u>	<u>536,330</u>	<u>-</u>
Total general revenues and transfers	<u>60,224,912</u>	<u>632,629</u>	<u>60,857,541</u>
Change in net position	4,038,288	(119,786)	3,918,502
<b>Net Position:</b>			
Beginning of year - July 1	<u>938,738</u>	<u>18,496,033</u>	<u>19,434,771</u>
End of year - June 30	<u>\$ 4,977,026</u>	<u>\$ 18,376,247</u>	<u>\$ 23,353,273</u>

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

WILKES COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019

	<u>General Fund</u>	<u>Fire District Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 35,571,950	\$ 824,285	\$ 219,116	\$ 36,615,351
Restricted cash	7,448	-	-	7,448
Receivables, net	1,381,245	-	-	1,381,245
Taxes receivable, net	2,407,399	241,245	-	2,648,644
Due from other governments	3,482,143	36,402	37,908	3,556,453
Due from other funds	400,000	-	-	400,000
Total assets	<u>\$ 43,250,185</u>	<u>\$ 1,101,932</u>	<u>\$ 257,024</u>	<u>\$ 44,609,141</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,207,244	\$ 455,296	\$ 30	\$ 1,662,570
Prepaid fees	216,787	-	-	216,787
Advance from grantors	7,448	-	-	7,448
Total liabilities	<u>1,431,479</u>	<u>455,296</u>	<u>30</u>	<u>1,886,805</u>
<b>Deferred Inflows of Resources</b>	<u>3,293,170</u>	<u>241,245</u>	<u>-</u>	<u>3,534,415</u>
<b>Fund Balances:</b>				
Restricted:				
Stabilization by state statute	4,415,604	36,402	37,908	4,489,914
Restricted, all other	299,523	368,989	219,086	887,598
Committed	1,971,335	-	-	1,971,335
Assigned:				
Subsequent year's expenditures	4,966,756	-	-	4,966,756
Unassigned	26,872,318	-	-	26,872,318
Total fund balances	<u>38,525,536</u>	<u>405,391</u>	<u>256,994</u>	<u>39,187,921</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 43,250,185</u>	<u>\$ 1,101,932</u>	<u>\$ 257,024</u>	

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

**WILKES COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	<u><b>Total</b></u>
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.	(1,771,486)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,885,165
Net pension asset	98,803
Net pension liability - LAGERS	(6,765,373)
Total pension liability - LEOSSA	(1,971,335)
Total OPEB Liability	(31,956,041)
Contributions to the pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	1,587,517
Deferred outflows of resources related to pensions are not reported in the funds.	3,984,364
Deferred outflows of resources related to OPEB are not reported in the funds.	1,070,034
Deferred inflows of resources related to pensions are not reported in the funds.	(192,376)
Deferred inflows of resources related to OPEB are not reported in the funds.	(4,203,248)
Charges related to refunding	441,584
Accrued interest expense	(77,724)
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(32,837,207)
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>3,496,428</u>
Net position of governmental activities (Exhibit A)	<u>\$ 4,977,026</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, 2019

	<u>General Fund</u>	<u>Fire District Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 38,527,361	\$ 3,975,196	\$ -	\$ 42,502,557
Local option sales taxes	17,923,232	-	-	17,923,232
Other taxes and licenses	179,313	-	-	179,313
Unrestricted intergovernmental revenues	295,606	-	-	295,606
Restricted intergovernmental revenues	11,189,266	-	-	11,189,266
Permits and fees	388,160	-	-	388,160
Sales and services	7,278,133	-	520,113	7,798,246
Interest earned on investments	643,699	-	3,347	647,046
Miscellaneous	599,695	-	-	599,695
Total revenues	<u>77,024,465</u>	<u>3,975,196</u>	<u>523,460</u>	<u>81,523,121</u>
<b>Expenditures:</b>				
Current:				
General government	7,916,889	-	-	7,916,889
Public safety	17,446,057	3,948,575	607,789	22,002,421
Environmental protection	129,112	-	-	129,112
Economic and physical development	1,528,338	-	-	1,528,338
Human services	21,075,582	-	-	21,075,582
Cultural and recreation	1,564,350	-	-	1,564,350
Education	20,101,408	-	-	20,101,408
Debt service:				
Principal repayments	3,432,873	-	-	3,432,873
Interest	1,163,455	-	-	1,163,455
Total expenditures	<u>74,358,064</u>	<u>3,948,575</u>	<u>607,789</u>	<u>78,914,428</u>
Revenues over (under) expenditures	<u>2,666,401</u>	<u>26,621</u>	<u>(84,329)</u>	<u>2,608,693</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (out)	(536,330)	-	-	(536,330)
Sale of capital assets	49,384	-	-	49,384
Total other financing sources (uses)	<u>(486,946)</u>	<u>-</u>	<u>-</u>	<u>(486,946)</u>
Net change in fund balances	2,179,455	26,621	(84,329)	2,121,747
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>36,346,081</u>	<u>378,770</u>	<u>341,323</u>	<u>37,066,174</u>
End of year - June 30	<u>\$ 38,525,536</u>	<u>\$ 405,391</u>	<u>\$ 256,994</u>	<u>\$ 39,187,921</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, 2019

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)	\$ 2,121,747
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	(490,906)
Sales and services	14,417
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.	1,631,143
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.	(10,183)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,924,894)
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.	(174,866)
Change in deferred outflows - pension	1,989,525
Change in deferred inflows - pension	78,096
Change in net pension asset and liability	(2,474,479)
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	14,269
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.	3,432,873
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.	6,922
Amortization of deferred charges on refunding	(63,083)
OPEB plan expense	<u>(216,498)</u>
Total changes in net position of governmental activities	<u>\$ 4,038,288</u>

*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, 2019

	Budgeted Amounts		Actual	Final Budget Over/(Under)
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 37,747,491	\$ 37,747,491	\$ 38,527,361	\$ 779,870
Local option sales tax	16,026,002	16,026,002	17,923,232	1,897,230
Other taxes and licenses	160,000	160,000	179,313	19,313
Unrestricted intergovernmental revenues	310,000	310,000	295,606	(14,394)
Restricted intergovernmental revenues	11,871,833	12,785,993	11,189,266	(1,596,727)
Permits and fees	424,500	434,915	388,160	(46,755)
Sales and services	7,821,829	8,089,483	7,278,133	(811,350)
Investment earnings	328,500	328,500	643,699	315,199
Miscellaneous	1,391,978	1,465,009	599,695	(865,314)
Total revenues	<u>76,082,133</u>	<u>77,347,393</u>	<u>77,024,465</u>	<u>(322,928)</u>
<b>Expenditures:</b>				
General government	9,310,910	9,459,523	7,916,889	1,542,634
Public safety	18,171,270	18,434,238	17,446,057	988,181
Environmental protection	160,000	160,000	129,112	30,888
Economic and physical development	1,706,630	1,729,630	1,528,338	201,292
Human services	23,505,390	24,624,682	21,075,582	3,549,100
Cultural and recreation	1,594,453	1,605,529	1,564,350	41,179
Education	20,394,319	20,394,319	20,101,408	292,911
Debt service:				
Principal repayments	3,432,873	3,432,873	3,432,873	-
Interest	1,163,557	1,163,557	1,163,455	102
Total expenditures	<u>79,439,402</u>	<u>81,004,351</u>	<u>74,358,064</u>	<u>6,646,287</u>
Revenues over (under) expenditures	<u>(3,357,269)</u>	<u>(3,656,958)</u>	<u>2,666,401</u>	<u>6,323,359</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (out)	(536,330)	(536,330)	(536,330)	-
Sale of capital assets	70,000	86,985	49,384	(37,601)
Appropriated fund balance	3,823,599	4,106,303	-	(4,106,303)
Total other financing sources (uses)	<u>3,357,269</u>	<u>3,656,958</u>	<u>(486,946)</u>	<u>(4,143,904)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,179,455	<u>\$ 2,179,455</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>36,346,081</u>	
End of year - June 30			<u>\$ 38,525,536</u>	

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

## WILKES COUNTY, NORTH CAROLINA

### FIRE DISTRICT FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Over/(Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 4,002,096	\$ 4,097,096	\$ 3,975,196	\$ (121,900)
<b>Expenditures:</b>				
Public safety:				
Tax collection fees	15,560	15,560	16,125	(565)
Distribution to fire districts	3,986,536	4,081,536	3,932,450	149,086
Total expenditures	<u>4,002,096</u>	<u>4,097,096</u>	<u>3,948,575</u>	<u>148,521</u>
Net change in fund balance	\$ -	\$ -	26,621	\$ 26,621
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>378,770</u>	
End of year - June 30			<u>\$ 405,391</u>	

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

## WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019

	Major Enterprise Funds		Total
	Landfill Fund	Airport Fund	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 2,594,911	\$ 211,443	\$ 2,806,354
Receivables, net	217,935	62,379	280,314
Inventories	-	48,084	48,084
Due from other governments	52,332	52,651	104,983
Total current assets	<u>2,865,178</u>	<u>374,557</u>	<u>3,239,735</u>
Non-current assets:			
Restricted cash and cash equivalents	4,865,688	-	4,865,688
Capital assets:			
Land, improvements, and construction in progress	2,562,568	3,334,444	5,897,012
Other capital assets, net	3,443,635	10,853,225	14,296,860
Total capital assets	<u>6,006,203</u>	<u>14,187,669</u>	<u>20,193,872</u>
Total non-current assets	<u>10,871,891</u>	<u>14,187,669</u>	<u>25,059,560</u>
Total assets	<u>13,737,069</u>	<u>14,562,226</u>	<u>28,299,295</u>
<b>Deferred Outflows of Resources:</b>			
OPEB deferrals	33,438	11,147	44,585
Pension deferrals	122,005	27,295	149,300
Contributions to pension plan	49,044	11,790	60,834
Total deferred outflows of resources	<u>204,487</u>	<u>50,232</u>	<u>254,719</u>
<b>Liabilities, Deferred Inflows of Resources, and Net Position:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	65,327	28,911	94,238
Due to other funds	-	400,000	400,000
Current portion of compensated absences	69,620	8,009	77,629
Net pension liability	218,716	52,040	270,756
Total current liabilities	<u>353,663</u>	<u>488,960</u>	<u>842,623</u>
Non-current liabilities:			
Accrued landfill closure and post-closure care costs	7,795,000	-	7,795,000
Compensated absences - non-current	25,800	5,339	31,139
Total OPEB liability	998,626	332,876	1,331,502
Total non-current liabilities	<u>8,819,426</u>	<u>338,215</u>	<u>9,157,641</u>
Total liabilities	<u>9,173,089</u>	<u>827,175</u>	<u>10,000,264</u>
<b>Deferred Inflows of Resources:</b>			
OPEB deferrals	131,351	43,784	175,135
Pension deferrals	1,999	369	2,368
Total deferred inflows of resources	<u>133,350</u>	<u>44,153</u>	<u>177,503</u>
<b>Net Position:</b>			
Net investment in capital assets	6,006,203	14,187,669	20,193,872
Unrestricted	(1,371,086)	(446,539)	(1,817,625)
Total net position	<u>\$ 4,635,117</u>	<u>\$ 13,741,130</u>	<u>\$ 18,376,247</u>

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, 2019

	Major Enterprise Funds		Total
	Landfill Fund	Airport Fund	
<b>Operating Revenues:</b>			
Charges for services	\$ 2,617,126	\$ 886,754	\$ 3,503,880
Rents	-	110,370	110,370
Scrap tire disposal grant	5,896	-	5,896
Other operating revenues	230,933	3,444	234,377
Total operating revenues	<u>2,853,955</u>	<u>1,000,568</u>	<u>3,854,523</u>
<b>Operating Expenses:</b>			
Airport operations	-	997,301	997,301
Landfill operations	2,173,178	-	2,173,178
Landfill closure and post-closure care costs	275,000	-	275,000
Depreciation	568,178	729,427	1,297,605
Total operating expenses	<u>3,016,356</u>	<u>1,726,728</u>	<u>4,743,084</u>
Operating income (loss)	<u>(162,401)</u>	<u>(726,160)</u>	<u>(888,561)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Interest earned on investments	96,299	-	96,299
Insurance reimbursements	3,049	6,580	9,629
Total non-operating revenues (expenses)	<u>99,348</u>	<u>6,580</u>	<u>105,928</u>
Income (loss) before capital contributions	(63,053)	(719,580)	(782,633)
Capital contributions	-	126,517	126,517
Income (loss) before transfers	(63,053)	(593,063)	(656,116)
<b>Transfers:</b>			
Transfers in	<u>500,000</u>	<u>36,330</u>	<u>536,330</u>
Change in net position	436,947	(556,733)	(119,786)
<b>Net Position:</b>			
Beginning of year - July 1	<u>4,198,170</u>	<u>14,297,863</u>	<u>18,496,033</u>
End of year - June 30	<u>\$ 4,635,117</u>	<u>\$ 13,741,130</u>	<u>\$ 18,376,247</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, 2019

	Major Enterprise Funds		
	Landfill Fund	Airport Fund	Total
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 2,890,970	\$ 999,089	\$ 3,890,059
Cash paid for goods and services	(1,463,669)	(864,066)	(2,327,735)
Cash paid to employees for services	(844,243)	(135,565)	(979,808)
Net cash provided (used) by operating activities	<u>583,058</u>	<u>(542)</u>	<u>582,516</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Other non-operating revenues	3,049	6,580	9,629
Transfers in	500,000	36,330	536,330
Net cash provided (used) by non-capital financing activities	<u>503,049</u>	<u>42,910</u>	<u>545,959</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Capital grants received	-	322,199	322,199
Acquisition and construction of capital assets	(473,124)	(175,003)	(648,127)
Net cash provided (used) for capital and related financing activities	<u>(473,124)</u>	<u>147,196</u>	<u>(325,928)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	96,299	-	96,299
Net increase (decrease) in cash and cash equivalents	709,282	189,564	898,846
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>6,751,317</u>	<u>21,879</u>	<u>6,773,196</u>
End of year - June 30	<u>\$ 7,460,599</u>	<u>\$ 211,443</u>	<u>\$ 7,672,042</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (162,401)	\$ (726,160)	\$ (888,561)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	568,178	729,427	1,297,605
Landfill closure and post-closure care costs	275,000	-	275,000
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	42,836	(1,479)	41,357
(Increase) decrease in deferred outflows of resources - pension	(44,153)	(14,718)	(58,871)
(Increase) decrease in deferred outflows of resources - OPEB	(33,438)	(11,147)	(44,585)
Increase (decrease) in net pension liability	77,301	25,767	103,068
Increase (decrease) in deferred inflows of resources - pensions	35,127	12,211	47,338
(Increase) decrease in inventory	-	(20,479)	(20,479)
Increase (decrease) in accounts payable and accrued liabilities	(162,163)	8,640	(153,523)
Increase (decrease) in OPEB liability	(15,822)	(5,274)	(21,096)
Increase (decrease) in accrued vacation pay	2,593	2,670	5,263
Total adjustments	<u>745,459</u>	<u>725,618</u>	<u>1,471,077</u>
Net cash provided (used) by operating activities	<u>\$ 583,058</u>	<u>\$ (542)</u>	<u>\$ 582,516</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, 2019**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 174,166
Taxes receivable	<u>286,519</u>
Total assets	<u>\$ 460,685</u>
<b>Liabilities:</b>	
Miscellaneous liabilities	\$ 460,685
Total liabilities	<u>\$ 460,685</u>

*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, 2019

### 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.

#### Discretely Presented Component Unit

##### **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, 2019

***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 - Fire District Fund.** This fund is used to account for the tax collections and disbursements of fire district taxes to the fire districts.

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 2 legally budgeted nonmajor funds. The Law Enforcement Restricted Fund, and Emergency Telephone System Fund are reported as non-major special revenue funds.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 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, 2019

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, 2019

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 fund, are measured at fair market value. The NCCMT-Term Portfolio's securities are valued at fair value.

### 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

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	\$ <u>7,448</u>
------------------------	-----------------

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

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

Landfill closure	<u>4,865,688</u>
Total restricted cash	<u>\$ <u>4,873,136</u></u>

### Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles, on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018. 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.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 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.

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

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

# **WILKES COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

### **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, 2019**

**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, 2019 is as follows:

	<b>Governmental Activities</b>
Stabilization by state statute	\$ 4,489,914
Crime prevention	118,961
Register of Deeds	180,562
Register of Deeds pension plan	121,922
Public safety	588,075
Total	<u>\$ 5,499,434</u>

**Unrestricted Net Position**

The County has \$22,240,000 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, 2019

### Restricted Fund Balance

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

	General Fund	Fire District Fund	Special Revenue Funds
<p><i>Restricted for Stabilization of 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.</p>	\$ 4,415,604	\$ 36,402	\$ 37,908
<p><i>Restricted for Public Safety - Crime Prevention –</i> portion of fund balance that is restricted by revenue source for crime prevention expenditures.</p>	118,961	-	-
<p><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.</p>	180,562	-	-

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>	<u>Fire District Fund</u>	<u>Special Revenue Funds</u>
<i>Restricted for Public Safety - Law Enforcement – portion of fund balance that is restricted by revenue source for law enforcement expenditures.</i>	-	-	5,160
<i>Restricted for Public Safety - Fire Districts – portion of fund balance that is restricted by revenue source for fire district expenditures.</i>	-	368,989	-
<i>Restricted for Public Safety - E-911 – portion of fund balance that is restricted by revenue source for E911 expenditures.</i>	-	-	213,926
	<u>\$ 4,715,127</u>	<u>\$ 405,391</u>	<u>\$ 256,994</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 a 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>\$ 1,971,335</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>\$ 4,966,756</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 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)	\$ 38,525,536
Less:	
Stabilization by state statute	<u>(4,415,604)</u>
Available for appropriation	<u>\$ 34,109,932</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, 2019

### 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, 2019, the County's deposits had a carrying amount of \$12,558,288 and a bank balance of \$12,598,815 of the bank balance, \$1,038,648 was covered by federal depository insurance and \$11,560,167 was covered by collateral held under the Pooling Method.

At June 30, 2019, Wilkes County had \$5,480 cash on hand.

##### Investments

As of June 30, 2019, the County had the following investments and maturities.

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>Greater than 12 Months</u>
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 29,357,413	N/A	N/A	N/A
First Citizens Wealth Management					
US Treasuries	Fair Value - Level 1	1,595,119	349,694	109,373	1,136,052
US Government Agencies	Fair Value - Level 2	936,578	219,592	358,672	358,314
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	16,129	N/A	N/A	N/A
		<u>\$ 31,905,239</u>	<u>\$ 569,286</u>	<u>\$ 468,045</u>	<u>\$ 1,494,366</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2019, 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 Aaa 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>
2016	\$ 4,021,183	\$ 955,031	\$ 4,976,214
2017	4,092,625	603,662	4,696,287
2018	4,091,418	235,257	4,326,675
2019	4,160,714	-	4,160,714
Total	<u>\$ 16,365,940</u>	<u>\$ 1,793,950</u>	<u>\$ 18,159,890</u>

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Receivables**

Receivables at the government-wide level at June 30, 2019 were as follows:

	<u>Governmental</u>	<u>Business-Type Activities</u>	
	<u>Activities</u>	<u>Landfill</u>	<u>Airport</u>
<b>Taxes Receivable:</b>			
Taxes receivable	\$ 3,736,815	\$ -	\$ -
Allowance for doubtful accounts	<u>(1,088,171)</u>	<u>-</u>	<u>-</u>
Total taxes receivable	<u>\$ 2,648,644</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Accounts Receivable:</b>			
Other	\$ 533,461	\$ -	\$ -
EMS/Landfill/Airport sales	1,035,019	249,934	67,651
Allowance for doubtful accounts	<u>(187,235)</u>	<u>(31,999)</u>	<u>(5,272)</u>
Total accounts receivable	<u>\$ 1,381,245</u>	<u>\$ 217,935</u>	<u>\$ 62,379</u>
<b>Due from Other Governments:</b>			
Local option sales tax distribution	\$ 2,850,090	\$ -	\$ -
Sales tax refund	308,833	52,332	2,233
Motor vehicle tax	397,530	-	-
Grants	<u>-</u>	<u>-</u>	<u>50,418</u>
Total due from other governments	<u>\$ 3,556,453</u>	<u>\$ 52,332</u>	<u>\$ 52,651</u>

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2019</u>
<b>Governmental Activities:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 2,004,649	\$ -	\$ -	\$ 2,004,649
Construction in progress	-	73,000	-	73,000
Total non-depreciable capital assets	<u>2,004,649</u>	<u>73,000</u>	<u>-</u>	<u>2,077,649</u>
<b>Depreciable Capital Assets:</b>				
Buildings	29,723,145	211,725	-	29,934,870
Other improvements	8,811,439	293,384	-	9,104,823
Equipment	13,620,676	1,053,034	544,073	14,129,637
Total depreciable capital assets	<u>52,155,260</u>	<u>1,558,143</u>	<u>544,073</u>	<u>53,169,330</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	8,481,409	689,700	-	9,171,109
Other improvements	2,228,585	439,766	-	2,668,351
Equipment	8,260,816	795,428	533,890	8,522,354
Total accumulated depreciation	<u>18,970,810</u>	<u>\$ 1,924,894</u>	<u>\$ 533,890</u>	<u>20,361,814</u>
Total depreciable capital assets, net	<u>33,184,450</u>			<u>32,807,516</u>
Governmental activities capital assets, net	<u>\$ 35,189,099</u>			<u>\$ 34,885,165</u>

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

General government	\$ 780,194
Public safety	912,226
Environmental protection	16,565
Human services	65,016
Social services	58,865
Cultural and recreational	92,028
Total	<u>\$ 1,924,894</u>

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Balance</u> <u>July 01, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
<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	-	5,500
Total non-depreciable assets	<u>2,557,068</u>	<u>5,500</u>	<u>-</u>	<u>2,562,568</u>
<b>Depreciable Capital Assets:</b>				
Buildings	363,638	69,178	-	432,816
Other improvements	5,818,687	-	-	5,818,687
Equipment	<u>5,030,330</u>	<u>398,446</u>	<u>16,773</u>	<u>5,412,003</u>
Total depreciable capital assets	<u>11,212,655</u>	<u>467,624</u>	<u>16,773</u>	<u>11,663,506</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	352,696	3,242	-	355,938
Other improvements	3,844,647	298,719	-	4,143,366
Equipment	<u>3,471,123</u>	<u>266,217</u>	<u>16,773</u>	<u>3,720,567</u>
Total accumulated depreciation	<u>7,668,466</u>	<u>\$ 568,178</u>	<u>\$ 16,773</u>	<u>8,219,871</u>
Total depreciable capital assets, net	<u>3,544,189</u>			<u>3,443,635</u>
Landfill capital assets, net	<u>6,101,257</u>			<u>6,006,203</u>
<b>Airport:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	2,843,877	\$ -	\$ -	2,843,877
Construction in progress	<u>315,564</u>	<u>175,003</u>	<u>-</u>	<u>490,567</u>
Total non-depreciable capital assets	<u>3,159,441</u>	<u>175,003</u>	<u>-</u>	<u>3,334,444</u>
<b>Depreciable Capital Assets:</b>				
Buildings	4,668,106	-	-	4,668,106
Other improvements	16,833,799	-	-	16,833,799
Equipment	<u>273,031</u>	<u>-</u>	<u>-</u>	<u>273,031</u>
Total depreciable capital assets	<u>21,774,936</u>	<u>-</u>	<u>-</u>	<u>21,774,936</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	172,607	12,800	-	185,407
Other improvements	9,834,145	695,872	-	10,530,017
Equipment	<u>185,532</u>	<u>20,755</u>	<u>-</u>	<u>206,287</u>
Total accumulated depreciation	<u>10,192,284</u>	<u>\$ 729,427</u>	<u>\$ -</u>	<u>10,921,711</u>
Total depreciable capital assets, net	<u>11,582,652</u>			<u>10,853,225</u>
Airport capital assets, net	<u>14,742,093</u>			<u>14,187,669</u>
Business-type activities capital assets, net	<u>\$ 20,843,350</u>			<u>\$ 20,193,872</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2019 is composed of the following elements:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets	\$ 34,885,165	\$ 20,193,872
Long-term debt	(31,650,261)	-
Long-term debt for assets not owned by the County	22,240,000	-
Net investment in capital assets	\$ 25,474,904	\$ 20,193,872

The \$441,584 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, 2019 were as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Vendors	\$ 1,532,732	\$ 93,958	\$ 1,626,690
Other expenses	207,562	280	207,842
Total accounts payable	\$ 1,740,294	\$ 94,238	\$ 1,834,532

### 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, 2019

**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, 2019, was 8.50% of compensation for law enforcement officers and 7.75% 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 \$1,553,171 for the year ended June 30, 2019.

*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, 2019

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

At June 30, 2019, the County reported a liability of \$7,036,129 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the County's proportion was .297%, which was an increase of .0047% from its proportion as of June 30, 2017 measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$1,961,527. At June 30, 2019, 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	\$ 1,085,508	\$ 36,424
Changes of assumptions	1,867,117	-
Net difference between projected and actual earnings on pension plan investments	965,851	-
Changes in proportion and differences between County contributions and proportionate share of contributions	11,285	20,475
County contributions subsequent to the measurement date	1,553,171	-
Total	<u>\$ 5,482,932</u>	<u>\$ 56,899</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

\$1,553,171 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, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Total</u>
2020	\$ 1,878,244
2021	1,219,992
2022	217,494
2023	557,132
2024	-
Thereafter	-
Total	<u>\$ 3,872,862</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2017 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, 2017 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, 2019

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, 2018 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 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, 2019

*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:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 16,901,392	\$ 7,036,129	\$ (1,207,439)

**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, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	12
Active plan members	77
Total	89

### **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, 2019

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, 2017 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	3.64 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 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 \$158,356 as benefits came due for the reporting period.

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

At June 30, 2019, the County reported a total pension liability of \$1,971,335. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$156,809.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 107,949	\$ 56,531
Changes of assumptions	71,478	74,963
County benefit payments and plan administrative expense made subsequent to the measurement date	90,186	-
<b>Total</b>	<b>\$ 269,613</b>	<b>\$ 131,494</b>

The County paid \$90,186 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, 2020. 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>
2020	\$ 9,408
2021	9,408
2022	9,789
2023	13,901
2024	5,427
<b>Total</b>	<b>\$ 47,933</b>

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

*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 3.64 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 (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	<b>1% Decrease (2.64%)</b>	<b>Discount Rate (3.64%)</b>	<b>1% Increase (4.64%)</b>
Total pension liability	<u>\$ 2,118,199</u>	<u>\$ 1,971,335</u>	<u>\$ 1,836,772</u>

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

	<u>2019</u>
Beginning balance	\$ 1,919,108
Service cost	89,259
Interest on the total pension liability	58,142
Differences between expected and actual	132,099
Changes of assumptions or other inputs	(68,917)
Benefit payments	<u>(158,356)</u>
Ending balance of the total pension liability	<u>\$ 1,971,335</u>

*Changes of Assumptions.* Changes of assumptions and other inputs reflects a change in the discount rate from 3.16 percent at June 30, 2017 to 3.64 percent at June 30, 2018.

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, 2017 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, 2019

(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 \$176,986 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 \$4,994 for the year ended June 30, 2019.

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

At June 30, 2019, the County reported an asset of \$98,803 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the County's proportion was .597%, which was an increase of .013% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$20,332. At June 30, 2019, 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>
	<u>          </u>	<u>          </u>
Differences between expected and actual experience	\$ 871	\$ 4,510
Changes of assumptions	4,647	-
Net difference between projected and actual earnings on pension plan investments	15,748	-
Changes in proportion and differences between County contributions and proportionate share of contributions	3,210	1,841
County contributions subsequent to the measurement date	<u>4,994</u>	<u>-</u>
Total	<u>\$ 29,470</u>	<u>\$ 6,351</u>

\$4,994 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, 2020. 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>
<u>          </u>	<u>          </u>
2020	\$ 10,773
2021	266
2022	4,641
2023	2,445
2024	<u>-</u>
Total	<u>\$ 18,125</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

**Actuarial Assumptions.** The total pension liability in the December 31, 2017 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, 2017 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, 2018 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

**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)	\$ (77,901)	\$ (98,803)	\$ (116,431)

**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)	\$ 7,036,129	\$ (98,803)	\$ -	\$ 6,937,326
Proportion of the net pension liability (asset)	0.29659%	0.59653%	n/a	0.89312%
Total pension liability	-	-	1,971,335	1,971,335
Pension expense	1,961,527	20,332	156,809	2,138,668

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources</u>	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Differences between expected and actual experience	\$ 1,085,508	\$ 871	\$ 107,949	\$ 1,194,328
Changes of assumptions	1,867,117	4,647	71,478	1,943,242
Net difference between projected and actual earnings on pension plan investments	965,851	15,748	-	981,599
Changes in proportion and differences between County contributions and proportionate share of contributions	11,285	3,210	-	14,495
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	1,553,171	4,994	90,186	1,648,351
Total deferred outflows of resources	<u>\$ 5,482,932</u>	<u>\$ 29,470</u>	<u>\$ 269,613</u>	<u>\$ 5,782,015</u>

<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ 36,424	\$ 4,510	\$ 56,531	\$ 97,465
Changes of assumptions	-	-	74,963	74,963
Changes in proportion and differences between County contributions and proportionate share of contributions	20,475	1,841	-	22,316
Total deferred inflows of resources	<u>\$ 56,899</u>	<u>\$ 6,351</u>	<u>\$ 131,494</u>	<u>\$ 194,744</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, 2017, the date of the latest actuarial valuation:

	<u>2017</u>
Retirees and dependents receiving benefits	101
Active members	453
Total	<u>554</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### Total OPEB Liability

The County's total OPEB liability of \$33,287,543 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 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	3.89 percent
Health care cost trend rates	Pre-Medicare - 7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2020 Medicare - 5.50% for 2017 decreasing to an ultimate rate of 5.00% by 2020.

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

### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2018</b>	<u>\$ 33,814,947</u>
<b>Changes for the year:</b>	
Service cost	1,128,984
Interest	1,188,309
Differences between expected and actual experience	35,568
Changes of assumptions or other inputs	(2,001,612)
Benefit payments	<u>(878,653)</u>
Net changes	<u>(527,404)</u>
<b>Balance at June 30, 2019</b>	<u><u>\$ 33,287,543</u></u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.56% to 3.89%.

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, 2017 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, 2019**

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, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 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 (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	<u>1% Decrease (2.89%)</u>	<u>Discount Rate (3.89%)</u>	<u>1% Increase (4.89%)</u>
Total OPEB liability	<u>\$ 39,923,236</u>	<u>\$ 33,287,543</u>	<u>\$ 28,144,027</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:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 27,497,677</u>	<u>\$ 33,287,543</u>	<u>\$ 40,945,178</u>

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

For the year ended June 30, 2019, the County recognized OPEB expense of \$1,639,340. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 325,070	\$ -
Changes of assumptions or other inputs	-	4,378,383
County contributions subsequent to the measurement date	<u>789,549</u>	<u>-</u>
Total	<u>\$ 1,114,619</u>	<u>\$ 4,378,383</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

\$789,549 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, 2020. 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>
2020	\$ (685,753)
2021	(685,753)
2022	(685,753)
2023	(685,753)
2024	(685,753)
Thereafter	(624,548)
Total	<u>\$ (4,053,313)</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 \$7,795,000 reported as landfill closure and post-closure care liability at June 30, 2019 represents a cumulative amount reported to date based on the use of 100% of cell 1, 100% of cell 2, and 78% of cell 3. The facility has 4 cells. These amounts are based on what it would cost to perform all closure and post-closure care

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

in 2019. 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 \$4,865,688 (market value \$4,865,688) 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	\$ 441,584	\$ -
(OPEB) - Differences between expected and actual experience	325,070	
(OPEB) - Changes of assumptions	-	4,378,383
Benefit payments for the OPEB plan paid subsequent to measurement date	789,549	
(Pensions) - Differences between expected and actual experience	1,194,328	97,465
(Pensions) - Changes of assumptions	1,943,242	74,963
(Pensions) - Net difference between projected and actual earnings on pension plan investments	981,599	-
(Pensions) - Changes in proportion and differences between County contributions and proportionate share of contributions	14,495	22,316
Contributions to pension plan subsequent to measurement date (LGRS, ROD)	1,558,165	-
Benefit payments and admin costs paid subsequent to the measurement date (LEOSSA)	90,186	-
Prepaid taxes not yet earned (General)	-	37,987
Taxes receivable, net (General)	-	2,407,399
Taxes receivable, net (Fire District Fund)	-	241,245
Other receivables, net (General)	-	847,784
<b>Total</b>	<b>\$ 7,338,218</b>	<b>\$ 8,107,542</b>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 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>2018</u>	<u>2019</u>
Balance, beginning of year	\$ 679,290	\$ 758,023
Incurred claims (including IBNRs) and changes in estimates	4,313,441	5,726,144
Less claims payments	<u>(4,234,708)</u>	<u>(5,631,737)</u>
Balance, end of year	<u>\$ 758,023</u>	<u>\$ 852,430</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### Contingent Liabilities

At June 30, 2019, 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

\$476,101 U.S. Core of Engineers note, issued in 1970, interest at 2.03%, payable in annual installments of \$17,336 with final payment due in 2020; secured by real estate; proceeds used to construct a dam and a lake	\$ 33,775
\$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	7,605,000
\$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	<u>2,605,000</u>
Total installment purchase agreements	<u>\$ 10,243,775</u>

The \$476,101 U.S. Core of Engineers note is a direct placement installment purchase agreement. The County entered into this agreement for 50 years between the United States of America and the City of Winston-Salem. The agreement is secured by the real estate.

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, 2019

For Wilkes County, the future minimum payments as of June 30, 2019 are as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 2,193,775	\$ 214,858	\$ 2,408,633
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
2025-2028	3,380,000	163,930	3,543,930
Total	<u>\$ 10,243,775</u>	<u>\$ 827,001</u>	<u>\$ 11,070,776</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 \$ 19,635,000

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, 2019 are as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 1,210,000	\$ 822,900	\$ 2,032,900
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
2025-2029	7,085,000	1,603,400	8,688,400
2030-2034	4,520,000	897,250	5,417,250
2035-2036	2,115,000	121,050	2,236,050
Total	<u>\$ 19,635,000</u>	<u>\$ 6,286,900</u>	<u>\$ 25,921,900</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 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, 2019:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
<b>Governmental Activities:</b>					
Direct placement installment purchases	\$ 12,461,648	\$ -	\$ 2,217,873	\$ 10,243,775	\$ 2,193,775
Certificate of participation	20,850,000	-	1,215,000	19,635,000	1,210,000
Compensated absences	2,025,543	1,599,616	1,519,157	2,106,002	1,519,157
Incurred, but not reported, health claims	758,023	5,726,144	5,631,737	852,430	639,323
Total pension liability (LEOSSA)	1,919,108	52,227	-	1,971,335	-
Net pension liability (LGERS)	4,291,735	2,473,638	-	6,765,373	-
Total OPEB liability	32,462,349	-	506,308	31,956,041	-
Unamortized premiums	1,875,691	-	104,205	1,771,486	-
Total governmental activities	<u>\$ 76,644,097</u>	<u>\$ 9,851,625</u>	<u>\$ 11,194,280</u>	<u>\$ 75,301,442</u>	<u>\$ 5,562,255</u>
<b>Business-Type Activities:</b>					
<b>Landfill Fund:</b>					
Accrued landfill closure and post-closure care costs	\$ 7,520,000	\$ 275,000	\$ -	\$ 7,795,000	\$ -
Compensated absences	92,827	72,213	69,620	95,420	69,620
Net pension liability (LGERS)	141,415	77,301	-	218,716	-
Total OPEB liability	1,014,448	-	15,822	998,626	-
Total Landfill Fund	<u>\$ 8,768,690</u>	<u>\$ 424,514</u>	<u>\$ 85,442</u>	<u>\$ 9,107,762</u>	<u>\$ 69,620</u>
<b>Airport Fund:</b>					
Compensated absences	\$ 10,678	\$ 10,679	\$ 8,009	\$ 13,348	\$ 8,009
Net pension liability (LGERS)	26,273	25,767	-	52,040	-
Total OPEB liability	338,150	-	5,274	332,876	-
Total Airport Fund	<u>\$ 375,101</u>	<u>\$ 36,446</u>	<u>\$ 13,283</u>	<u>\$ 398,264</u>	<u>\$ 8,009</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, 2019, Wilkes County had a legal debt margin of approximately \$476,800,000.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 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, 2019 \$22,065,000 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, 2019, there were no industrial revenue bonds outstanding.

### Due to/from Other Funds

Balances due to/from other funds at June 30, 2019, 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

### Transfers to/from Other Funds

Transfers in (out) for the year ended June 30, 2019, are summarized below:

	<b>Transfers</b>		
	<b>From</b>	<b>To</b>	<b>Purpose</b>
<b>Operating Transfers</b>			
<b>From/To Other Funds:</b>			
General Fund	\$ 536,330	\$ -	
Landfill Fund	-	500,000	To set aside funds for post closure
Airport Fund	-	36,330	Required local match for capital grant projects
Total transfers	\$ 536,330	\$ 536,330	

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 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 \$3,883,345 and \$150,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2019. 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, 2019. 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, 2019. In accordance with the intergovernmental agreement between the 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, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$664,639 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.

# **WILKES COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019. 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 \$36,484 to the Council during the fiscal year ended June 30, 2019.

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.

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**WILKES COUNTY, NORTH CAROLINA**

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

	<b>Local Government Employees' Retirement System</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) (%)	0.29659%	0.29190%	0.28774%	0.27742%	0.27346%	0.27346%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ 7,036,129	\$ 4,459,423	\$ 6,106,807	\$ 1,245,044	\$(1,612,722)	\$ 3,360,611
Wilkes' covered payroll*	\$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	38.36%	25.30%	36.38%	7.84%	( 10.47%)	22.75%
Plan fiduciary net position as a percentage of the total pension liability**	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 SIX FISCAL YEARS**

	<b>Local Government Employees' Retirement System</b>					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 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>1,553,171</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>
Wilkes' covered payroll	\$ 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	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 availabl

**WILKES COUNTY, NORTH CAROLINA**

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

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

	<b>Law Enforcement Officers' Special Separation Allowance</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 1,971,335	\$ 1,919,108	\$ 1,907,407
Covered payroll	\$ 3,239,268	\$ 3,088,792	\$ 3,064,964
Total pension liability as a percentage of covered payroll	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 TWO FISCAL YEARS**

	<u>2019</u>	<u>2018</u>
Service cost	\$ 1,128,984	\$ 1,302,991
Interest on the total pension liability	1,188,309	1,060,873
Differences between expected and actual experience	35,568	400,636
Changes of assumptions	(2,001,612)	(3,598,317)
Benefit payments	<u>(878,653)</u>	<u>(1,183,579)</u>
Net change in total OPEB liability	(527,404)	(2,017,396)
Total OPEB liability - beginning	<u>33,814,947</u>	<u>35,832,343</u>
Total OPEB liability - ending	<u>\$ 33,287,543</u>	<u>\$ 33,814,947</u>
Covered payroll	\$ 16,989,373	\$ 16,989,373
Total OPEB liability as a percentage of covered payroll	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:

<u>Fiscal Year</u>	<u>Rate</u>
2019	3.89%
2018	3.56%

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

	<b>Register of Deeds' Supplemental Pension Fund</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) (%)	0.59653%	0.58377%	0.61932%	0.63542%	0.62699%	0.58181%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ (98,803)	\$ (99,644)	\$ (115,788)	\$ (147,252)	\$ (142,114)	\$ (124,275)
Wilkes' covered payroll	\$ 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	(190.75%)	(158.74%)	(183.06%)	(351.82%)	(223.76%)	(198.54%)
Plan fiduciary net position as a percentage of the total pension liability	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.

**WILKES COUNTY, NORTH CAROLINA**

**WILKES COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SIX FISCAL YEARS**

	<b>Register of Deeds' Supplemental Pension Fund</b>					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,994	\$ 3,921	\$ 3,962	\$ 3,962	\$ 2,928	\$ 5,119
Contributions in relation to the contractually required contribution	<u>4,994</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>
Wilkes' covered payroll	\$ 57,727	\$ 51,797	\$ 62,770	\$ 63,251	\$ 41,854	\$ 63,511
Contributions as a percentage of covered payroll	8.65%	7.57%	6.31%	6.26%	7.00%	8.06%

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Over /Under	2018
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 37,267,441	\$ 37,943,163	\$ 675,722	\$ 36,807,935
Penalties and interest	480,050	584,198	104,148	460,823
Total	<u>37,747,491</u>	<u>38,527,361</u>	<u>779,870</u>	<u>37,268,758</u>
<b>Local Option Sales Taxes:</b>				
Article 39 one percent	5,590,466	6,484,300	893,834	5,814,796
Article 40 one-half of one percent	4,701,290	4,894,021	192,731	4,633,086
Article 42 one-half of one percent	3,052,235	3,500,892	448,657	3,165,951
Article 44 one-half of one percent	1,205,555	1,314,133	108,578	1,250,672
Article 46 one-fourth of one percent	1,476,456	1,729,886	253,430	1,544,614
Total	<u>16,026,002</u>	<u>17,923,232</u>	<u>1,897,230</u>	<u>16,409,119</u>
<b>Other Taxes and Licenses:</b>				
Real estate transfer taxes	160,000	179,313	19,313	164,324
Total	<u>160,000</u>	<u>179,313</u>	<u>19,313</u>	<u>164,324</u>
<b>Unrestricted Intergovernmental:</b>				
Payments in lieu of taxes	30,000	31,636	1,636	43,175
Beer and wine tax	280,000	263,970	(16,030)	264,614
Total	<u>310,000</u>	<u>295,606</u>	<u>(14,394)</u>	<u>307,789</u>
<b>Restricted Intergovernmental:</b>				
Federal and state grants	11,335,893	10,209,394	(1,126,499)	9,507,575
Lottery proceeds	810,000	625,000	(185,000)	675,000
Court facility fees	125,000	93,147	(31,853)	109,817
Fines and forfeitures	13,000	85,368	72,368	25,026
Other	502,100	176,357	(325,743)	448,519
Total	<u>12,785,993</u>	<u>11,189,266</u>	<u>(1,596,727)</u>	<u>10,765,937</u>
<b>Permits and Fees:</b>				
Building permits	230,500	190,897	(39,603)	219,210
Register of Deeds	204,415	197,263	(7,152)	194,766
Total	<u>434,915</u>	<u>388,160</u>	<u>(46,755)</u>	<u>413,976</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, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Over /Under	2018
	Budget	Actual		Actual
<b>Sales and Services:</b>				
Ambulance and rescue squad fees	3,217,174	2,894,093	(323,081)	2,957,655
Jail fees	525,000	509,609	(15,391)	574,885
Rents and fees	4,251,309	3,805,551	(445,758)	3,548,006
Recreation fees	96,000	68,880	(27,120)	71,285
Total	<u>8,089,483</u>	<u>7,278,133</u>	<u>(811,350)</u>	<u>7,151,831</u>
<b>Investment Earnings:</b>				
Investment earnings	<u>328,500</u>	<u>643,699</u>	<u>315,199</u>	<u>300,947</u>
<b>Miscellaneous:</b>				
Other	<u>1,465,009</u>	<u>599,695</u>	<u>(865,314)</u>	<u>1,161,244</u>
Total revenues	<u>77,347,393</u>	<u>77,024,465</u>	<u>(322,928)</u>	<u>73,943,925</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits	128,980	126,944		125,758
Other operating expenditures	<u>326,190</u>	<u>324,117</u>		<u>299,429</u>
Total	<u>455,170</u>	<u>451,061</u>	<u>4,109</u>	<u>425,187</u>
<b>Administration:</b>				
Salaries and employee benefits	368,100	364,950		345,664
Other operating expenditures	<u>22,800</u>	<u>15,083</u>		<u>12,666</u>
Total	<u>390,900</u>	<u>380,033</u>	<u>10,867</u>	<u>358,330</u>
<b>Elections:</b>				
Salaries and employee benefits	240,758	208,566		214,895
Other operating expenditures	125,300	90,195		91,946
Capital outlay	<u>225,000</u>	<u>210,946</u>		<u>-</u>
Total	<u>591,058</u>	<u>509,707</u>	<u>81,351</u>	<u>306,841</u>
<b>Finance:</b>				
Salaries and employee benefits	457,496	378,698		428,295
Other operating expenditures	<u>26,800</u>	<u>16,640</u>		<u>12,892</u>
Total	<u>484,296</u>	<u>395,338</u>	<u>88,958</u>	<u>441,187</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, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Over /Under	2018
	Budget	Actual		Actual
<b>Tax Administration:</b>				
Salaries and employee benefits	1,040,444	975,607		982,284
Other operating expenditures	317,500	264,434		237,984
Total	<u>1,357,944</u>	<u>1,240,041</u>	117,903	<u>1,220,268</u>
<b>Legal:</b>				
Professional services	<u>230,000</u>	<u>201,389</u>	28,611	<u>228,509</u>
<b>Register of Deeds:</b>				
Salaries and employee benefits	277,206	274,383		249,441
Other operating expenditures	97,400	60,052		72,380
Capital outlay	<u>25,000</u>	<u>24,999</u>		<u>12,998</u>
Total	<u>399,606</u>	<u>359,434</u>	40,172	<u>334,819</u>
<b>Public Buildings:</b>				
Salaries and employee benefits	121,277	108,531		141,661
Other operating expenditures	347,500	248,885		250,990
Capital outlay	<u>461,000</u>	<u>292,028</u>		<u>795,115</u>
Total	<u>929,777</u>	<u>649,444</u>	280,333	<u>1,187,766</u>
<b>Court Facilities:</b>				
Salaries and employee benefits	128,361	127,736		123,823
Other operating expenditures	<u>551,370</u>	<u>310,665</u>		<u>410,176</u>
Total	<u>679,731</u>	<u>438,401</u>	241,330	<u>533,999</u>
<b>Central Services:</b>				
<b>Data Processing:</b>				
Salaries and employee benefits	206,646	205,188		164,876
Other operating expenditures	230,320	224,676		216,059
Capital outlay	<u>-</u>	<u>-</u>		<u>15,857</u>
Total	<u>436,966</u>	<u>429,864</u>	7,102	<u>396,792</u>
<b>Central Garage:</b>				
Salaries and employee benefits	311,650	305,109		291,279
Other operating expenditures	750,300	716,385		689,326
Capital outlay	<u>42,500</u>	<u>39,409</u>		<u>96,699</u>
Total	<u>1,104,450</u>	<u>1,060,903</u>	43,547	<u>1,077,304</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, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Over /Under	2018
	Budget	Actual		Actual
<b>Purchasing:</b>				
Salaries and employee benefits	57,862	57,683		54,291
Other operating expenditures	7,565	5,504		5,103
Total	<u>65,427</u>	<u>63,187</u>	2,240	<u>59,394</u>
<b>Other Central Services:</b>				
Other expenditures	875,543	786,830		650,277
Group insurance	1,458,655	951,257		797,642
Total	<u>2,334,198</u>	<u>1,738,087</u>	596,111	<u>1,447,919</u>
Total general government	<u>9,459,523</u>	<u>7,916,889</u>	1,542,634	<u>8,018,315</u>
<b>Public Safety:</b>				
<b>Sheriff:</b>				
Salaries and employee benefits	5,210,921	5,099,797		4,511,866
Other operating expenditures	452,793	424,897		363,039
Capital outlay	261,387	257,246		304,392
Total	<u>5,925,101</u>	<u>5,781,940</u>	143,161	<u>5,179,297</u>
<b>Drug Crime Prevention:</b>				
Other operating expenditures	225,000	131,274		41,421
Total	<u>225,000</u>	<u>131,274</u>	93,726	<u>41,421</u>
<b>Animal Control:</b>				
Salaries and employee benefits	553,520	525,186		502,965
Other operating expenditures	139,600	101,589		88,316
Capital outlay	35,900	35,460		39,533
Total	<u>729,020</u>	<u>662,235</u>	66,785	<u>630,814</u>
<b>Jail:</b>				
Salaries and employee benefits	2,253,830	2,242,921		1,988,135
Other operating expenditures	1,683,507	1,608,584		1,791,046
Capital outlay	-	-		57,244
Total	<u>3,937,337</u>	<u>3,851,505</u>	85,832	<u>3,836,425</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, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Over /Under	2018
	Budget	Actual		Actual
<b>Emergency Management:</b>				
Salaries and employee benefits	67,503	66,628		64,848
Other operating expenditures	33,597	21,165		81,110
Total	101,100	87,793	13,307	145,958
<b>Fire:</b>				
Salaries and employee benefits	137,469	136,028		126,227
Other operating expenditures	77,000	60,557		71,282
Capital outlay	65,070	65,036		-
Assistance to local fire departments	800	800		1,771
Total	280,339	262,421	17,918	199,280
<b>Inspections:</b>				
Salaries and employee benefits	582,599	446,323		498,772
Other operating expenditures	34,900	22,983		14,605
Capital outlay	-	-		26,559
Total	617,499	469,306	148,193	539,936
<b>Medical Examiner:</b>				
Other operating expenditures	137,000	83,290		69,255
Total	137,000	83,290	53,710	69,255
<b>Emergency Medical Services:</b>				
Salaries and employee benefits	3,734,744	3,582,805		3,384,550
Other operating expenditures	987,360	810,241		628,479
Capital outlay	335,644	316,694		300,805
Total	5,057,748	4,709,740	348,008	4,313,834
<b>Emergency Communications Center:</b>				
Salaries and employee benefits	1,070,094	1,056,433		955,698
Other operating expenditures	354,000	350,120		354,954
Total	1,424,094	1,406,553	17,541	1,310,652
Total public safety	18,434,238	17,446,057	988,181	16,266,872

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Over /Under	2018
	Budget	Actual		Actual
<b>Environmental Protection:</b>				
Reservoir expenditures	160,000	129,112	30,888	126,365
Total environmental protection	160,000	129,112	30,888	126,365
<b>Economic and Physical Development:</b>				
<b>Economic Development:</b>				
Other operating expenditures	476,600	470,958		377,816
Total	476,600	470,958	5,642	377,816
<b>Planning and Zoning:</b>				
Salaries and employee benefits	213,590	199,828		196,808
Other operating expenditures	69,300	31,357		51,205
Capital outlay	-	-		26,500
Total	282,890	231,185	51,705	274,513
<b>Agricultural Extension:</b>				
Salaries and employee benefits	177,790	153,450		125,043
Other operating expenditures	65,900	47,886		25,157
Total	243,690	201,336	42,354	150,200
<b>Extension Local:</b>				
Other operating expenditures	77,000	15,514		13,816
Total	77,000	15,514	61,486	13,816
<b>Forestry:</b>				
Salaries and employee benefits	4,100	4,091		1,718
Other operating expenditures	98,446	81,326		80,436
Total	102,546	85,417	17,129	82,154
<b>Soil Conservation:</b>				
Salaries and employee benefits	252,422	238,255		258,769
Other operating expenditures	108,125	100,462		57,750
Capital outlay	33,500	33,370		-
Total	394,047	372,087	21,960	316,519

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Over /Under	2018
	Budget	Actual		Actual
<b>Community Development:</b>				
Other operating expenditures	152,857	151,841		151,776
Total	152,857	151,841	1,016	151,776
Total economic and physical development	1,729,630	1,528,338	201,292	1,366,794
<b>Human Services:</b>				
<b>Health:</b>				
<b>Administration:</b>				
Salaries and employee benefits	1,593,524	1,356,344		1,446,806
Other operating expenditures	511,823	433,587		409,069
Capital outlay	66,073	66,073		36,837
Total	2,171,420	1,856,004	315,416	1,892,712
<b>Program Salaries:</b>				
Salaries and employee benefits	1,126,592	736,065	390,527	12,541
Total	1,126,592	736,065	390,527	12,541
<b>Environmental Health:</b>				
Other operating expenditures	10,980	7,496		7,151
Total	10,980	7,496	3,484	7,151
<b>Food and Lodging:</b>				
Other operating expenditures	12,391	11,077	1,314	-
<b>Tuberculosis:</b>				
Salaries and employee benefits	3,814	8,044		11,397
Other operating expenditures	3,355	3,320		3,234
Total	7,169	11,364	(4,195)	14,631
<b>Bioterrorism:</b>				
Salaries and employee benefits	14,034	13,026		25,611
Other operating expenditures	2,700	2,621		4,172
Total	16,734	15,647	1,087	29,783

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Over /Under	2018
	Budget	Actual		Actual
<b>Health Immunization Other:</b>				
Salaries and employee benefits	16,217	16,217		27,123
Total	16,217	16,217	-	27,123
<b>Health Case Management:</b>				
Salaries and employee benefits	-	-		36,460
Other operating expenditures	2,250	2,074		3,082
Total	2,250	2,074	176	39,542
<b>Adult Health:</b>				
Salaries and employee benefits	84,000	84,161		364,128
Other operating expenditures	294,405	181,925		170,537
Total	378,405	266,086	112,319	534,665
<b>Health Care Connection:</b>				
Salaries and employee benefits	3,267	35,737		93,590
Other operating expenditures	34,000	33,250		32,000
Total	37,267	68,987	(31,720)	125,590
<b>Communicable Disease:</b>				
Salaries and employee benefits	22,216	29,737		2,597
Other operating expenditures	2,293	2,293		2,293
Total	24,509	32,030	(7,521)	4,890
<b>Comprehensive Cancer Control:</b>				
Salaries and employee benefits	34,266	54,775		4,012
Other operating expenditures	21,408	10,852		16,566
Total	55,674	65,627	(9,953)	20,578
<b>Family Planning:</b>				
Salaries and employee benefits	99,556	64,283		80,995
Other operating expenditures	108,296	49,448		53,419
Total	207,852	113,731	94,121	134,414
<b>Health Diabetes Grant:</b>				
Salaries and employee benefits	63,043	64,160		94,486
Other operating expenditures	17,100	13,763		37,281
Total	80,143	77,923	2,220	131,767

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Over /Under	2018
	Budget	Actual		Actual
<b>Health Promotion:</b>				
Salaries and employee benefits	53,853	98,845		23,095
Other operating expenditures	13,672	13,658		16,142
Total	67,525	112,503	(44,978)	39,237
<b>Mesh Units - Schools:</b>				
Salaries and employee benefits	5,140	10,952		104,057
Other operating expenditures	83,114	79,636		43,900
Total	88,254	90,588	(2,334)	147,957
<b>Wilkes Dental Clinic:</b>				
Other operating expenditures	1,500,000	1,120,074	379,926	968,846
<b>Maternal Clinic:</b>				
Salaries and employee benefits	92,300	4,348		4,348
Other operating expenditures	1,500	1,400		1,000
Total	93,800	5,748	88,052	5,348
<b>Infant Mortality Reduction:</b>				
Other operating expenditures	72,419	67,216		30,631
Total	72,419	67,216	5,203	30,631
<b>MCC and MOW:</b>				
Salaries and employee benefits	26,521	44,868		92,836
Other operating expenditures	51,700	16,871		4,758
Total	78,221	61,739	16,482	97,594
<b>Child Health:</b>				
Salaries and employee benefits	-	-		161,470
Other operating expenditures	141,380	70,942		52,228
Total	141,380	70,942	70,438	213,698
<b>CSC and MOW:</b>				
Salaries and employee benefits	35,202	16,307		62,213
Other operating expenditures	4,200	3,346		3,991
Total	39,402	19,653	19,749	66,204

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Over /Under	2018
	Budget	Actual		Actual
<b>Women, Infants, and Children:</b>				
Salaries and employee benefits	-	149,318		186,158
Other operating expenditures	43,300	40,980		56,486
Total	43,300	190,298	(146,998)	242,644
<b>School Nurse Funding:</b>				
Other operating expenditures	150,000	150,000	-	150,000
<b>Smart Start:</b>				
Salaries and employee benefits	9,455	18,053		9,274
Other operating expenditures	-	-		144
Total	9,455	18,053	(8,598)	9,418
<b>Wilkes County Health Center:</b>				
Salaries	623,621	623,620		612,328
Operating expenditures	23,543	21,108		181,747
Total	647,164	644,728	2,436	794,075
<b>HIV &amp; STD:</b>				
Salaries and employee benefits	-	-		35,289
Other operating expenditures	1,305	1,297		337
Total	1,305	1,297	8	35,626
<b>WIC/BPCP:</b>				
Salaries and employee benefits	-	139,198		12,139
Other operating expenditures	2,610	1,471		2,593
Total	2,610	140,669	(138,059)	14,732
<b>Mental Health &amp; Substance Abuse Services:</b>				
Salaries and employee benefits	44,503	44,503		-
Other operating expenditures	124,252	89,832		-
Total	168,755	134,335	34,420	-
<b>Substance Use Disorder:</b>				
Salaries and employee benefits	115,504	93,797		-
Other operating expenditures	163,815	29,382		-
Total	279,319	123,179	156,140	-

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Over /Under	2018
	Budget	Actual		Actual
<b>Immunization Action Plan:</b>				
Salaries and employee benefits				
Other operating expenditures	500	-	500	-
Total	500	-	500	-
Total health	7,531,012	6,231,350	1,299,662	5,791,397
<b>Mental Health:</b>				
Contribution to other agencies	538,754	538,086	668	537,633
Total mental health	538,754	538,086	668	537,633
<b>Social Services:</b>				
<b>Administration:</b>				
Salaries and employee benefits	6,814,240	6,653,264		6,233,123
Other operating expenditures	656,891	543,580		463,897
Capital outlay	436,000	190,723		83,218
Total	7,907,131	7,387,567	519,564	6,780,238
<b>Medicaid Program:</b>				
County participation only	843,500	521,637		546,596
Total	843,500	521,637	321,863	546,596
<b>Food Stamps Program:</b>				
Other operating expenditures	540,370	405,969		352,570
Total	540,370	405,969	134,401	352,570
<b>Low Income Energy Assistance Program:</b>				
Other operating expenditures	343,370	343,300	70	295,300
<b>Work First:</b>				
Contract services	190,000	37,421		63,878
Total	190,000	37,421	152,579	63,878

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Over /Under	2018
	Budget	Actual		Actual
<b>Daycare Operations:</b>				
Contract services	65,296	14,558		14,558
Total	65,296	14,558	50,738	14,558
<b>In-Home Service:</b>				
Other operating expenditures	56,000	14,469		7,540
Total	56,000	14,469	41,531	7,540
<b>Foster Care:</b>				
Salaries and employee benefits	5,383	1,098		750
Other operating expenditures	4,649,017	3,821,835		3,130,714
Total	4,654,400	3,822,933	831,467	3,131,464
<b>Other Assistance:</b>				
Other operating expenditures	128,568	67,217		59,060
Total	128,568	67,217	61,351	59,060
Total social services	14,728,635	12,615,071	2,113,564	11,251,204
<b>Other Human Services:</b>				
<b>Veterans Service Officer:</b>				
Salaries and employee benefits	165,306	137,059		159,322
Other operating expenditures	16,250	7,585		5,811
Total	181,556	144,644	36,912	165,133
<b>Youth Services:</b>				
Salaries and employee benefits	17,610	17,606		17,092
Other operating expenditures	5,076	4,321		3,634
Contributions to other agencies	314,524	285,503		258,974
Total	337,210	307,430	29,780	279,700
<b>Senior Citizens Services:</b>				
Contributions to other services	650,000	596,686	53,314	550,238

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2019</u>		<u>Variance Over /Under</u>	<u>2018</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Other Services:</b>				
Contributions to other agencies	657,515	642,315	15,200	590,061
Total other human services	1,826,281	1,691,075	135,206	1,585,132
Total human services	24,624,682	21,075,582	3,549,100	19,165,366
<b>Cultural and Recreation:</b>				
<b>Recreation:</b>				
Salaries and employee benefits	563,514	559,148		557,390
Other operating expenditures	300,788	269,632		235,818
Capital outlay	42,000	36,343		49,945
Total	906,302	865,123	41,179	843,153
<b>Libraries:</b>				
Contribution to regional library	664,639	664,639	-	607,189
<b>Museums and Art</b>				
	34,588	34,588	-	34,588
Total cultural and recreation	1,605,529	1,564,350	41,179	1,484,930
<b>Education:</b>				
Public schools - current expenses	13,286,320	13,286,320		12,786,320
Public schools - capital outlay	2,264,654	2,156,743		1,779,350
Public schools - (lottery) capital outlay	810,000	625,000		675,000
Community colleges - current	3,883,345	3,883,345		3,818,338
Community colleges - capital outlay	150,000	150,000		150,000
Total education	20,394,319	20,101,408	292,911	19,209,008
<b>Debt Service:</b>				
Principal retirement	3,432,873	3,432,873		3,452,010
Interest and fees	1,163,557	1,163,455		1,275,164
Total debt service	4,596,430	4,596,328	102	4,727,174
Total expenditures	81,004,351	74,358,064	6,646,287	70,365,274

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over /Under	Actual
Revenues over (under) expenditures	<u>(3,656,958)</u>	<u>2,666,401</u>	<u>6,323,359</u>	<u>3,578,651</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(536,330)	(536,330)	-	-
Sale of capital assets	86,985	49,384	(37,601)	714,651
Appropriated fund balance	<u>4,106,303</u>	<u>-</u>	<u>(4,106,303)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,656,958</u>	<u>(486,946)</u>	<u>(4,143,904)</u>	<u>714,651</u>
Net change in fund balance	<u>\$ -</u>	<u>2,179,455</u>	<u>\$ 2,179,455</u>	<u>4,293,302</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>36,346,081</u>		<u>32,052,779</u>
End of year - June 30		<u>\$ 38,525,536</u>		<u>\$ 36,346,081</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, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		Variance Over/Under	2018
	Budget	Actual		Actual
<b>Revenues:</b>				
Ad valorem taxes	\$ 4,097,096	\$ 3,975,196	\$ (121,900)	\$ 3,688,106
Total revenues	<u>4,097,096</u>	<u>3,975,196</u>	<u>(121,900)</u>	<u>3,688,106</u>
<b>Expenditures:</b>				
Public safety:				
Tax collection fees	15,560	16,125	(565)	15,511
Distribution to fire districts	<u>4,081,536</u>	<u>3,932,450</u>	<u>149,086</u>	<u>3,661,391</u>
Total expenditures	<u>4,097,096</u>	<u>3,948,575</u>	<u>148,521</u>	<u>3,676,902</u>
Revenues over (under) expenditures	<u>\$ -</u>	26,621	<u>\$ 26,621</u>	11,204
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>378,770</u>		<u>23,855</u>
End of year - June 30		<u>\$ 405,391</u>		<u>\$ 378,770</u>

## WILKES COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019

	<b>Law Enforcement Restricted Fund</b>	<b>Wireless E-911 Telephone System Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 5,160	\$ 213,956	\$ 219,116
Due from other governments	<u>          -</u>	<u>          37,908</u>	<u>          37,908</u>
Total assets	<u>\$ 5,160</u>	<u>\$ 251,864</u>	<u>\$ 257,024</u>
<b>Liabilities, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 30</u>
<b>Fund Balances:</b>			
Restricted:			
Stabilization by state statute	-	37,908	37,908
Restricted, all other	<u>5,160</u>	<u>213,926</u>	<u>219,086</u>
Total fund balances	<u>5,160</u>	<u>251,834</u>	<u>256,994</u>
Total liabilities and fund balances	<u>\$ 5,160</u>	<u>\$ 251,864</u>	<u>\$ 257,024</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, 2019**

	<b>Law Enforcement Restricted Fund</b>	<b>E-911 Telephone System Fund</b>	<b>Total</b>
<b>Revenues:</b>			
Sales and services	\$ -	\$ 520,113	\$ 520,113
Investment earnings	71	3,276	3,347
Total revenues	<u>71</u>	<u>523,389</u>	<u>523,460</u>
<b>Expenditures:</b>			
Public safety	<u>-</u>	<u>607,789</u>	<u>607,789</u>
Revenues over (under) expenditures	71	(84,400)	(84,329)
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>5,089</u>	<u>336,234</u>	<u>341,323</u>
End of year - June 30	<u>\$ 5,160</u>	<u>\$ 251,834</u>	<u>\$ 256,994</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, 2019**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental:				
Investment earnings	\$ -	\$ 71	\$ 71	\$ 39
<b>Expenditures:</b>				
Public safety:				
Law enforcement restricted	5,000	-	5,000	-
Revenues over (under) expenditures	(5,000)	71	5,071	39
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	5,000	-	(5,000)	-
Net change in fund balance	\$ -	71	\$ 71	39
<b>Fund Balance:</b>				
Beginning of year - July 1		5,089		5,050
End of year - June 30		\$ 5,160		\$ 5,089

## 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, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>	<u>Actual</u>
<b>Revenues:</b>				
E-911 telephone surcharge	\$ 526,456	\$ 520,113	\$ (6,343)	\$ 429,627
Investment earnings	2,000	3,276	1,276	2,940
Total revenues	<u>528,456</u>	<u>523,389</u>	<u>(5,067)</u>	<u>432,567</u>
<b>Expenditures:</b>				
Public safety:				
Other operating expenditures	<u>728,456</u>	<u>607,789</u>	<u>120,667</u>	<u>543,290</u>
Revenues over (under) expenditures	(200,000)	(84,400)	115,600	(110,723)
<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>(84,400)</u>	<u>\$ (84,400)</u>	<u>(110,723)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>336,234</u>		<u>446,957</u>
End of year - June 30		<u>\$ 251,834</u>		<u>\$ 336,234</u>

WILKES COUNTY, NORTH CAROLINA

**AIRPORT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	Budget	Actual	Variance Over/(Under)	Actual
<b>Revenues:</b>				
Operating revenues:				
Charges for services:				
Sales	\$ 1,012,085	\$ 886,754	\$ (125,331)	\$ 937,878
Rents	115,000	110,370	(4,630)	101,930
Other operating revenues	5,050	3,444	(1,606)	3,759
Total operating revenues	<u>1,132,135</u>	<u>1,000,568</u>	<u>(131,567)</u>	<u>1,043,567</u>
Non-operating revenues:				
Restricted intergovernmental	963,670	126,517	(837,153)	241,702
Investment income	-	-	-	305
Insurance reimbursements	-	6,580	6,580	52,274
Total non-operating revenues	<u>963,670</u>	<u>133,097</u>	<u>(830,573)</u>	<u>294,281</u>
Total revenues	<u>2,095,805</u>	<u>1,133,665</u>	<u>(962,140)</u>	<u>1,337,848</u>
<b>Expenditures:</b>				
Airport operations:				
Salaries and employee benefits	193,715	150,348	43,367	253,005
Fuel and oil purchases	717,487	578,877	138,610	608,790
Other operating expenditures	220,933	217,984	2,949	245,561
Airport capital projects:				
Construction	<u>1,000,000</u>	<u>175,003</u>	<u>824,997</u>	<u>315,564</u>
Total expenditures	<u>2,132,135</u>	<u>1,122,212</u>	<u>1,009,923</u>	<u>1,422,920</u>
Revenues over (under) expenditures	(36,330)	11,453	47,783	(85,072)
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>36,330</u>	<u>36,330</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 47,783</u>	<u>\$ 47,783</u>	<u>\$ (85,072)</u>

**WILKES COUNTY, NORTH CAROLINA**

**AIRPORT FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2019**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019		2018
	Budget	Actual	Actual
		Variance	
		Over/(Under)	
<b>Reconciliation from Budgetary Basis</b>			
<b>(Modified Accrual) to Full Accrual Basis:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 47,783	
Reconciling items:			
Depreciation		(729,427)	
Change in deferred outflows of resources - pensions		(19,769)	
Change in net pension liability		(25,767)	
Change in deferred inflows of resources - pensions		369	
Construction project expenditures		175,003	
Change in deferred outflows of resources - OPEB		5,051	
Change in deferred inflows of resources - OPEB		(12,580)	
Change in accrual for unfunded OPEB		5,274	
Change in accrual for compensated absences		(2,670)	
Total reconciling items		(604,516)	
Change in net position		\$ (556,733)	

WILKES COUNTY, NORTH CAROLINA

LANDFILL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/(Under)	Actual
<b>Revenues:</b>				
Operating revenues:				
Solid waste charges	\$ 2,575,982	\$ 2,617,126	\$ 41,144	\$ 2,504,780
Scrap tire disposal tax	3,000	5,896	2,896	24,980
Other operating revenues	199,000	230,933	31,933	247,227
Total operating revenues	<u>2,777,982</u>	<u>2,853,955</u>	<u>75,973</u>	<u>2,776,987</u>
Non-operating revenues:				
Interest earnings	20,000	33,526	13,526	18,392
Insurance reimbursements	3,048	3,049	1	-
Total non-operating revenues	<u>23,048</u>	<u>36,575</u>	<u>13,527</u>	<u>18,392</u>
Total revenues	<u>2,801,030</u>	<u>2,890,530</u>	<u>89,500</u>	<u>2,795,379</u>
<b>Expenditures:</b>				
Landfill operations:				
Salaries and employee benefits	864,698	881,673	(16,975)	979,675
Other operating expenditures	1,362,708	1,302,755	59,953	942,196
Capital outlay	473,624	473,124	500	632,019
Total landfill operations	<u>2,701,030</u>	<u>2,657,552</u>	<u>43,478</u>	<u>2,553,890</u>
Revenues over (under) expenditures	100,000	232,978	132,978	241,489
<b>Other Financing Sources (Uses):</b>				
Transfer out - Landfill Reserve Fund	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>(72,500)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 132,978</u>	<u>\$ 132,978</u>	<u>\$ 168,989</u>

WILKES COUNTY, NORTH CAROLINA

LANDFILL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		2018
	Budget	Actual	Variance Over/(Under) Actual
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 132,978	
Reconciling items:			
Capital outlay		473,124	
Depreciation		(568,178)	
Change in accrued landfill closure/post-closure costs		(275,000)	
Change in deferred outflows of resources - pension		(59,303)	
Change in net pension liability		77,301	
Change in deferred inflows of resources - pensions		2,610	
Change in accrual for unfunded OPEB		15,822	
Change in deferred outflows of resources - OPEB		15,150	
Change in deferred inflows of resources - OPEB		(37,737)	
Change in accrual for compensated absences		(2,593)	
Intrafund transfer out - Landfill Closure and Post-Closure Reserve Fund		100,000	
Interest from Landfill Closure and Post-Closure Reserve Fund		62,773	
Total reconciling items		(196,031)	
Landfill Reserve Fund:			
Transfers from other funds		500,000	
Change in net position		\$ 436,947	

## 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, 2019  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Interest earnings	\$ 10,000	\$ 62,773	\$ 52,773	\$ 31,753
<b>Other Financing Sources (Uses):</b>				
Sinking reserve	(610,000)	-	(610,000)	-
Transfers in	600,000	600,000	-	72,500
Total other financing sources (uses)	(10,000)	600,000	(610,000)	72,500
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 662,773	\$ 662,773	\$ 104,253

## WILKES COUNTY, NORTH CAROLINA

## AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
<b>Social Services:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 55,427	\$ 182,601	\$ 177,582	\$ 60,446
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 55,427	\$ 182,601	\$ 177,582	\$ 60,446
<b>Ad Valorem Tax - Other Municipalities:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 133,430	\$ 2,597,488	\$ 2,617,198	\$ 113,720
Taxes receivable	288,711	2,229,424	2,231,616	286,519
Total assets	<u>\$ 422,141</u>	<u>\$ 4,826,912</u>	<u>\$ 4,848,814</u>	<u>\$ 400,239</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	<u>\$ 422,141</u>	<u>\$ 4,826,912</u>	<u>\$ 4,848,814</u>	<u>\$ 400,239</u>
<b>Fines and Forfeitures:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ -	\$ 225,014	\$ 225,014	\$ -
<b>Liabilities:</b>				
Miscellaneous liabilities	<u>\$ -</u>	<u>\$ 225,014</u>	<u>\$ 225,014</u>	<u>\$ -</u>
<b>Total All Agency Funds:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 188,857	\$ 3,005,103	\$ 3,019,794	\$ 174,166
Taxes receivable	288,711	2,229,424	2,231,616	286,519
Total assets	<u>\$ 477,568</u>	<u>\$ 5,234,527</u>	<u>\$ 5,251,410</u>	<u>\$ 460,685</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 477,568	\$ 5,009,513	\$ 5,026,396	\$ 460,685
Intergovernmental payable	-	225,014	225,014	-
Total liabilities	<u>\$ 477,568</u>	<u>\$ 5,234,527</u>	<u>\$ 5,251,410</u>	<u>\$ 460,685</u>

## WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**JUNE 30, 2019**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 37,804,858	\$ (36,607,806)	\$ 1,197,052
2017-2018	1,317,143	-	(756,650)	560,493
2016-2017	723,577	-	(325,415)	398,162
2015-2016	474,777	-	(156,159)	318,618
2014-2015	345,359	-	(109,757)	235,602
2013-2014	289,389	-	(81,275)	208,114
2012-2013	260,753	-	(58,242)	202,511
2011-2012	274,711	-	(116,092)	158,619
2010-2011	203,783	-	(82,166)	121,617
2009-2010	111,420	-	(16,638)	94,782
2008-2009	88,654	-	(88,654)	-
Total	<u>\$ 4,089,566</u>	<u>\$ 37,804,858</u>	<u>\$ (38,398,854)</u>	<u>3,495,570</u>
Less: Allowance for uncollectible accounts - General Fund				<u>(1,088,171)</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 2,407,399</u>
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes - General Fund				<u>\$ 38,527,361</u>
Reconciling items:				
Penalties and interest collected				(584,198)
Discounts taken				266,315
Prior year releases and write offs				140,798
Miscellaneous				48,578
Total reconciling items				<u>(128,507)</u>
Total collections and credits				<u>\$ 38,398,854</u>

## WILKES COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
FOR THE YEAR ENDED JUNE 30, 2019

	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	\$ 6,294,635,493	\$ 0.67	\$ 37,476,010	\$ 33,078,786	\$ 4,397,224
Penalties	-		37,447	21,653	15,794
Total	<u>6,294,635,493</u>		<u>37,513,457</u>	<u>33,100,439</u>	<u>4,413,018</u>
<b>Discoveries:</b>					
Current year taxes	52,346,235	0.67	351,294	351,294	-
Penalties	-		31,805	31,805	-
Total	<u>52,346,235</u>		<u>383,099</u>	<u>383,099</u>	<u>-</u>
<b>Abatements</b>	<u>(13,686,269)</u>	0.67	<u>(91,698)</u>	<u>(91,698)</u>	<u>-</u>
Total property valuation	<u>\$ 6,333,295,459</u>				
<b>Net Levy</b>			37,804,858	33,391,840	4,413,018
Less: Uncollected tax at June 30, 2019			<u>1,197,052</u>	<u>1,197,052</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 36,607,806</u>	<u>\$ 32,194,788</u>	<u>\$ 4,413,018</u>
<b>Current Levy Collection Percentage</b>			<u>96.83%</u>	<u>96.42%</u>	<u>100.00%</u>

**WILKES COUNTY, NORTH CAROLINA****SECONDARY MARKET DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2019****Assessed Valuation:**

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

Real property	\$ 5,060,081,963
Personal property	1,062,851,515
Public service companies	<u>210,361,981</u>

Total assessed valuation	<u>\$ 6,333,295,459</u>
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Tax rate per \$100	0.67
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Levy (includes discoveries, releases, and abatements)	<u>\$ 37,804,858</u>
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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, 2019:

Fire protection districts	<u>\$ 3,530,165</u>
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**WILKES COUNTY, NORTH CAROLINA****TEN LARGEST TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2019 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Duke Energy Carolinas, LLC	Utility company	\$ 122,128,462	1.93%
Tyson Farms, Inc.	Food processor	73,439,853	1.16%
Lowes Home Center, Inc. #1	Retail sales	51,838,486	0.82%
Louisiana Pacific	Building products manufacturing	37,255,750	0.59%
Carolina West Wireless Inc.	Phone company	27,436,982	0.43%
Jed-Wen Inc.	Building products manufacturing	16,856,047	0.27%
Faw, JC	Real estate	23,204,440	0.37%
Elementia USA/Plycem USA	Building products manufacturing	18,626,047	0.29%
Tyson Foods Inc.	Food processor	14,958,261	0.24%
James R Vannoy & Sons Construction	Construction company	13,261,111	0.21%
Total		<u>\$ 399,005,439</u>	<u>6.30%</u>

**WILKES COUNTY, NORTH CAROLINA****EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE  
JUNE 30, 2019**

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	\$ 251,834
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>\$ 251,829</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, 2019, and the related notes to the financial statements, which collectively comprise Wilkes County's basic financial statements, and have issued our report thereon dated November 20, 2019.

### **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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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  
November 20, 2019

# MARTIN STARNES

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## & 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, 2019. Wilkes County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, 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 Federal 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, 2019.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 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  
November 20, 2019

# 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 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, 2019. Wilkes County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings 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, 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, 2019.

## 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 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

November 20, 2019

**WILKES COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**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? None reported

Non-compliance material to financial statements noted? No

**Federal Awards**

Internal control over major federal programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

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)? No

Identification of major federal programs:

<b><u>Program Name</u></b>	<b><u>CFDA#</u></b>
Medicaid Cluster	93.778
Low Income Home Energy Assistance Program	93.568
Adoption Assistance	93.659
Foster Care Title IV-E	93.658

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 AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**1. Summary of Auditor's Results (continued):**

**State Awards**

Internal control over major state programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

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? No

Identification of major state programs:

**Program Name**

Public School Building Capital Fund  
 Medicaid Cluster  
 SFHF Maximization  
 Foster Care and Adoption Cluster

**2. Financial Statement Findings**

None reported

**3. Federal Award Findings and Questioned Costs**

None reported

**4. State Award Findings and Questioned Costs**

None reported

**WILKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Finding: 2018-001**

**Status:** Corrected

**Finding: 2018-002**

**Status:** Corrected

**Finding: 2018-003**

**Status:** Corrected

**Finding: 2018-004**

**Status:** Corrected

**Finding: 2018-005**

**Status:** Corrected

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## WILKES COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

Grantor / Pass-through Grantor / Program Title	CFDA Number	State/ Pass-through Grantor's Number	Expenditures		Passed-through to Subrecipients
			Federal	State	
<b>Federal Awards:</b>					
<b>U.S. Department of Health and Human Services</b>					
Administration of Children and Families					
Passed-through the N.C. Department of Health and Human Services					
<b>Division of Social Services:</b>					
Child Support Enforcement - Administration	93.563	1904NC4005	\$ 427,390	\$ -	\$ -
Total Child Support Enforcement			427,390	-	-
Temporary Assistance for Needy Families Cluster:					
Temporary Assistance for Needy Families - Administration	93.558	1901NCTANF	34,657	-	-
<b>Division of Public Health:</b>					
Temporary Assistance for Needy Families - Work First	93.558	1901NCTANF	277,960	-	-
Temporary Assistance for Needy Families	93.558	1901NCTANF	6,841	-	-
Total Temporary Assistance for Needy Families Cluster			319,458	-	-
Foster Care and Adoption Cluster (Note 3)					
Foster Care Title IV-E:					
Foster Care Title IV-E - Administration	93.658	1901NCFOST	521,409	17,596	-
Foster Care Title IV-E - Direct Benefits	93.658	1901NCFOST	1,349,845	384,727	-
Total Foster Care Title IV-E			1,871,254	402,323	-
Adoption Assistance:					
Adoption Assistance - Administration	93.659	1901NCADPT	17,982	-	-
Total Adoption Assistance			17,982	-	-
Total Foster Care and Adoption Cluster			1,889,236	402,323	-
Low-Income Home Energy Assistance:					
Low-Income Home Energy Assistance - Administration	93.568	G19BINCLIEA	742,161	-	-
Total Low-Income Home Energy Assistance			742,161	-	-
Chafee Foster Care Independence Program - Administration					
Social Services Block Grant - Administration	93.674	1901NC1420	48,335	8,886	-
	93.667	G1901NCSOSR	417,628	6,074	-
Special Children Adoption Fund Cluster (Note 3)					
Promoting Safe and Stable Families - Administration	93.556	1901NCFPSS	79,361	-	-
Total Special Children Adoption Fund Cluster			79,361	-	-
Stephanie Tubbs Jones Child Welfare Services Program - Administration					
Sub total	93.645	G1901NCCWSS	23,381	-	-
			568,705	14,960	-
<b>Administration for Children and Families:</b>					
Passed-through the N.C. Department of Health and Human Services					
Subsidized Child Care Cluster (Note 3)					
<b>Child Care Development Fund Cluster</b>					
<b>Division of Social Services:</b>					
Child Care Mandatory and Matching Funds of the Child Care and					
Child Care Development Fund - Administration	93.596	G1901NCCCDF	73,559	-	-
Total Childcare Development Fund Cluster			73,559	-	-
Total Subsidized Child Care Cluster			73,559	-	-
<b>Centers for Medicare and Medical Services</b>					
Medicaid Cluster					
Administration:					
Medical Assistance Program - Administration	93.778	XIX-MAP 19	1,400,592	1,008	-
Total Medicaid Cluster			1,400,592	1,008	-
Health Choice					
Administration:					
Children's Health Insurance Program - Administration	93.767	CHIP 19	34,711	-	-
Total Health Choice			34,711	-	-
Total Centers for Medicare and Medical Services			1,435,303	1,008	-
<b>Centers for Disease Control and Prevention</b>					
Passed-through NC Department of Health and Human Services					
Division of Public Health:					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness					
(PHEP) Aligned Cooperative Agreements	93.074	1264 2680 EY	34,391	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1460 272C NF, 1460 272D NF	50	-	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization					
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	1320 310A D7, 1320 310A JS	10,200	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention					
and Public Health Funds (PPHF)	93.758	1261 5503 00, 1261 5503 PF	39,946	-	-
Immunization Cooperative Agreements	93.268	13331 631E EJ	20,426	-	-
HIV Cluster (Note 3)					
Sexually Transmitted Diseases Prevention and Control Grants	93.977	1311 462D NB, 1311 462E NB	100	-	-
Total HIV Cluster			100	-	-

## WILKES COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

Grantor / Pass-through Grantor / Program Title	CFDA Number	State/ Pass-through Grantor's Number	Expenditures		Passed-through to Subrecipients
			Federal	State	
<b>Health Resources and Service Administration</b>					
Division of Public Health					
Maternal and Child Health Services Block Grant to the States	93.994	13A1 5740 AP, 13A1 5700 AR, 1271 5745 AP, 1271 5351 AP, 1271 5318 AP	111,750	45,563	-
<b>Office of Assistant Secretary for Health</b>					
Passed-through NC Department of Health and Human Services					
Office of Assistant Secretary for Health					
Family Planning Services	93.217	13A1 592C FP	30,912	-	-
<b>Health Resources and Services Administration</b>					
Health Center Program Cluster:					
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)					
Total Health Center Program Cluster	93.224	H80CS30715-01-04, H80cs307-15-03-02	185,786	-	-
			185,786	-	-
Subtotal			433,561	45,563	-
<b>Administration for Community Living:</b>					
Passed-through High Country Council of Governments					
<b>Division of Aging:</b>					
Aging Cluster:					
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers					
	93.044	536331	38,082	2,240	40,322
In-Home Services:					
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers					
	93.044	536332	215,661	12,686	228,347
Congregate Nutrition:					
Special Programs for the Aging - Title III, Part C Nutrition Services					
	93.045	536333	180,264	10,604	190,868
Home Delivered Meals:					
Special Programs for the Aging - Title III, Part C Nutrition Services					
	93.045	536334	129,532	7,620	137,152
Total Aging Cluster			563,539	33,150	596,689
Total U.S. Department of Health and Human Services			6,452,912	497,004	596,689
<b>U.S. Department of Transportation</b>					
Federal Aviation Administration					
Passed through the N.C. Department of Transportation					
Airport Improvement Program					
	20.106	36237.49.17.1	32,549	-	-
Airport Improvement Program					
	20.106	36237.49.18.1	93,968	-	-
Total U.S. Department of Transportation			126,517	-	-
<b>U.S. Department of Agriculture:</b>					
Direct Program:					
Environmental Quality Incentives Program					
	10.912	USDA-NRCS-EQIP-CTA	12,841	-	-
Passed-through N.C. Department of Health & Human Services					
<b>Division of Public Health:</b>					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children					
	10.557	13A25403/5404/5405/5409/ 570A/570B/570K	344,324	-	-
Total Division of Public Health			344,324	-	-
<b>Division of Social Services:</b>					
Food and Nutrition Service:					
Supplemental Nutrition Assistance Program (SNAP) Cluster: Administration:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program					
	10.561	185NC406S2514	387,824	-	-
Total Supplemental Nutrition Assistance Program (SNAP) Cluster			387,824	-	-
Total U.S. Department of Agriculture:			744,989	-	-
<b>U.S. Department of Justice:</b>					
Edward Byrne Memorial Justice Assistance Grant Program					
	16.738		23,473	-	-
Recovery Act Edward Byrne Justice Assistance Program					
	16.804		10,410	-	-
Total U.S. Department of Justice			33,883	-	-
<b>U.S. Department of Homeland Security</b>					
Federal Emergency Management					
Emergency Management Performance Grant					
	97.042		20,625	-	-
Emergency Management Performance Grant					
	97.042		17,899	-	-
Total U.S. Department of Homeland Security			38,524	-	-
<b>Total Federal Awards</b>			7,396,825	497,004	596,689

## WILKES COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

Grantor / Pass-through Grantor / Program Title	CFDA Number	State/ Pass-through Grantor's Number	Expenditures		Passed-through to Subrecipients
			Federal	State	
<b>State Awards:</b>					
<b>N.C. Department of Health and Human Services</b>					
<b>Division of Social Services:</b>					
F/C at Risk Maximization				17,993	-
SFHF Maximization				342,691	-
AFDC Incentive/Program Integrity				2,872	-
DCD Smart Start				28,200	-
Extended Foster Care Maximization Non Title IV-E				25,830	-
State Foster Home				209,432	-
Total Division of Social Services				627,018	-
<b>Division of Public Health</b>					
<b>Other Receipts/State Supported Expenditures</b>					
Food and Lodging Fees		11534752SZ		11,222	-
CHA/CHIP Peer Review		1161411000		85,428	-
General Communicable Disease Control		1175451000		2,293	-
Breast and Cervical Cancer Program		1320559900		8,925	-
Child Health		1271574500		4,913	-
Maternal Health		13A1574000		10,678	-
HIV/STD State		13114536BN / 13114536RQ		500	-
STD Drugs		13114601RQ		1,089	-
School Health Center		1332535700		44,440	-
School Nurse Funding Initiative		1332535800		150,000	-
Woman Health Service Fund		13A16018FP		7,703	-
TB Control		1460455100 / 1460455400		3,305	-
Family Planning - State		13A1573500		35,818	-
Public Health Nursing		1161430100		1,000	-
Total Division of Public Health				367,314	-
Total N.C. Department of Health and Human Services				994,332	-
<b>N.C. Department of Transportation:</b>					
DOT Cluster					
Rural Operating Assistance Program					
Rural General Public Program		DOT-16CL 36228.22.8.1		95,320	95,320
Elderly and Disabled Transportation Assistance Program		DOT-16CL 36220.10.8.1		80,118	80,118
Work First Transitional Employment Transportation Assistance Program		DOT-16CL 36236.11.7.1		16,806	16,806
Total DOT Cluster				192,244	192,244
Special Registration Plate - Visitors Center		DOT-13 42931		92,857	-
Total N.C. Department of Transportation				285,101	192,244
<b>N.C. Department of Environmental Quality:</b>					
Soil & Water Conservation					
Total N.C. Department of Environmental Quality		G40100296115SWC		25,500	-
<b>N.C. Department of Administration:</b>					
Veterans Service Grant					
Total N.C. Department of Administration		DMVA 16/17		2,216	-
<b>N.C. Department of Public Safety:</b>					
JCPC/Youth Grants For Agencies					
Juvenile Crime Prevention Assistance		DPS / JPC 298		186,017	186,017
Total N.C. Department of Public Safety		DPS / JCPC 301		4,683	4,683
<b>N.C. Department of Instructions:</b>					
Public School Building Capital Fund - Lottery Proceeds					
School Safety Grant		7002996		625,000	625,000
Total N.C. Department of Instructions		PRC 039		105,467	-
<b>Total State Awards</b>					
<b>Total Federal and State Awards</b>					
			\$ 7,396,825	\$ 2,725,320	\$ 1,604,633

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

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of Wilkes County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Wilkes County, it is not intended to and does not present the financial position, changes in the net position or cash flows of Wilkes County.

**2 Summary of Significant Accounting Policies**

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

**3 Cluster of Programs**

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

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