

**WILKES COUNTY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

WILKES COUNTY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2021

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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, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in note 9 to the financial statements, for the fiscal year ended June 30, 2021, Wilkes County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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-Employee 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 29, 2021 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 29, 2021

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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, 2021. 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.

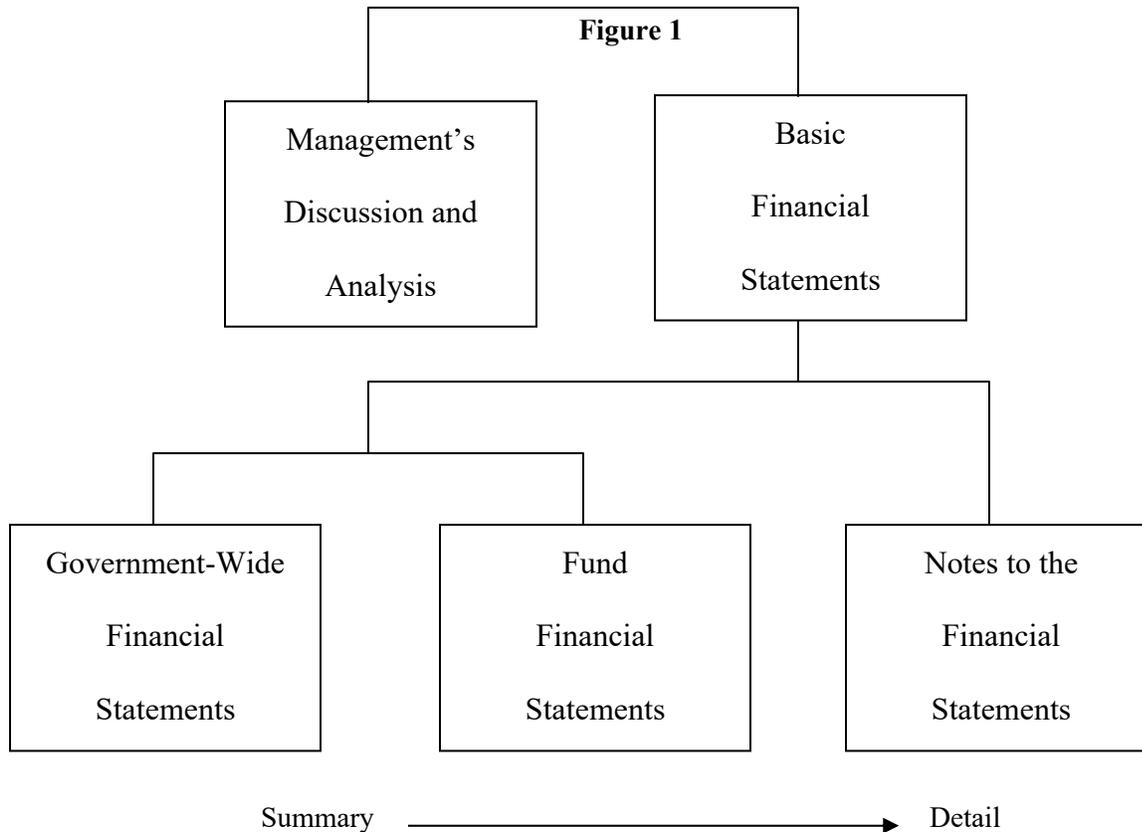
Financial Highlights

- 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 \$37,765,543 (*net position*).
- The government's total net position increased by \$11,336,587.
- As of the close of the current fiscal year, Wilkes County's governmental funds reported combined ending fund balances of \$43,590,802. Approximately 15 percent of this total amount, or \$6,493,136, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$29,055,519, or 37 percent, of total General Fund expenditures for the fiscal year.
- Wilkes County's most recent bond rating from Moody's Investor and from Standard and Poor's Corporation is an Aa3 and an AA-, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Wilkes County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Wilkes County.

Required Components of Annual Financial Report



Basic Financial Statements

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

Board, 2) the final budget as amended by the Board, 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the difference or variance between the final budget and the actual resources and charges.

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Wilkes County has one fiduciary fund, which is a custodial fund.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning 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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 55,770,317	\$ 48,651,642	\$ 8,491,287	\$ 7,873,362	\$ 64,261,604	\$ 56,525,004
Capital assets, net	35,735,228	34,508,268	28,154,369	20,745,598	63,889,597	55,253,866
Total assets	91,505,545	83,159,910	36,645,656	28,618,960	128,151,201	111,778,870
Deferred Outflows of Resources	15,200,065	6,402,631	566,704	226,365	15,766,769	6,628,996
Liabilities:						
Long-term liabilities	75,973,843	65,410,212	10,720,692	10,055,565	86,694,535	75,465,777
Other liabilities	13,260,331	9,281,959	506,087	383,251	13,766,418	9,665,210
Total liabilities	89,234,174	74,692,171	11,226,779	10,438,816	100,460,953	85,130,987
Deferred Inflows of Resources	5,469,459	6,637,897	222,015	270,472	5,691,474	6,908,369
Net Position:						
Net investment in capital assets	29,820,228	27,579,337	28,154,369	20,745,598	57,974,597	48,324,935
Restricted	6,612,588	6,650,494	-	-	6,612,588	6,650,494
Unrestricted	(24,430,839)	(25,997,358)	(2,390,803)	(2,609,561)	(26,821,642)	(28,606,919)
Total net position	\$ 12,001,977	\$ 8,232,473	\$ 25,763,566	\$ 18,136,037	\$ 37,765,543	\$ 26,368,510

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 \$37,765,543 as of June 30, 2021. The County’s net position increased by \$11,336,587 for the fiscal year ended June 30, 2021. The County’s net position also reflects the investment in capital assets (e.g. land, buildings, and equipment), less any related debt still outstanding that was issued to acquire those items. Wilkes County uses these capital assets to provide services to

citizens; consequently, these assets are not available for future spending. Although Wilkes County's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the County's net position, \$6,612,588, represents resources that are subject to external restrictions on how they may be used. The remaining balance is an unrestricted deficit of \$26,821,642. This deficit is a presentation of the fact that Wilkes County carries \$17,250,000 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 97.92%
- 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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges from services	\$ 8,793,840	\$ 8,094,071	\$ 4,048,042	\$ 3,839,347	\$ 12,841,882	\$ 11,933,418
Operating grants and contributions	16,239,575	13,442,032	-	-	16,239,575	13,442,032
Capital grants and contributions	722,295	808,110	4,833,045	362,751	5,555,340	1,170,861
General revenues:						
Property taxes	44,174,246	43,574,345	-	-	44,174,246	43,574,345
Local option sales tax	21,044,032	19,067,892	-	-	21,044,032	19,067,892
Other	329,896	774,238	2,516	75,480	332,412	849,718
Total revenues	<u>91,303,884</u>	<u>85,760,688</u>	<u>8,883,603</u>	<u>4,277,578</u>	<u>100,187,487</u>	<u>90,038,266</u>
Expenses:						
General government	8,761,673	8,861,671	-	-	8,761,673	8,861,671
Public safety	25,797,185	24,248,941	-	-	25,797,185	24,248,941
Economic and physical development	2,106,133	3,182,446	-	-	2,106,133	3,182,446
Environmental protection	149,528	137,510	-	-	149,528	137,510
Human services	23,304,234	21,961,091	-	-	23,304,234	21,961,091
Cultural and recreation	1,481,633	1,599,493	-	-	1,481,633	1,599,493
Education	21,142,598	21,019,162	-	-	21,142,598	21,019,162
Interest on long-term debt	906,842	994,927	-	-	906,842	994,927
Airport	-	-	2,076,955	1,618,822	2,076,955	1,618,822
Landfill	-	-	3,124,119	3,398,966	3,124,119	3,398,966
Total expenses	<u>83,649,826</u>	<u>82,005,241</u>	<u>5,201,074</u>	<u>5,017,788</u>	<u>88,850,900</u>	<u>87,023,029</u>
Change in net position before transfers	7,654,058	3,755,447	3,682,529	(740,210)	11,336,587	3,015,237
Transfers in (out)	<u>(3,945,000)</u>	<u>(500,000)</u>	<u>3,945,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
Change in net position	<u>3,709,058</u>	<u>3,255,447</u>	<u>7,627,529</u>	<u>(240,210)</u>	<u>11,336,587</u>	<u>3,015,237</u>
Net Position:						
Net position, beginning	8,232,473	4,977,026	18,136,037	18,376,247	26,368,510	23,353,273
Restatement	<u>60,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,446</u>	<u>-</u>
Net position, beginning, restated	<u>8,292,919</u>	<u>4,977,026</u>	<u>18,136,037</u>	<u>18,376,247</u>	<u>26,428,956</u>	<u>23,353,273</u>
End of year - June 30	<u>\$ 12,001,977</u>	<u>\$ 8,232,473</u>	<u>\$ 25,763,566</u>	<u>\$ 18,136,037</u>	<u>\$ 37,765,543</u>	<u>\$ 26,368,510</u>

Governmental Activities. Governmental activities increased the County's net position by \$3,709,058. Key elements of this increase are as follows:

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

Business-Type Activities. Business-type activities increased Wilkes County's net position by \$7,627,529. Key elements of this increase are as follows:

- Increase in Federal, State, and local funding to address needs at the airport
- Increase 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 \$37,795,994 while total fund balance reached \$42,809,616. 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 49% of total General Fund expenditures and transfers to other funds, while total fund balance represents 55% of that same amount.

At June 30, 2021, the American Rescue Plan Fund reported a liability of \$6,644,115 for funds received in June. Wilkes County received \$6,644,115 of American Rescue Plan Act funds from the Federal American Rescue Plan to spend directly on related expenditures incurred to address the pandemic.

At June 30, 2021, the governmental funds of Wilkes County reported a combined fund balance of \$43,590,802, an increase over last year. The primary reason for this increase is the increase in fund balance in the General Fund.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by approximately \$11,435,511 (12.94%). 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 \$194,690. Unrestricted net position of the Landfill Fund at the end of the fiscal year totaled \$(2,585,493).

Capital Asset and Debt Administration

Capital Assets. Wilkes County’s capital assets for its governmental and business-type activities as of June 30, 2021 totaled \$63,889,597 (net of accumulated depreciation). These assets include buildings, land, improvements, and equipment.

Major capital asset transactions during the year include:

- Start of construction of new cell at landfill \$1,600,000
- Purchase of equipment for the Landfill of roughly \$1,192,000
- Working on capital projects at the airport of roughly \$5,700,000
- Construction of rural EMS bases \$370,000

Wilkes County’s Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,958,649	\$ 1,958,649	\$ 5,400,945	\$ 5,400,945	\$ 7,359,594	\$ 7,359,594
Buildings	30,492,452	30,054,692	5,124,352	5,124,352	35,616,804	35,179,044
Improvements	10,268,610	9,747,440	29,282,442	22,652,486	39,551,052	32,399,926
Machinery and equipment	16,380,955	14,611,186	7,610,029	6,136,772	23,990,984	20,747,958
Construction in progress	600,438	198,751	3,101,374	1,891,145	3,701,812	2,089,896
Total	59,701,104	56,570,718	50,519,142	41,205,700	110,220,246	97,776,418
Accumulated depreciation	(23,965,876)	(22,108,450)	(22,364,773)	(20,460,102)	(46,330,649)	(42,568,552)
Capital assets, net	<u>\$ 35,735,228</u>	<u>\$ 34,462,268</u>	<u>\$ 28,154,369</u>	<u>\$ 20,745,598</u>	<u>\$ 63,889,597</u>	<u>\$ 55,207,866</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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Direct placement - installment purchase	\$ 5,915,000	\$ 8,050,000	\$ -	\$ -	\$ 5,915,000	\$ 8,050,000
Certificate of participation	17,250,000	18,425,000	-	-	17,250,000	18,425,000
Total	<u>\$ 23,165,000</u>	<u>\$ 26,475,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,165,000</u>	<u>\$ 26,475,000</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 \$517,100,000.

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, 2022

Governmental Activities. The General Fund's original adopted revenue budget totals \$81,888,737 which is \$8.7 million more than the FY 2020-2021 actual amounts. The budget includes a property tax rate of 66 cents per \$100 assessed value. The property tax base is expected to grow about 1% and sales taxes are budgeted with a 10% increase over the 2020-2021 budget. The County will receive Federal and State ARAP funds in 2021-2022, it is unclear how these funds will be used to address the COVID impact in Wilkes County. There is an appropriation of \$389,799 million from fund balance to be used for capital improvements and other capital needs. The County has elected to use cash on hand to meet its current capital needs as an alternative to borrowing funds.

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

Requests for Information

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

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WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 40,836,525	\$ 3,350,167	\$ 44,186,692
Taxes receivable, net	2,245,636	-	2,245,636
Accounts receivable, net	973,203	392,426	1,365,629
Due from other governments	4,545,024	178,360	4,723,384
Inventories	-	55,380	55,380
Internal balances	400,000	(400,000)	-
Cash and cash equivalents, restricted	6,653,215	4,914,954	11,568,169
Total current assets	55,653,603	8,491,287	64,144,890
Other assets:			
Pension asset, restricted	116,714	-	116,714
Capital assets:			
Land, improvements, and construction in progress	2,559,087	8,502,319	11,061,406
Other capital assets, net	33,176,141	19,652,050	52,828,191
Total other assets	35,851,942	28,154,369	64,006,311
Total assets	91,505,545	36,645,656	128,151,201
Deferred Outflows of Resources:			
Charge on refunding	315,418	-	315,418
OPEB deferrals	8,125,180	338,549	8,463,729
Pension deferrals	4,589,216	143,425	4,732,641
Contributions to pension plan	2,170,251	84,730	2,254,981
Total deferred outflows of resources	15,200,065	566,704	15,766,769
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	2,076,525	442,001	2,518,526
Prepaid fees	251,352	-	251,352
Advances from grantors	6,653,215	-	6,653,215
Due within one year	4,279,239	64,086	4,343,325
Total current liabilities	13,260,331	506,087	13,766,418
Long-term liabilities:			
Total pension liability - LEOSSA	2,960,203	-	2,960,203
Net pension liability - LGERS	10,501,810	426,441	10,928,251
Total OPEB Liability	38,927,627	1,621,985	40,549,612
Due in more than one year	23,584,203	8,672,266	32,256,469
Total long-term liabilities	75,973,843	10,720,692	86,694,535
Total liabilities	89,234,174	11,226,779	100,460,953
Deferred Inflows of Resources:			
OPEB deferrals	5,307,482	221,145	5,528,627
Pension deferrals	92,841	870	93,711
Prepaid taxes	69,136	-	69,136
Total deferred inflows of resources	5,469,459	222,015	5,691,474
Net Position:			
Net investment in capital assets	29,820,228	28,154,369	57,974,597
Restricted for:			
Stabilization by state statute	5,366,423	-	5,366,423
Crime prevention	118,961	-	118,961
Register of Deeds	296,512	-	296,512
Register of Deeds' pension plan	119,452	-	119,452
Public safety	711,240	-	711,240
Unrestricted	(24,430,839)	(2,390,803)	(26,821,642)
Total net position	\$ 12,001,977	\$ 25,763,566	\$ 37,765,543

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

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 8,761,673	\$ 1,208,819	\$ 497,080	\$ 28,091
Public safety	25,797,185	4,608,735	3,934,995	-
Environmental protection	149,528	234,470	24,946	-
Economic and physical development	2,106,133	75	72,880	92,857
Human services	23,304,234	2,722,421	11,369,001	-
Cultural and recreational	1,481,633	19,320	-	-
Education	21,142,598	-	340,673	601,347
Interest on long-term debt	906,842	-	-	-
Total governmental activities	<u>83,649,826</u>	<u>8,793,840</u>	<u>16,239,575</u>	<u>722,295</u>
Business-Type Activities:				
Landfill	3,124,119	2,991,919	-	-
Airport	<u>2,076,955</u>	<u>1,056,123</u>	<u>-</u>	<u>4,833,045</u>
Total business-type activities	<u>5,201,074</u>	<u>4,048,042</u>	<u>-</u>	<u>4,833,045</u>
Total primary government	<u>\$ 88,850,900</u>	<u>\$ 12,841,882</u>	<u>\$ 16,239,575</u>	<u>\$ 5,555,340</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, 2021**

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs			
Primary Government:			
Governmental Activities:			
General government	\$ (7,027,683)	\$ -	\$ (7,027,683)
Public safety	(17,253,455)	-	(17,253,455)
Environmental protection	109,888	-	109,888
Economic and physical development	(1,940,321)	-	(1,940,321)
Human services	(9,212,812)	-	(9,212,812)
Cultural and recreational	(1,462,313)	-	(1,462,313)
Education	(20,200,578)	-	(20,200,578)
Interest on long-term debt	(906,842)	-	(906,842)
Total governmental activities	(57,894,116)	-	(57,894,116)
Business-Type Activities:			
Landfill	-	(132,200)	(132,200)
Airport	-	3,812,213	3,812,213
Total business-type activities	-	3,680,013	3,680,013
Total primary government	(57,894,116)	3,680,013	(54,214,103)
General Revenues:			
Ad valorem taxes	44,174,246	-	44,174,246
Local option sales tax	21,044,032	-	21,044,032
Other taxes and licenses	311,735	-	311,735
Investment earnings	18,161	2,516	20,677
Total general revenues, excluding transfers	65,548,174	2,516	65,550,690
Transfers	(3,945,000)	3,945,000	-
Total general revenues and transfers	61,603,174	3,947,516	65,550,690
Change in net position	3,709,058	7,627,529	11,336,587
Net Position:			
Net position - beginning, as previously reported	8,232,473	18,136,037	26,368,510
Prior period adjustment - change in accounting principle	60,446	-	60,446
Net position - beginning, as restated	8,292,919	18,136,037	26,428,956
End of year - June 30	\$ 12,001,977	\$ 25,763,566	\$ 37,765,543

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

WILKES COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General Fund</u>	<u>American Rescue Plan Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 39,552,710	\$ -	\$ 1,283,815	\$ 40,836,525
Restricted cash	9,100	6,644,115	-	6,653,215
Receivables, net	973,203	-	-	973,203
Taxes receivable, net	2,008,625	-	237,011	2,245,636
Due from other governments	4,192,223	-	352,801	4,545,024
Due from other funds	682,855	-	-	682,855
Total assets	<u>\$ 47,418,716</u>	<u>\$ 6,644,115</u>	<u>\$ 1,873,627</u>	<u>\$ 55,936,458</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,436,228	\$ -	\$ 572,575	\$ 2,008,803
Due to other funds	-	-	282,855	282,855
Prepaid fees	251,352	-	-	251,352
Advance from grantors	9,100	6,644,115	-	6,653,215
Total liabilities	<u>1,696,680</u>	<u>6,644,115</u>	<u>855,430</u>	<u>9,196,225</u>
Deferred Inflows of Resources	<u>2,912,420</u>	<u>-</u>	<u>237,011</u>	<u>3,149,431</u>
Fund Balances:				
Restricted:				
Stabilization by state statute	5,013,622	-	352,801	5,366,423
Restricted, all other	415,473	-	711,240	1,126,713
Committed	2,960,203	-	-	2,960,203
Assigned:				
Subsequent year's expenditures	5,364,799	-	-	5,364,799
Unassigned	29,055,519	-	(282,855)	28,772,664
Total fund balances	<u>42,809,616</u>	<u>-</u>	<u>781,186</u>	<u>43,590,802</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 47,418,716</u>	<u>\$ 6,644,115</u>	<u>\$ 1,873,627</u>	<u>\$ 55,936,458</u>

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

WILKES COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	Total
Total fund balances from Page 1 of 2	\$ 43,590,802
<p>Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:</p>	
Premiums related to debt issuance, net of accumulated amortization, are not a current use of resources and, therefore, are not reported in the funds.	(1,563,076)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	35,735,228
Net pension asset	116,714
Net pension liability - LGERS	(10,501,810)
Total pension liability - LEOSSA	(2,960,203)
Total OPEB Liability	(38,927,627)
Contributions to the pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	2,170,251
Deferred outflows of resources related to pensions are not reported in the funds.	4,589,216
Deferred outflows of resources related to OPEB are not reported in the funds.	8,125,180
Deferred inflows of resources related to pensions are not reported in the funds.	(92,841)
Deferred inflows of resources related to OPEB are not reported in the funds.	(5,307,482)
Charges related to refunding	315,418
Accrued interest expense	(67,722)
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(26,300,366)
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.	3,080,295
Net position of governmental activities (Exhibit A)	\$ 12,001,977

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, 2021

	General Fund	American Rescue Plan Fund	Other Governmental Funds	Total
Revenues:				
Ad valorem taxes	\$ 40,142,725	\$ -	\$ 4,466,372	\$ 44,609,097
Local option sales taxes	21,044,032	-	-	21,044,032
Other taxes and licenses	311,735	-	-	311,735
Unrestricted intergovernmental revenues	286,764	-	-	286,764
Restricted intergovernmental revenues	12,269,161	-	3,003,480	15,272,641
Permits and fees	497,929	-	-	497,929
Sales and services	6,813,541	-	535,414	7,348,955
Interest earned on investments	18,107	-	54	18,161
Miscellaneous	2,111,433	-	-	2,111,433
Total revenues	<u>83,495,427</u>	<u>-</u>	<u>8,005,320</u>	<u>94,431,347</u>
Expenditures:				
Current:				
General government	8,841,101	-	-	8,841,101
Public safety	17,387,918	-	7,862,593	25,250,511
Environmental protection	134,071	-	-	134,071
Economic and physical development	1,872,620	-	156,662	2,029,282
Human services	22,531,507	-	-	22,531,507
Cultural and recreation	1,357,313	-	-	1,357,313
Education	21,142,598	-	-	21,142,598
Debt service:				
Principal repayments	3,310,000	-	-	3,310,000
Interest	953,918	-	-	953,918
Total expenditures	<u>77,531,046</u>	<u>-</u>	<u>8,019,255</u>	<u>85,550,301</u>
Revenues over (under) expenditures	<u>5,964,381</u>	<u>-</u>	<u>(13,935)</u>	<u>5,950,446</u>
Other Financing Sources (Uses):				
Transfers in	-	-	28,259	28,259
Transfers (out)	(3,973,259)	-	-	(3,973,259)
Sale of capital assets	37,742	-	-	37,742
Total other financing sources (uses)	<u>(3,935,517)</u>	<u>-</u>	<u>28,259</u>	<u>(3,907,258)</u>
Net change in fund balances	<u>2,028,864</u>	<u>-</u>	<u>14,324</u>	<u>2,043,188</u>
Fund Balances:				
Fund balance - beginning, as previously reported	40,720,306	-	766,862	41,487,168
Prior period adjustment - change in accounting principle	60,446	-	-	60,446
Fund balance - beginning, as restated	<u>40,780,752</u>	<u>-</u>	<u>766,862</u>	<u>41,547,614</u>
End of year - June 30	<u>\$ 42,809,616</u>	<u>\$ -</u>	<u>\$ 781,186</u>	<u>\$ 43,590,802</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, 2021

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)	\$ 2,043,188
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	(434,851)
Sales and services	237,988
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.	3,349,298
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.	(3,948)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(2,118,390)
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.	(146,372)
Change in deferred outflows - pension	1,068,538
Change in deferred inflows - pension	2,222
Change in net pension asset and liability	(2,631,169)
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	(164,592)
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.	3,310,000
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.	5,954
Amortization of deferred charges on refunding	(63,083)
OPEB plan expense	<u>(849,930)</u>
Total changes in net position of governmental activities	<u>\$ 3,709,058</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, 2021**

	Budgeted Amounts		Actual	Final Budget Over/(Under)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 38,601,558	\$ 38,601,558	\$ 40,142,725	\$ 1,541,167
Local option sales tax	13,269,409	18,426,409	21,044,032	2,617,623
Other taxes and licenses	180,000	180,000	311,735	131,735
Unrestricted intergovernmental revenues	310,000	310,000	286,764	(23,236)
Restricted intergovernmental revenues	12,305,582	15,363,552	12,269,161	(3,094,391)
Permits and fees	417,500	417,500	497,929	80,429
Sales and services	6,739,221	7,689,850	6,813,541	(876,309)
Investment earnings	70,700	70,700	18,107	(52,593)
Miscellaneous	1,326,728	1,688,686	2,111,433	422,747
Total revenues	<u>73,220,698</u>	<u>82,748,255</u>	<u>83,495,427</u>	<u>747,172</u>
Expenditures:				
General government	9,172,041	10,124,417	8,841,101	1,283,316
Public safety	18,871,763	18,080,664	17,387,918	692,746
Environmental protection	160,000	154,799	134,071	20,728
Economic and physical development	1,665,621	2,140,822	1,872,620	268,202
Human services	21,932,132	26,486,107	22,531,507	3,954,600
Cultural and recreation	1,505,938	1,544,938	1,357,313	187,625
Education	18,530,761	21,542,761	21,142,598	400,163
Debt service:				
Principal repayments	3,310,000	3,310,000	3,310,000	-
Interest	954,339	954,339	953,918	421
Total expenditures	<u>76,102,595</u>	<u>84,338,847</u>	<u>77,531,046</u>	<u>6,807,801</u>
Revenues over (under) expenditures	<u>(2,881,897)</u>	<u>(1,590,592)</u>	<u>5,964,381</u>	<u>7,554,973</u>
Other Financing Sources (Uses):				
Transfers (out)	(945,000)	(4,344,259)	(3,973,259)	371,000
Sale of capital assets	70,000	81,100	37,742	(43,358)
Appropriated fund balance	3,756,897	5,853,751	-	(5,853,751)
Total other financing sources (uses)	<u>2,881,897</u>	<u>1,590,592</u>	<u>(3,935,517)</u>	<u>(5,526,109)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,028,864</u>	<u>\$ 2,028,864</u>
Fund Balance:				
Fund balance - beginning, as previously reported			40,720,306	
Prior period adjustment - change in accounting principle			<u>60,446</u>	
Fund balance - beginning, as restated			<u>40,780,752</u>	
End of year - June 30			<u>\$ 42,809,616</u>	

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

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Major Enterprise Funds		Total
	Landfill Fund	Airport Fund	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,430,824	\$ 919,343	\$ 3,350,167
Receivables, net	251,004	141,422	392,426
Inventories	-	55,380	55,380
Due from other governments	113,292	65,068	178,360
Total current assets	<u>2,795,120</u>	<u>1,181,213</u>	<u>3,976,333</u>
Non-current assets:			
Restricted cash and cash equivalents	4,914,954	-	4,914,954
Capital assets:			
Land, improvements, and construction in progress	2,922,962	5,579,357	8,502,319
Other capital assets, net	6,311,548	13,340,502	19,652,050
Total capital assets	<u>9,234,510</u>	<u>18,919,859</u>	<u>28,154,369</u>
Total non-current assets	<u>14,149,464</u>	<u>18,919,859</u>	<u>33,069,323</u>
Total assets	<u>16,944,584</u>	<u>20,101,072</u>	<u>37,045,656</u>
Deferred Outflows of Resources:			
OPEB deferrals	253,911	84,638	338,549
Pension deferrals	117,599	25,826	143,425
Contributions to pension plan	66,966	17,764	84,730
Total deferred outflows of resources	<u>438,476</u>	<u>128,228</u>	<u>566,704</u>
Liabilities, Deferred Inflows of Resources, and Net Position:			
Liabilities:			
Current liabilities:			
Accounts payable	296,607	145,394	442,001
Due to other funds	-	400,000	400,000
Current portion of compensated absences	53,860	10,226	64,086
Net pension liability	335,480	90,961	426,441
Total current liabilities	<u>685,947</u>	<u>646,581</u>	<u>1,332,528</u>
Non-current liabilities:			
Accrued landfill closure and post-closure care costs	8,650,000	-	8,650,000
Compensated absences - non-current	14,879	7,387	22,266
Total OPEB liability	<u>1,216,488</u>	<u>405,497</u>	<u>1,621,985</u>
Total non-current liabilities	<u>9,881,367</u>	<u>412,884</u>	<u>10,294,251</u>
Total liabilities	<u>10,567,314</u>	<u>1,059,465</u>	<u>11,626,779</u>
Deferred Inflows of Resources:			
OPEB deferrals	165,859	55,286	221,145
Pension deferrals	870	-	870
Total deferred inflows of resources	<u>166,729</u>	<u>55,286</u>	<u>222,015</u>
Net Position:			
Net investment in capital assets	9,234,510	18,919,859	28,154,369
Unrestricted	<u>(2,585,493)</u>	<u>194,690</u>	<u>(2,390,803)</u>
Total net position	<u>\$ 6,649,017</u>	<u>\$ 19,114,549</u>	<u>\$ 25,763,566</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, 2021

	Major Enterprise Funds		Total
	Landfill Fund	Airport Fund	
Operating Revenues:			
Charges for services	\$ 2,735,993	\$ 939,955	\$ 3,675,948
Rents	-	110,618	110,618
Scrap tire disposal grant	2,703	-	2,703
Other operating revenues	253,223	5,550	258,773
Total operating revenues	<u>2,991,919</u>	<u>1,056,123</u>	<u>4,048,042</u>
Operating Expenses:			
Airport operations	-	1,032,887	1,032,887
Landfill operations	2,118,516	-	2,118,516
Landfill closure and post-closure care costs	145,000	-	145,000
Depreciation	860,603	1,044,068	1,904,671
Total operating expenses	<u>3,124,119</u>	<u>2,076,955</u>	<u>5,201,074</u>
Operating income (loss)	<u>(132,200)</u>	<u>(1,020,832)</u>	<u>(1,153,032)</u>
Non-Operating Revenues (Expenses):			
Interest earned on investments	2,516	-	2,516
Insurance reimbursements	-	6,696	6,696
Total non-operating revenues (expenses)	<u>2,516</u>	<u>6,696</u>	<u>9,212</u>
Income (loss) before capital contributions	(129,684)	(1,014,136)	(1,143,820)
Capital contributions	-	4,826,349	4,826,349
Income (loss) before transfers	(129,684)	3,812,213	3,682,529
Transfers:			
Transfers in	<u>2,000,000</u>	<u>1,945,000</u>	<u>3,945,000</u>
Change in net position	1,870,316	5,757,213	7,627,529
Net Position:			
Beginning of year - July 1	<u>4,778,701</u>	<u>13,357,336</u>	<u>18,136,037</u>
End of year - June 30	<u>\$ 6,649,017</u>	<u>\$ 19,114,549</u>	<u>\$ 25,763,566</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, 2021

	Major Enterprise Funds		
	Landfill Fund	Airport Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	\$ 2,949,567	\$ 953,744	\$ 3,903,311
Cash paid for goods and services	(527,249)	(724,027)	(1,251,276)
Cash paid to employees for services	(1,369,692)	(359,885)	(1,729,577)
Net cash provided (used) by operating activities	<u>1,052,626</u>	<u>(130,168)</u>	<u>922,458</u>
Cash Flows from Non-Capital Financing Activities:			
Other non-operating revenues	-	6,696	6,696
Transfers in	2,000,000	1,945,000	3,945,000
Net cash provided (used) by non-capital financing activities	<u>2,000,000</u>	<u>1,951,696</u>	<u>3,951,696</u>
Cash Flows from Capital and Related Financing Activities:			
Capital grants received	-	4,806,969	4,806,969
Acquisition and construction of capital assets	(3,461,976)	(5,851,466)	(9,313,442)
Net cash provided (used) for capital and related financing activities	<u>(3,461,976)</u>	<u>(1,044,497)</u>	<u>(4,506,473)</u>
Cash Flows from Investing Activities:			
Interest on investments	2,516	-	2,516
Net increase (decrease) in cash and cash equivalents	(406,834)	777,031	370,197
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>7,752,612</u>	<u>142,312</u>	<u>7,894,924</u>
End of year - June 30	<u>\$ 7,345,778</u>	<u>\$ 919,343</u>	<u>\$ 8,265,121</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (132,200)	\$ (1,020,832)	\$ (1,153,032)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	860,603	1,044,068	1,904,671
Landfill closure and post-closure care costs	145,000	-	145,000
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(98,770)	(102,379)	(201,149)
(Increase) decrease in deferred outflows of resources - pension	(33,440)	(11,146)	(44,586)
(Increase) decrease in deferred outflows of resources - OPEB	(221,814)	(73,939)	(295,753)
Increase (decrease) in net pension liability	82,630	27,543	110,173
Increase (decrease) in deferred inflows of resources - pension	(277)	(84)	(361)
Increase (decrease) in deferred inflows of resources - OPEB	(36,072)	(12,024)	(48,096)
(Increase) decrease in inventory	-	(27,199)	(27,199)
Increase (decrease) in accounts payable and accrued liabilities	193,296	(52,970)	140,326
Increase (decrease) in OPEB liability	284,447	94,816	379,263
Increase (decrease) in accrued vacation pay	9,223	3,978	13,201
Total adjustments	<u>1,184,826</u>	<u>890,664</u>	<u>2,075,490</u>
Net cash provided (used) by operating activities	<u>\$ 1,052,626</u>	<u>\$ (130,168)</u>	<u>\$ 922,458</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, 2021

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 82,391
Receivables, net	<u>233,609</u>
Total assets	<u>316,000</u>
Liabilities:	
Accounts payable and accrued liabilities	<u>97,087</u>
Net Position:	
Restricted for:	<u>218,913</u>
Individuals, organizations and other governments	<u>\$ 218,913</u>

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

WILKES COUNTY, NORTH CAROLINA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Custodial Funds</u>
Additions:	
Ad valorem taxes for other governments	\$ 2,802,853
Investment earnings	<u>29,083</u>
Total additions	<u>2,831,936</u>
Deductions:	
Tax distributions to other governments	<u>2,834,200</u>
Net increase (decrease) in fiduciary net position	<u>(2,264)</u>
Net Position:	
Net position - beginning, as previously reported	-
Prior period adjustment - change in accounting principle	<u>221,177</u>
Net position - beginning, as restated	<u>221,177</u>
Net position - ending	<u>\$ 218,913</u>

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WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Wilkes County Industrial Facility and Pollution Control Financing Authority

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

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

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

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 – American Rescue Plan Fund. This fund is used to account for all the revenues received under the American Rescue Plan which are restricted for necessary expenditures incurred due to the public health emergency with respect to the coronavirus disease.

The County reports the following major enterprise funds:

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

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

The County reports the following fiduciary fund types:

Fiduciary Funds. Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following Custodial Fund: Municipalities Tax Collections Fund, which accounts for property taxes that are billed and collected by the County for various municipalities and special districts within the County.

Nonmajor Funds. The County maintains 5 legally budgeted nonmajor funds. The Fire District Fund, the Law Enforcement Restricted Fund, the Emergency Telephone System Fund, the Community Development Block Grants Fund, and the COVID Recovery Act Fund are reported as nonmajor special revenue funds.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021

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 (except for the Community Development Block Grants Fund and American Rescue Plan Fund), 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, 2021

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, an SEC-registered (2a-7) government money market mutual fund, are measured at fair market value.

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

Cash and Cash Equivalents

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

Restricted Assets

The unspent grant proceeds in the General Fund and the American Rescue Plan Fund are classified as 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	\$	9,100
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American Rescue Plan Fund:

Unspent grant proceeds		<u>6,644,115</u>
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Total governmental activities		<u>6,653,215</u>
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Business-Type Activities:

Landfill Fund:

Landfill closure		<u>4,914,954</u>
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Total restricted cash	\$	<u><u>11,568,169</u></u>
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WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2020. As allowed by state law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts

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

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

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

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

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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 the criteria, 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 criteria 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, 2021

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, 2021 is as follows:

	Governmental Activities
Stabilization by state statute	\$ 5,366,423
Crime prevention	118,961
Register of Deeds	296,512
Register of Deeds pension plan	119,452
Public safety	633,225
Total	<u>\$ 6,534,573</u>

Unrestricted Net Position

The County has \$17,250,000 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, 2021

Restricted Fund Balance

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

	General Fund	Special Revenue Funds
<p><i>Restricted for Stabilization by State Statute –</i> North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by state statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by state statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.</p>	\$ 5,013,622	\$ 352,801
<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>	296,512	-

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Funds</u>
<i>Restricted for Public Safety - Law Enforcement –</i> portion of fund balance that is restricted by revenue source for law enforcement expenditures.	-	8,656
<i>Restricted for Public Safety - Fire Districts –</i> portion of fund balance that is restricted by revenue source for fire district expenditures.	-	527,948
<i>Restricted for Public Safety - E-911 –</i> portion of fund balance that is restricted by revenue source for E911 expenditures.	-	174,636
	<u>\$ 5,429,095</u>	<u>\$ 1,064,041</u>

Committed Fund Balance

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

	<u>General Fund</u>
Committed for LEO pension obligation - portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance obligations	<u>\$ 2,960,203</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>\$ 5,364,799</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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)	\$ 42,809,616
Less:	
Stabilization by state statute	<u>(5,013,622)</u>
Available for appropriation	<u>\$ 37,795,994</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, 2021

2. Stewardship, Compliance, and Accountability

A. Deficit Fund Balance of Individual Funds

At year-end, the County reported deficit fund balance or net position in the following funds:

COVID Recovery Act Fund	\$ <u> (8,217)</u>
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Corrective Action Plan. The deficit in the COVID Recovery Act Fund is a result of in actions from General Fund and the CARES funds. This matter will be addressed with a transfer in the subsequent year.

3. 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, 2021, the County's deposits had a carrying amount of \$19,996,412 and a bank balance of \$20,580,595 of the bank balance, \$1,040,997 was covered by federal depository insurance and \$19,539,598 was covered by collateral held under the Pooling Method.

At June 30, 2021, Wilkes County had \$5,555 cash on hand.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Investments

As of June 30, 2021, 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	\$ 33,208,563	\$ 33,208,563	\$ -	\$ -
First Citizens Wealth Management					
US Treasuries	Fair Value - Level 1	1,792,537	1,225,411	222,948	344,178
US Government Agencies	Fair Value - Level 2	224,228	-	224,228	-
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	<u>609,957</u>	<u>609,957</u>	<u>-</u>	<u>-</u>
		<u>\$ 35,835,285</u>	<u>\$ 35,043,931</u>	<u>\$ 447,176</u>	<u>\$ 344,178</u>

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, 2021, the County's investments in NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poors and AAA-mf by Moody's Investor Service. The County's investments in US Agencies (Federal Home Loan Bank, Federal Home Loan Mortgage Corp, and Federal National Mortgage Association) are rated AAA by Standard and Poor's and Aa3 by Moody's Investor Services. The County's investments in US Treasuries are rated AA- by Standard and Poor's and Aa3 by Moody's Investor Services.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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>
2018	\$ 4,093,086	\$ 972,108	\$ 5,065,194
2019	4,161,854	613,873	4,775,727
2020	4,190,479	240,953	4,431,432
2021	<u>4,186,454</u>	<u>-</u>	<u>4,186,454</u>
Total	<u>\$ 16,631,873</u>	<u>\$ 1,826,934</u>	<u>\$ 18,458,807</u>

Receivables

Receivables at the government-wide level at June 30, 2021 were as follows:

	<u>Governmental</u>	<u>Business-Type Activities</u>	
	<u>Activities</u>	<u>Landfill</u>	<u>Airport</u>
Taxes Receivable:			
Taxes receivable	\$ 3,117,624	\$ -	\$ -
Allowance for doubtful accounts	<u>(871,988)</u>	<u>-</u>	<u>-</u>
Total taxes receivable	<u>\$ 2,245,636</u>	<u>\$ -</u>	<u>\$ -</u>
Accounts Receivable:			
Other	\$ 138,544	\$ -	\$ -
EMS/Landfill/Airport sales	1,172,109	278,765	146,794
Allowance for doubtful accounts	<u>(337,450)</u>	<u>(27,761)</u>	<u>(5,372)</u>
Total accounts receivable	<u>\$ 973,203</u>	<u>\$ 251,004</u>	<u>\$ 141,422</u>
Due from Other Governments:			
Local option sales tax distribution	\$ 3,503,443	\$ -	\$ -
Sales tax refund	562,872	113,292	27,944
Motor vehicle tax	478,709	-	-
Grants	<u>-</u>	<u>-</u>	<u>37,124</u>
Total due from other governments	<u>\$ 4,545,024</u>	<u>\$ 113,292</u>	<u>\$ 65,068</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Increases	Decreases	Transfers	Balance June 30, 2021
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 1,958,649	\$ -	\$ -	\$ -	\$ 1,958,649
Construction in progress	198,751	467,921	-	(66,234)	600,438
Total non-depreciable capital assets	2,157,400	467,921	-	(66,234)	2,559,087
Depreciable Capital Assets:					
Buildings	30,054,692	371,526	-	66,234	30,492,452
Other improvements	9,747,440	521,170	-	-	10,268,610
Equipment	14,611,186	2,034,681	264,912	-	16,380,955
Total depreciable capital assets	54,413,318	2,927,377	264,912	66,234	57,142,017
Less Accumulated Depreciation:					
Buildings	9,891,840	743,531	-	-	10,635,371
Other improvements	3,125,809	479,824	-	-	3,605,633
Equipment	9,090,801	895,035	260,964	-	9,724,872
Total accumulated depreciation	22,108,450	\$ 2,118,390	\$ 260,964	\$ -	23,965,876
Total depreciable capital assets, net	32,304,868				33,176,141
Governmental activities capital assets, net	<u>\$ 34,462,268</u>				<u>\$ 35,735,228</u>

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

General government	\$ 893,889
Public safety	953,680
Environmental protection	15,457
Human services	160,278
Cultural and recreational	95,086
Total	<u>\$ 2,118,390</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Balance July 1, 2020	Increases	Decreases	Transfers	Balance June 30, 2021
Business-Type Activities:					
Landfill:					
Non-Depreciable Capital Assets:					
Land	\$ 2,557,068	\$ -	\$ -	\$ -	\$ 2,557,068
Construction in progress	768,202	365,894	-	(768,202)	365,894
Total non-depreciable assets	3,325,270	365,894	-	(768,202)	2,922,962
Depreciable Capital Assets:					
Buildings	445,316	-	-	-	445,316
Other improvements	5,818,687	1,692,810	-	768,202	8,279,699
Equipment	5,863,741	1,403,272	-	-	7,267,013
Total depreciable capital assets	12,127,744	3,096,082	-	768,202	15,992,028
Less Accumulated Depreciation:					
Buildings	361,246	5,308	-	-	366,554
Other improvements	4,442,086	462,788	-	-	4,904,874
Equipment	4,016,545	392,507	-	-	4,409,052
Total accumulated depreciation	8,819,877	\$ 860,603	\$ -	\$ -	9,680,480
Total depreciable capital assets, net	3,307,867				6,311,548
Landfill capital assets, net	6,633,137				9,234,510
Airport:					
Non-Depreciable Capital Assets:					
Land	2,843,877	\$ -	\$ -	\$ -	2,843,877
Construction in progress	1,122,943	1,859,177	-	(246,640)	2,735,480
Total non-depreciable capital assets	3,966,820	1,859,177	-	(246,640)	5,579,357
Depreciable Capital Assets:					
Buildings	4,679,036	-	-	-	4,679,036
Other improvements	16,833,799	3,922,304	-	246,640	21,002,743
Equipment	273,031	69,985	-	-	343,016
Total depreciable capital assets	21,785,866	3,992,289	-	246,640	26,024,795
Less Accumulated Depreciation:					
Buildings	198,617	13,347	-	-	211,964
Other improvements	11,215,731	1,007,395	-	-	12,223,126
Equipment	225,877	23,326	-	-	249,203
Total accumulated depreciation	11,640,225	\$ 1,044,068	\$ -	\$ -	12,684,293
Total depreciable capital assets, net	10,145,641				13,340,502
Airport capital assets, net	14,112,461				18,919,859
Business-type activities capital assets, net	\$ 20,745,598				\$ 28,154,369

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2021 is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 35,735,228	\$ 28,154,369
Long-term debt	(24,728,076)	-
Long-term debt for assets not owned by the County	<u>18,813,076</u>	<u>-</u>
Net investment in capital assets	<u>\$ 29,820,228</u>	<u>\$ 28,154,369</u>

The \$315,418 charge on refunding is related to debt for assets not owned by the County.

Construction Commitments

A summary of the remaining commitments of the County's open construction projects is as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
North Hangar Development	\$ 1,105,533	\$ 73,599
T-Hangar	<u>597,559</u>	<u>62,795</u>
Total	<u>\$ 1,703,092</u>	<u>\$ 136,394</u>

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2021 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Vendors	\$ 1,940,947	\$ 441,992	\$ 2,382,939
Other expenses	<u>135,578</u>	<u>9</u>	<u>135,587</u>
Total accounts payable	<u>\$ 2,076,525</u>	<u>\$ 442,001</u>	<u>\$ 2,518,526</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The state's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, was 10.84% of compensation for law enforcement officers and 10.21% 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 \$2,150,562 for the year ended June 30, 2021.

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

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

At June 30, 2021, the County reported a liability of \$10,928,251 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2021, the County's proportion was .306%, (measured as of June 30, 2020) which was an increase of .00651% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

For the year ended June 30, 2021, the County recognized pension expense of \$3,781,195. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,380,046	\$ -
Changes of assumptions	813,276	-
Net difference between projected and actual earnings on pension plan investments	1,537,859	-
Changes in proportion and differences between County contributions and proportionate share of contributions	51,738	19,492
County contributions subsequent to the measurement date	<u>2,150,562</u>	-
Total	<u>\$ 5,933,481</u>	<u>\$ 19,492</u>

\$2,150,562 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2022	\$ 1,060,868
2023	1,411,015
2024	836,417
2025	455,127
2026	-
Thereafter	-
Total	<u>\$ 3,763,427</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Actuarial Assumptions. The total pension liability in the December 31, 2019 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, 2019 valuation with the exception of the discount rate 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.

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.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	<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 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. 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.

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)	\$ 22,172,231	\$ 10,928,251	\$ 1,583,713

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) 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, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	12
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>82</u>
Total	<u><u>94</u></u>

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2019 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	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The discount rate is based on the yield of the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2020.

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

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

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

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

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

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

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement 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 \$211,728 as benefits came due for the reporting period.

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

At June 30, 2021, the County reported a total pension liability of \$2,960,203. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$364,361.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 224,037	\$ 24,773
Changes of assumptions	716,754	37,081
County benefit payments and plan administrative expense made subsequent to the measurement date	98,247	-
Total	\$ 1,039,038	\$ 61,854

The County paid \$98,247 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2022	\$ 199,572
2023	203,684
2024	195,210
2025	173,816
2026	106,655
Total	\$ 878,937

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 1.93 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 (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 3,205,159	\$ 2,960,203	\$ 2,735,611

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

	2021
Beginning balance	\$ 2,066,891
Service cost	101,241
Interest on the total pension liability	63,929
Differences between expected and actual	149,491
Changes of assumptions or other inputs	790,379
Benefit payments	(211,728)
Ending balance of the total pension liability	\$ 2,960,203

Changes of Assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.26 percent at June 30, 2020 to 1.93 percent at June 30, 2021.

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, 2019 valuation were based on the results of an actuarial experience study for the period ending December 31, 2019.

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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The state's ACFR includes the pension trust fund

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$186,408 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 non-contributory, 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The state's ACFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$6,172 for the year ended June 30, 2021.

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

At June 30, 2021, the County reported an asset of \$116,714 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2021, the County's proportion was .509% (measured as of June 30, 2020), which was an decrease of .016% from its proportion at June 30, 2020 (measured at June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$1,179. At June 30, 2021, 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>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,378
Net difference between projected and actual earnings on pension plan investments	-	9,987
Changes in proportion and differences between County contributions and proportionate share of contributions	8,931	-
County contributions subsequent to the measurement date	<u>6,172</u>	<u>-</u>
Total	<u>\$ 15,103</u>	<u>\$ 12,365</u>

\$6,172 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2022. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2022	\$ 2,729
2023	859
2024	(4,507)
2025	(2,515)
2026	<u>-</u>
Total	<u>\$ (3,434)</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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, 2020 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (99,134)	\$ (116,714)	\$ (131,590)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) 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:

	LGERS	ROD	LEOSSA	Total
Proportionate share of net pension liability (asset)	\$ 10,928,251	\$(116,714)	\$ -	\$ 10,811,537
Proportion of the net pension liability (asset)	0.30582%	0.50927%	n/a	0.81509%
Total pension liability	-	-	2,960,203	2,960,203
Pension expense	3,781,195	1,179	364,361	4,146,735

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

At June 30, 2021, 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	\$ 1,380,046	\$ -	\$ 224,037	\$ 1,604,083
Changes of assumptions	813,276	-	716,754	1,530,030
Net difference between projected and actual earnings on pension plan investments	1,537,859	-	-	1,537,859
Changes in proportion and differences between County contributions and proportionate share of contributions	51,738	8,931	-	60,669
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	2,150,562	6,172	98,247	2,254,981
Total deferred outflows of resources	<u>\$ 5,933,481</u>	<u>\$ 15,103</u>	<u>\$ 1,039,038</u>	<u>\$ 6,987,622</u>

<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 2,378	\$ 24,773	\$ 27,151
Changes of assumptions	-	-	37,081	37,081
Net difference between projected and actual earnings on pension plan investments	-	9,987	-	9,987
Changes in proportion and differences between County contributions and proportionate share of contributions	19,492	-	-	19,492
Total deferred inflows of resources	<u>\$ 19,492</u>	<u>\$ 12,365</u>	<u>\$ 61,854</u>	<u>\$ 93,711</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.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

Retirees and dependents receiving benefits	112
Active members	473
Total	585

Total OPEB Liability

The County's total OPEB liability of \$40,549,612 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

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

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	\$ 31,068,041
Changes for the year:	
Service cost	972,754
Interest	1,103,659
Differences between expected and actual experience	64,030
Changes of assumptions or other inputs	8,365,298
Benefit payments	(1,024,170)
Net changes	9,481,571
Balance at June 30, 2021	\$ 40,549,612

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.50% to 2.21%.

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

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

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 49,374,257	\$ 40,549,612	\$ 33,827,644

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:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 32,975,055	\$ 40,549,612	\$ 50,794,124

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$2,027,400. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 264,980	\$ 2,533,709
Changes of assumptions or other inputs	7,285,905	2,994,918
County contributions subsequent to the measurement date	912,844	-
Total	<u>\$ 8,463,729</u>	<u>\$ 5,528,627</u>

\$912,844 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
<u> </u>	<u> </u>
2022	\$ (56,813)
2023	(56,813)
2024	(56,813)
2025	142,778
2026	490,554
Thereafter	<u>1,559,365</u>
Total	<u>\$ 2,022,258</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

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$8,650,000 reported as landfill closure and post-closure care liability at June 30, 2021 represents a cumulative amount reported to date based on the use of 100% of cell 1, 100% of cell 2, 100% of cell 3, 98% of cell 4, and cell 5 construction is complete but not in use as of June 30, 2021. The facility has 5 cells. These amounts are based on what it would cost to perform all closure and post-closure care in 2021. 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 \$4,914,954 (market value \$4,914,954) 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.

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>\$</u>	<u>\$</u>
Charge on refunding	\$ 315,418	\$ -
(OPEB) - Differences between expected and actual experience	264,980	2,533,709
(OPEB) - Changes of assumptions	7,285,905	2,994,918
Benefit payments for the OPEB plan paid subsequent to measurement date	912,844	
(Pensions) - Differences between expected and actual experience	1,604,083	27,151
(Pensions) - Changes of assumptions	1,530,030	37,081
(Pensions) - Net difference between projected and actual earnings on pension plan investments	1,537,859	9,987
(Pensions) - Changes in proportion and differences between County contributions and proportionate share of contributions	60,669	19,492
Contributions to pension plan subsequent to measurement date (LGERS, ROD)	2,156,734	-
Benefit payments and admin costs paid subsequent to the measurement date (LEOSSA)	98,247	-
Prepaid taxes not yet earned (General)	-	69,136
Taxes receivable, net (General)	-	2,008,625
Taxes receivable, net (Fire District Fund)	-	237,011
Other receivables, net (General)	-	834,659
Total	<u>\$ 15,766,769</u>	<u>\$ 8,771,769</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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>2020</u>	<u>2021</u>
Balance, beginning of year	\$ 852,430	\$ 775,234
Incurred claims (including IBNRs) and changes in estimates	4,949,608	4,662,498
Less claims payments	<u>(5,026,804)</u>	<u>(4,639,174)</u>
Balance, end of year	<u>\$ 775,234</u>	<u>\$ 798,558</u>

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Contingent Liabilities

At June 30, 2021, the County was a defendant to various lawsuits. In the opinion of the County’s Management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

Long-Term Obligations

Direct Placement – Installment Purchase Agreements

\$12,690,000 note, issued June 2013, interest at 1.94%, payable in annual installments of \$850,000, plus interest paid semi-annual, with final payment due in 2028; issued for construction of a jail \$ 5,915,000

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

For Wilkes County, the future minimum payments as of June 30, 2021 are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2022	\$ 845,000	\$ 114,751	\$ 959,751
2023	845,000	98,358	943,358
2024	845,000	81,965	926,965
2025	845,000	65,572	910,572
2026	845,000	49,179	894,179
2027-2028	<u>1,690,000</u>	<u>49,179</u>	<u>1,739,179</u>
Total	<u>\$ 5,915,000</u>	<u>\$ 459,004</u>	<u>\$ 6,374,004</u>

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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 \$ 17,250,000

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, 2021 are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2022	\$ 1,175,000	\$ 739,950	\$ 1,914,950
2023	1,175,000	681,200	1,856,200
2024	1,180,000	622,450	1,802,450
2025	5,890,000	563,450	6,453,450
2026	-	268,950	268,950
2027-2031	2,365,000	1,199,175	3,564,175
2032-2036	5,465,000	590,125	6,055,125
Total	<u>\$ 17,250,000</u>	<u>\$ 4,665,300</u>	<u>\$ 21,915,300</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental Activities:					
Direct placement installment purchases	\$ 8,050,000	\$ -	\$ 2,135,000	\$ 5,915,000	\$ 845,000
Certificate of participation	18,425,000	-	1,175,000	17,250,000	1,175,000
Compensated absences	2,213,760	1,783,368	1,660,320	2,336,808	1,660,320
Incurred, but not reported, health claims	775,234	4,662,498	4,639,174	798,558	598,919
Total pension liability (LEOSSA)	2,066,891	893,312	-	2,960,203	-
Net pension liability (LGERS)	7,857,655	2,644,155	-	10,501,810	-
Total OPEB liability	29,825,319	9,102,308	-	38,927,627	-
Unamortized premiums	1,667,281	-	104,205	1,563,076	-
Total governmental activities	<u>\$ 70,881,140</u>	<u>\$ 19,085,641</u>	<u>\$ 9,713,699</u>	<u>\$ 80,253,082</u>	<u>\$ 4,279,239</u>
Business-Type Activities:					
Landfill Fund:					
Accrued landfill closure and post-closure care costs	\$ 8,505,000	\$ 145,000	\$ -	\$ 8,650,000	\$ -
Compensated absences	59,516	53,860	44,637	68,739	53,860
Net pension liability (LGERS)	252,850	82,630	-	335,480	-
Total OPEB liability	932,041	284,447	-	1,216,488	-
Total Landfill Fund	<u>\$ 9,749,407</u>	<u>\$ 565,937</u>	<u>\$ 44,637</u>	<u>\$ 10,270,707</u>	<u>\$ 53,860</u>
Airport Fund:					
Compensated absences	\$ 13,635	\$ 14,204	\$ 10,226	\$ 17,613	\$ 10,226
Net pension liability (LGERS)	63,418	27,543	-	90,961	-
Total OPEB liability	310,681	94,816	-	405,497	-
Total Airport Fund	<u>\$ 387,734</u>	<u>\$ 136,563</u>	<u>\$ 10,226</u>	<u>\$ 514,071</u>	<u>\$ 10,226</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, 2021, Wilkes County had a legal debt margin of approximately \$517,100,000.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, \$18,259,000 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, 2021, there were no industrial revenue bonds outstanding.

Due to/from Other Funds

Balances due to/from other funds at June 30, 2021, consist of the following:

<u>Due to/Due from Other Funds:</u>	<u>Amount</u>
Due to the General Fund from the Airport Fund to repay funds to cover cash flow shortage during capital project phase	\$ 400,000
Due to General Fund from the Community Development Block Grants Fund to cover cash flow shortage	245,858
Due to the General Fund from the COVID-19 Recovery Act Fund to cover cash flow shortage	<u>36,997</u>
Total	<u>\$ 682,855</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Transfers to/from Other Funds

Transfers in (out) for the year ended June 30, 2021, are summarized below:

	Transfers		Purpose
	From	To	
Operating Transfers			
From/To Other Funds:			
General Fund	\$ 3,973,259	\$ -	
Fire District Fund	-	28,259	This transfer was for Buck Shoals substation.
Landfill Fund	-	1,500,000	This transfer was to use funds for closure cost.
Landfill Capital Reserve	-	500,000	To set aside funds for future landfill expansion
Airport Fund	-	1,945,000	Required local match for capital grant projects
Total transfers	<u>\$ 3,973,259</u>	<u>\$ 3,973,259</u>	

4. 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.

5. Joint Ventures

The County, in conjunction with the State of North Carolina and the Wilkes County Board of Education, participates in a joint venture to operate the Wilkes Campus of Wilkes Community College (Community College). Wilkes County appoints four members of the seventeen-member Board of Trustees of the Community College. The Community College is included as a component unit of the state. The County provides financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Wilkes Campus of Wilkes Community College's facilities. The County contributed \$4,453,724 and \$129,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2021. 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, 2021. 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, 2021. In accordance with the intergovernmental agreement between the

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

participating governments, the County appropriated \$218,612 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, 2021. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$596,431 to the Library to supplement its activities. Complete financial statements for the Appalachian Regional Library can be obtained from the Library's offices at 148 Library Drive, West Jefferson, North Carolina 28694.

The County participates in a joint venture to operate Wilkes Economic Development Corporation, (Corporation) a non-profit corporation, with two municipalities and the Wilkes Chamber of Commerce. Wilkes County appoints four Board members to the nine-member Board of the Corporation. The County has an ongoing financial responsibility for the joint venture because the Corporation's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the non-profit Corporation, so no equity interests have been reflected in the financial statements at June 30, 2021. The County appropriated \$219,300 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.

6. 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 \$47,989 to the Council during the fiscal year ended June 30, 2021.

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.

7. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Coronavirus Disease (COVID-19)

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19), a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 may continue to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

8. Subsequent Event

Wilkes County was awarded \$13,288,228 from the Federal American Rescue Plan (ARP). Prior to year end, the County received \$6,644,114. The remaining amount of \$6,644,114 is expected to be received within the next 12 months.

9. Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated as follows:

Governmental Activities Net Position - Increase (Decrease)	General Fund Fund Balance Increase (Decrease)	Fiduciary Net Position - Custodial Fund - Increase (Decrease)
---	--	--

\$	-	\$	-
		\$	221,177

Cash, taxes receivable and liabilities related to ad valorem and vehicle property taxes collected by the County on behalf of various municipalities were reclassified out of the Agency Fund into a newly created Municipal Tax Collections Custodial Fund. The portion of liabilities and attributable taxes receivable at the beginning of the year were restated as custodial net position.

<u>60,446</u>	<u>60,446</u>	<u>-</u>	
<u>\$ 60,446</u>	<u>\$ 60,446</u>	<u>\$ 221,177</u>	

Cash and receivables from fines and forfeitures and under the Social Security Administration's Representative Payee Program net of liabilities owed were reclassified out of the Agency Fund into the General Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.

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WILKES COUNTY, NORTH CAROLINA

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

Local Government Employees' Retirement System				
	2021	2020	2019	2018
Wilkes' proportion of the net pension liability (asset) (%)	0.30582%	0.29931%	0.29659%	0.29190%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ 10,928,251	\$ 8,173,923	\$ 7,036,129	\$ 4,459,423
Wilkes' covered payroll*	\$ 20,740,830	\$ 19,751,765	\$ 18,343,058	\$ 17,627,739
Wilkes' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	52.69%	41.38%	38.36%	25.30%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%

* 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 PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS***

	Local Government Employees' Retirement System			
	2017	2016	2015	2014
Wilkes' proportion of the net pension liability (asset) (%)	0.28774%	0.27742%	0.27346%	0.27346%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ 6,106,807	\$ 1,245,044	\$ (1,612,722)	\$ 3,360,611
Wilkes' covered payroll*	\$ 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	36.38%	7.84%	(10.47%)	22.75%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

WILKES COUNTY, NORTH CAROLINA

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

Local Government Employees' Retirement System				
	2021	2020	2019	2018
Contractually required contribution	\$ 2,150,562	\$ 1,885,001	\$ 1,553,171	\$ 1,403,879
Contributions in relation to the contractually required contribution	<u>2,150,562</u>	<u>1,885,001</u>	<u>1,553,171</u>	<u>1,403,879</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wilkes' covered payroll	\$ 20,918,611	\$ 20,740,830	\$ 19,751,765	\$ 18,343,058
Contributions as a percentage of covered payroll	10.28%	9.09%	7.86%	7.65%

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 EIGHT FISCAL YEARS**

Local Government Employees' Retirement System				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,307,592	\$ 1,147,444	\$ 1,131,485	\$ 1,094,518
Contributions in relation to the contractually required contribution	<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>
Wilkes' covered payroll	\$ 17,627,739	\$ 16,786,999	\$ 15,873,019	\$ 15,404,189
Contributions as a percentage of covered payroll	7.42%	6.84%	7.13%	7.11%

WILKES COUNTY, NORTH CAROLINA

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

Law Enforcement Officers' Special Separation Allowance					
	2021	2020	2019	2018	2017
Beginning balance	\$ 2,066,891	\$ 1,971,335	\$ 1,919,108	\$ 1,907,407	\$ 1,951,036
Service cost	101,241	88,264	89,259	75,052	77,166
Interest on the total pension liability	63,929	68,408	58,142	70,590	66,973
Differences between expected and actual	149,491	66,418	132,099	(88,289)	-
Changes of assumptions or other inputs	790,379	56,455	(68,917)	111,634	(37,671)
Benefit payments	(211,728)	(183,989)	(158,356)	(157,286)	(150,097)
Ending balance of the total pension liability	<u>\$ 2,960,203</u>	<u>\$ 2,066,891</u>	<u>\$ 1,971,335</u>	<u>\$ 1,919,108</u>	<u>\$ 1,907,407</u>

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

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

WILKES COUNTY, NORTH CAROLINA

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

	Law Enforcement Officers' Special Separation Allowance				
	2021	2020	2019	2018	2017
Total pension liability	\$ 2,960,203	\$ 2,066,891	\$ 1,971,335	\$ 1,919,108	\$ 1,907,407
Covered-employee payroll	\$ 3,778,916	\$ 3,477,333	\$ 3,239,268	\$ 3,088,792	\$ 3,064,964
Total pension liability as a percentage of covered-employee payroll	78.33%	59.44%	60.86%	62.13%	62.23%

Notes to Schedules:

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

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

WILKES COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
LAST FOUR FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 972,754	\$ 1,051,826	\$ 1,128,984	\$ 1,302,991
Interest on the total pension liability	1,103,659	1,275,774	1,188,309	1,060,873
Differences between expected and actual experience	64,030	(3,414,999)	35,568	400,636
Changes of assumptions	8,365,298	(140,039)	(2,001,612)	(3,598,317)
Benefit payments	<u>(1,024,170)</u>	<u>(992,064)</u>	<u>(878,653)</u>	<u>(1,183,579)</u>
Net change in total OPEB liability	9,481,571	(2,219,502)	(527,404)	(2,017,396)
Total OPEB liability - beginning	<u>31,068,041</u>	<u>33,287,543</u>	<u>33,814,947</u>	<u>35,832,343</u>
Total OPEB liability - ending	<u>\$ 40,549,612</u>	<u>\$ 31,068,041</u>	<u>\$ 33,287,543</u>	<u>\$ 33,814,947</u>
Covered-employee payroll	\$ 18,673,305	\$ 18,673,305	\$ 16,989,373	\$ 16,989,373
Total OPEB liability as a percentage of covered-employee payroll	217.15%	166.38%	195.93%	199.04%

Notes to Schedule:

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

<u>Fiscal Year</u>	<u>Rate</u>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

OPEB schedules are intended to show information for ten years. Additional years' information will be displayed becomes available.

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WILKES COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund			
	2021	2020	2019	2018
Wilkes' proportion of the net pension liability (asset) (%)	0.50927%	0.52542%	0.59653%	0.58377%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ (116,714)	\$ (103,728)	\$ (98,803)	\$ (99,644)
Wilkes' covered payroll	\$ 60,723	\$ 57,727	\$ 51,797	\$ 62,770
Wilkes' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-192.21%	-179.69%	-190.75%	-158.74%
Plan fiduciary net position as a percentage of the total pension liability**	173.62%	164.11%	153.31%	153.77%

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

WILKES COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund			
	2017	2016	2015	2014
Wilkes' proportion of the net pension liability (asset) (%)	0.61932%	0.63542%	0.62699%	0.58181%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ (115,788)	\$ (147,252)	\$ (142,114)	\$ (124,275)
Wilkes' covered payroll	\$ 63,251	\$ 41,854	\$ 63,511	\$ 62,593
Wilkes' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-183.06%	-351.82%	-223.76%	-198.54%
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	190.50%

WILKES COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 6,172	\$ 5,260	\$ 5,260	\$ 3,921
Contributions in relation to the contractually required contribution	<u>6,172</u>	<u>5,260</u>	<u>5,260</u>	<u>3,921</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wilkes' covered payroll	\$ 64,034	\$ 60,723	\$ 57,727	\$ 51,797
Contributions as a percentage of covered payroll	9.64%	8.66%	9.11%	7.57%

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

WILKES COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,962	\$ 3,962	\$ 2,928	\$ 5,119
Contributions in relation to the contractually required contribution	<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>
Wilkes' covered payroll	\$ 62,770	\$ 63,251	\$ 41,854	\$ 63,511
Contributions as a percentage of covered payroll	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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over /Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 38,108,508	\$ 39,690,774	\$ 1,582,266	\$ 38,792,434
Penalties and interest	493,050	451,951	(41,099)	452,372
Total	<u>38,601,558</u>	<u>40,142,725</u>	<u>1,541,167</u>	<u>39,244,806</u>
Local Option Sales Taxes:				
Article 39 one percent	7,669,095	7,673,872	4,777	7,036,393
Article 40 one-half of one percent	5,744,564	5,753,331	8,767	5,025,649
Article 42 one-half of one percent	2,800,093	4,126,641	1,326,548	3,759,118
Article 44 one-half of one percent	994,582	1,457,341	462,759	1,406,712
Article 46 one-fourth of one percent	1,218,075	2,032,847	814,772	1,840,020
Total	<u>18,426,409</u>	<u>21,044,032</u>	<u>2,617,623</u>	<u>19,067,892</u>
Other Taxes and Licenses:				
Real estate transfer taxes	<u>180,000</u>	<u>311,735</u>	<u>131,735</u>	<u>253,433</u>
Unrestricted Intergovernmental:				
Payments in lieu of taxes	30,000	30,741	741	28,315
Beer and wine tax	280,000	256,023	(23,977)	263,566
Total	<u>310,000</u>	<u>286,764</u>	<u>(23,236)</u>	<u>291,881</u>
Restricted Intergovernmental:				
Federal and state grants	13,955,735	11,423,653	(2,532,082)	10,410,589
Lottery proceeds	800,000	575,000	(225,000)	625,000
Court facility fees	125,000	74,677	(50,323)	81,130
Fines and forfeitures	40,000	60,861	20,861	71,417
Other	442,817	134,970	(307,847)	163,646
Total	<u>15,363,552</u>	<u>12,269,161</u>	<u>(3,094,391)</u>	<u>11,351,782</u>
Permits and Fees:				
Building permits	218,500	241,213	22,713	213,440
Register of Deeds	199,000	256,716	57,716	211,118
Total	<u>417,500</u>	<u>497,929</u>	<u>80,429</u>	<u>424,558</u>
Sales and Services:				
Ambulance and rescue squad fees	2,845,277	2,817,767	(27,510)	2,486,976
Jail fees	565,000	168,065	(396,935)	387,850
Rents and fees	4,181,573	3,808,389	(373,184)	3,615,948
Recreation fees	98,000	19,320	(78,680)	57,944
Total	<u>7,689,850</u>	<u>6,813,541</u>	<u>(876,309)</u>	<u>6,548,718</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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		Variance Over /Under	2020
	Budget	Actual		Actual
Investment Earnings:				
Investment earnings	70,700	18,107	(52,593)	518,429
Miscellaneous:				
Fines and forfeitures	80,000	196,234	116,234	-
Representative payee revenues	200,000	269,335	69,335	-
Other	1,408,686	1,645,864	237,178	1,317,350
Total	1,688,686	2,111,433	422,747	1,317,350
Total revenues	82,748,255	83,495,427	747,172	79,018,849
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	130,208	129,111		128,155
Other operating expenditures	322,855	334,953		329,237
Total	453,063	464,064	(11,001)	457,392
Administration:				
Salaries and employee benefits	423,405	384,216		360,196
Other operating expenditures	27,700	12,203		13,544
Total	451,105	396,419	54,686	373,740
Elections:				
Salaries and employee benefits	268,957	258,065		215,188
Other operating expenditures	262,783	237,960		87,261
Total	531,740	496,025	35,715	302,449
Finance:				
Salaries and employee benefits	447,388	430,778		428,281
Other operating expenditures	20,000	14,235		18,529
Total	467,388	445,013	22,375	446,810
Tax Administration:				
Salaries and employee benefits	1,033,089	987,343		956,880
Other operating expenditures	258,000	218,693		225,514
Total	1,291,089	1,206,036	85,053	1,182,394
Legal:				
Professional services	250,000	239,520	10,480	250,000
Register of Deeds:				
Salaries and employee benefits	331,591	331,123		316,838
Other operating expenditures	76,333	65,738		63,926
Total	407,924	396,861	11,063	380,764

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		2020
	Budget	Actual	Actual
Public Buildings:			
Salaries and employee benefits	122,097	120,317	116,634
Other operating expenditures	322,845	231,504	298,741
Capital outlay	1,358,309	1,153,204	382,357
Total	1,803,251	1,505,025	797,732
Court Facilities:			
Salaries and employee benefits	137,785	129,121	132,107
Other operating expenditures	277,000	236,351	265,116
Capital outlay	90,000	82,883	244,387
Total	504,785	448,355	641,610
Central Services:			
Data Processing:			
Salaries and employee benefits	221,202	220,375	213,365
Other operating expenditures	219,086	216,336	224,929
Total	440,288	436,711	438,294
Central Garage:			
Salaries and employee benefits	322,088	318,244	306,462
Other operating expenditures	691,764	631,810	628,096
Capital outlay	-	-	32,522
Total	1,013,852	950,054	967,080
Purchasing:			
Salaries and employee benefits	67,020	61,409	59,189
Other operating expenditures	2,412	1,792	3,294
Total	69,432	63,201	62,483
Other Central Services:			
Other expenditures	878,500	797,640	1,058,563
Group insurance	1,562,000	996,177	923,928
Total	2,440,500	1,793,817	1,982,491
Total general government	10,124,417	8,841,101	8,283,239
Public Safety:			
Sheriff:			
Salaries and employee benefits	4,814,738	4,814,266	5,303,037
Other operating expenditures	485,046	395,615	419,469
Capital outlay	331,192	331,192	310,929
Total	5,630,976	5,541,073	6,033,435

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		Variance Over /Under	2020
	Budget	Actual		Actual
Drug Crime Prevention:				
Other operating expenditures	125,000	79,602		66,129
Total	125,000	79,602	45,398	66,129
Animal Control:				
Salaries and employee benefits	568,360	545,609		546,799
Other operating expenditures	118,500	70,318		91,036
Capital outlay	-	-		11,496
Total	686,860	615,927	70,933	649,331
Jail:				
Salaries and employee benefits	2,074,667	2,074,663		2,293,119
Other operating expenditures	1,979,023	1,941,916		1,755,469
Capital outlay	32,339	32,339		27,900
Total	4,086,029	4,048,918	37,111	4,076,488
Emergency Management:				
Salaries and employee benefits	78,427	71,240		68,725
Other operating expenditures	24,800	13,784		42,520
Total	103,227	85,024	18,203	111,245
Fire:				
Salaries and employee benefits	153,759	153,508		151,857
Other operating expenditures	76,384	49,521		59,561
Capital outlay	-	-		21,800
Assistance to local fire departments	1,700	1,482		20,800
Total	231,843	204,511	27,332	254,018
Inspections:				
Salaries and employee benefits	535,841	482,764		469,669
Other operating expenditures	25,500	13,980		15,568
Total	561,341	496,744	64,597	485,237
Medical Examiner:				
Other operating expenditures	127,000	100,415		69,575
Total	127,000	100,415	26,585	69,575
Emergency Medical Services:				
Salaries and employee benefits	3,673,301	3,601,779		3,942,261
Other operating expenditures	847,970	671,768		809,044
Capital outlay	639,240	639,080		333,584
Total	5,160,511	4,912,627	247,884	5,084,889

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		Variance Over /Under	2020
	Budget	Actual		Actual
Emergency Communications Center:				
Salaries and employee benefits	979,077	949,685		1,043,872
Other operating expenditures	388,800	353,392		363,458
Total	1,367,877	1,303,077	64,800	1,407,330
Total public safety	18,080,664	17,387,918	692,746	18,237,677
Environmental Protection:				
Reservoir expenditures	154,799	134,071	20,728	120,946
Total environmental protection	154,799	134,071	20,728	120,946
Economic and Physical Development:				
Economic Development:				
Other operating expenditures	718,800	709,130		385,874
Total	718,800	709,130	9,670	385,874
Planning and Zoning:				
Salaries and employee benefits	227,837	216,086		202,058
Other operating expenditures	36,500	7,856		21,866
Total	264,337	223,942	40,395	223,924
Agricultural Extension:				
Salaries and employee benefits	183,727	178,497		180,998
Other operating expenditures	37,510	33,024		25,476
Capital outlay	-	-		44,196
Total	221,237	211,521	9,716	250,670
Extension Local:				
Other operating expenditures	76,000	24,264		14,347
Total	76,000	24,264	51,736	14,347
Forestry:				
Salaries and employee benefits	8,920	8,918		8,099
Other operating expenditures	107,404	107,206		97,585
Total	116,324	116,124	200	105,684
Soil Conservation:				
Salaries and employee benefits	278,955	259,705		249,683
Other operating expenditures	104,895	93,738		124,837
Capital outlay	-	-		18,973
Total	383,850	353,443	30,407	393,493
Community Development:				
Other operating expenditures	160,274	160,196		151,778
Total	160,274	160,196	78	151,778

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over /Under	Actual
Nonprofit Appropriations	200,000	74,000	126,000	-
Total economic and physical development	2,140,822	1,872,620	268,202	1,525,770
Human Services:				
Health:				
Administration:				
Salaries and employee benefits	1,755,327	930,939		1,099,433
Other operating expenditures	551,912	507,084		418,569
Capital outlay	121,311	118,870		5,217
Total	2,428,550	1,556,893	871,657	1,523,219
Environmental Health:				
Salaries and employee benefits	6,134	6,134		21,253
Other operating expenditures	25,214	25,013		11,451
Total	31,348	31,147	201	32,704
Food and Lodging:				
Other operating expenditures	12,178	12,176	2	38
Tuberculosis:				
Salaries and employee benefits	19,383	19,383		21,759
Other operating expenditures	3,355	2,012		3,175
Total	22,738	21,395	1,343	24,934
Bioterrorism:				
Salaries and employee benefits	18,130	18,180		26,586
Other operating expenditures	6,472	1,756		2,086
Total	24,602	19,936	4,666	28,672
Health Case Management:				
Salaries and employee benefits	107,265	107,265		112,493
Other operating expenditures	-	-		998
Total	107,265	107,265	-	113,491
Adult Health:				
Salaries and employee benefits	479,797	473,433		654,324
Other operating expenditures	272,647	238,593		169,149
Capital outlay	150,000	148,801		-
Total	902,444	860,827	41,617	823,473
Health Care Connection:				
Salaries and employee benefits	47,536	42,625		58,681
Other operating expenditures	34,000	34,000		34,000
Total	81,536	76,625	4,911	92,681

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		Variance Over /Under	2020
	Budget	Actual		Actual
Communicable Disease:				
Salaries and employee benefits	17,746	17,746		30,819
Other operating expenditures	2,293	1,893		2,293
Total	20,039	19,639	400	33,112
Comprehensive Cancer Control:				
Salaries and employee benefits	4,612	4,612		4,721
Other operating expenditures	22,280	15,752		14,080
Total	26,892	20,364	6,528	18,801
Family Planning:				
Salaries and employee benefits	112,948	112,948		135,892
Other operating expenditures	95,975	42,942		54,898
Total	208,923	155,890	53,033	190,790
Health Diabetes Grant:				
Salaries and employee benefits	25,682	28,471		64,187
Other operating expenditures	-	-		408
Total	25,682	28,471	(2,789)	64,595
Health Promotion:				
Other operating expenditures	31,031	22,066		16,088
Total	31,031	22,066	8,965	16,088
Mesh Units - Schools:				
Salaries and employee benefits	148,007	149,304		166,779
Other operating expenditures	117,570	111,750		139,887
Total	265,577	261,054	4,523	306,666
Wilkes Dental Clinic:				
Other operating expenditures	1,517,632	1,493,933	23,699	1,181,896
Maternal Clinic:				
Salaries and employee benefits	5,996	5,996		7,985
Other operating expenditures	1,400	1,400		1,508
Total	7,396	7,396	-	9,493
Infant Mortality Reduction:				
Salaries and employee benefits	20,663	20,662		22,714
Other operating expenditures	25,354	23,837		21,873
Total	46,017	44,499	1,518	44,587
MCC and MOW:				
Other operating expenditures	59,249	27,689		5,500
Total	59,249	27,689	31,560	5,500

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		Variance Over /Under	2020
	Budget	Actual		Actual
Child Health:				
Salaries and employee benefits	169,280	169,280		254,424
Other operating expenditures	115,959	45,990		43,122
Total	285,239	215,270	69,969	297,546
CSC and MOW:				
Salaries and employee benefits	133,411	127,778		123,783
Other operating expenditures	2,900	2,899		2,895
Total	136,311	130,677	5,634	126,678
Women, Infants, and Children:				
Salaries and employee benefits	136,306	136,306		142,443
Other operating expenditures	71,693	69,693		43,283
Total	207,999	205,999	2,000	185,726
School Nurse Funding:				
Other operating expenditures	150,000	150,000	-	150,000
Wilkes County Health Center:				
Salaries	669,095	669,095		499,150
Operating expenditures	1,008	1,007		12,157
Total	670,103	670,102	1	511,307
HIV & STD:				
Salaries and employee benefits	66,033	66,033		68,848
Other operating expenditures	1,305	462		1,100
Total	67,338	66,495	843	69,948
WIC/BPCP:				
Salaries and employee benefits	63,180	64,837		73,077
Other operating expenditures	1,500	447		2,536
Total	64,680	65,284	(604)	75,613
Mental Health & Substance Abuse Services:				
Salaries and employee benefits	46,257	46,257		42,977
Other operating expenditures	40,676	40,676		34,600
Total	86,933	86,933	-	77,577
Substance Use Disorder:				
Salaries and employee benefits	31,610	31,610		43,028
Other operating expenditures	28,125	28,125		191,027
Capital outlay	-	-		31,043
Total	59,735	59,735	-	265,098
CARES Health DHHS:				
Salaries and employee benefits	1,261,624	386,026		8,125
Other operating expenditures	423,202	406,796		6,935
Capital outlay	499,906	499,906		-
Total	2,184,732	1,292,728	892,004	15,060

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		Variance Over /Under	2020
	Budget	Actual		Actual
Immunization Action Plan:				
Salaries and employee benefits	64,949	64,949		54,581
Other operating expenditures	8,301	1,542	6,759	500
Total	73,250	66,491	6,759	55,081
Total health	9,805,419	7,776,979	2,028,440	6,340,374
Mental Health:				
Contribution to other agencies	467,426	467,792	(366)	534,004
Total mental health	467,426	467,792	(366)	534,004
Social Services:				
Administration:				
Salaries and employee benefits	7,414,415	7,171,431		6,985,730
Other operating expenditures	813,979	752,352		452,907
Capital outlay	404,156	402,148		125,643
Total	8,632,550	8,325,931	306,619	7,564,280
Medicaid Program:				
County participation only	628,500	392,200		462,471
Total	628,500	392,200	236,300	462,471
Food Stamps Program:				
Other operating expenditures	613,483	577,401		415,010
Total	613,483	577,401	36,082	415,010
Low Income Energy Assistance Program:				
Other operating expenditures	418,524.00	418,258	266	358,685
Work First:				
Contract services	70,000	23,976		32,427
Total	70,000	23,976	46,024	32,427
Daycare Operations:				
Contract services	34,558	14,558		15,747
Total	34,558	14,558	20,000	15,747
In-Home Service:				
Other operating expenditures	33,755	17,077		6,463
Total	33,755	17,077	16,678	6,463
Foster Care:				
Salaries and employee benefits	5,383	525		1,680
Other operating expenditures	3,869,237	3,135,432		3,652,368
Total	3,874,620	3,135,957	738,663	3,654,048

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over /Under	Actual
Other Assistance:				
Other operating expenditures	124,935	63,691		78,541
Total	124,935	63,691	61,244	78,541
Total social services	14,430,925	12,969,049	1,461,876	12,587,672
Other Human Services:				
Veterans Service Officer:				
Salaries and employee benefits	106,102	100,186		91,424
Other operating expenditures	8,535	3,805		3,803
Total	114,637	103,991	10,646	95,227
Youth Services:				
Salaries and employee benefits	18,355	10,270		15,429
Other operating expenditures	5,351	1,169		4,511
Contributions to other agencies	367,000	312,647		349,000
Total	390,706	324,086	66,620	368,940
Senior Citizens Services:				
Contributions to other services	800,000	556,236	243,764	592,416
Other Services:				
Contributions to other agencies	476,994	333,374	143,620	650,881
Total other human services	1,782,337	1,317,687	464,650	1,707,464
Total human services	26,486,107	22,531,507	3,954,600	21,169,514
Cultural and Recreation:				
Recreation:				
Salaries and employee benefits	561,257	495,301		523,897
Other operating expenditures	300,504	214,315		208,662
Capital outlay	57,000	22,000		36,850
Total	918,761	731,616	187,145	769,409
Libraries:				
Contribution to regional library	596,431	596,431	-	693,525
Museums and Art				
	29,746	29,266	480	34,588
Total cultural and recreation	1,544,938	1,357,313	187,625	1,497,522

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		Variance Over /Under	2020
	Budget	Actual		Actual
Education:				
Public schools - current expenses	12,369,284	12,369,284		13,917,773
Public schools - capital outlay	3,060,753	2,769,356		2,310,431
Public schools - (lottery) capital outlay	800,000	575,000		625,000
Public schools - additional COVID appropriation	650,000	650,000		-
Community colleges - current	4,453,724	4,453,724		4,015,958
Community colleges - capital outlay	129,000	129,000		150,000
Fines and forfeitures disbursements	80,000	196,234		-
Total education	<u>21,542,761</u>	<u>21,142,598</u>	400,163	<u>21,019,162</u>
Debt Service:				
Principal retirement	3,310,000	3,310,000		3,403,775
Interest and fees	954,339	953,918		1,040,097
Total debt service	<u>4,264,339</u>	<u>4,263,918</u>	421	<u>4,443,872</u>
Total expenditures	<u>84,338,847</u>	<u>77,531,046</u>	6,807,801	<u>76,297,702</u>
Revenues over (under) expenditures	<u>(1,590,592)</u>	<u>5,964,381</u>	7,554,973	<u>2,721,147</u>
Other Financing Sources (Uses):				
Transfers out	(4,344,259)	(3,973,259)	371,000	(587,500)
Sale of capital assets	81,100	37,742	(43,358)	61,123
Appropriated fund balance	5,853,751	-	(5,853,751)	-
Total other financing sources (uses)	<u>1,590,592</u>	<u>(3,935,517)</u>	<u>(5,526,109)</u>	<u>(526,377)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,028,864</u>	<u>\$ 2,028,864</u>	<u>2,194,770</u>
Fund Balance:				
Fund balance - beginning, as previously reported		40,720,306		38,525,536
Prior period adjustment - change in accounting principle		60,446		-
Fund balance - beginning, as restated		<u>40,780,752</u>		<u>38,525,536</u>
End of year - June 30		<u>\$ 42,809,616</u>		<u>\$ 40,720,306</u>

WILKES COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	Fire District Fund	Law Enforcement Restricted Fund	Wireless E-911 Telephone System Fund	Community Development Block Grants Fund	COVID Recovery Act Fund	Total
Assets:						
Cash and cash equivalents	\$ 1,098,158	\$ 8,656	\$ 177,001	\$ -	\$ -	\$ 1,283,815
Taxes receivable, net	237,011	-	-	-	-	237,011
Due from other governments	47,417	-	30,470	246,134	28,780	352,801
Total assets	<u>\$ 1,382,586</u>	<u>\$ 8,656</u>	<u>\$ 207,471</u>	<u>\$ 246,134</u>	<u>\$ 28,780</u>	<u>\$ 1,873,627</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 570,210	\$ -	\$ 2,365	\$ -	\$ -	\$ 572,575
Due to other funds	-	-	-	245,858	36,997	282,855
Total liabilities	<u>570,210</u>	<u>-</u>	<u>2,365</u>	<u>245,858</u>	<u>36,997</u>	<u>855,430</u>
Deferred Inflows of Resources	<u>237,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,011</u>
Fund Balances:						
Restricted:						
Stabilization by state statute	47,417	-	30,470	246,134	28,780	352,801
Restricted, all other	527,948	8,656	174,636	-	-	711,240
Unassigned	-	-	-	(245,858)	(36,997)	(282,855)
Total fund balances	<u>575,365</u>	<u>8,656</u>	<u>205,106</u>	<u>276</u>	<u>(8,217)</u>	<u>781,186</u>
Total liabilities and fund balances	<u>\$ 1,382,586</u>	<u>\$ 8,656</u>	<u>\$ 207,471</u>	<u>\$ 246,134</u>	<u>\$ 28,780</u>	<u>\$ 1,873,627</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, 2021

	Fire District Fund	Law Enforcement Restricted Fund	E-911 Telephone System Fund	Community Development Block Grants Fund	COVID Recovery Act Fund	Total
Revenues:						
Ad valorem taxes	\$ 4,466,372	\$ -	\$ -	\$ -	\$ -	\$ 4,466,372
Restricted intergovernmental	-	3,442	-	69,438	2,930,600	3,003,480
Sales and services	-	-	535,414	-	-	535,414
Investment earnings	-	3	51	-	-	54
Total revenues	<u>4,466,372</u>	<u>3,445</u>	<u>535,465</u>	<u>69,438</u>	<u>2,930,600</u>	<u>8,005,320</u>
Expenditures:						
Public safety	4,408,275	-	515,501	-	2,938,817	7,862,593
Economic and physical development	-	-	-	156,662	-	156,662
Total expenditures	<u>4,408,275</u>	<u>-</u>	<u>515,501</u>	<u>156,662</u>	<u>2,938,817</u>	<u>8,019,255</u>
Revenues over (under) expenditures	58,097	3,445	19,964	(87,224)	(8,217)	(13,935)
Other Financing Sources (Uses):						
Transfers in	<u>28,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,259</u>
Net change in fund balances	86,356	3,445	19,964	(87,224)	(8,217)	14,324
Fund Balances:						
Beginning of year - July 1	<u>489,009</u>	<u>5,211</u>	<u>185,142</u>	<u>87,500</u>	<u>-</u>	<u>766,862</u>
End of year - June 30	<u>\$ 575,365</u>	<u>\$ 8,656</u>	<u>\$ 205,106</u>	<u>\$ 276</u>	<u>\$ (8,217)</u>	<u>\$ 781,186</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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 4,440,140	\$ 4,466,372	\$ 26,232	\$ 4,297,696
Expenditures:				
Public safety:				
Tax collection fees	14,410	18,688	(4,278)	17,227
Distribution to fire districts	4,454,489	4,389,587	64,902	4,196,851
Total expenditures	4,468,899	4,408,275	60,624	4,214,078
Revenues over (under) expenditures	(28,759)	58,097	86,856	83,618
Other Financing Sources (Uses):				
Transfers in	28,759	28,259	(500)	-
Net change in fund balance	\$ -	86,356	\$ 86,356	83,618
Fund Balance:				
Beginning of year - July 1		489,009		405,391
End of year - June 30		\$ 575,365		\$ 489,009

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Restricted intergovernmental:				
Law enforcement restricted grant	\$ -	\$ 3,442	\$ 3,442	\$ -
Investment earnings	-	3	3	51
Total revenues	-	3,445	3,445	51
Expenditures:				
Public safety:				
Law enforcement restricted	5,000	-	5,000	-
Revenues over (under) expenditures	(5,000)	3,445	8,445	51
Other Financing Sources (Uses):				
Appropriated fund balance	5,000	-	(5,000)	-
Net change in fund balance	<u>\$ -</u>	3,445	<u>\$ 3,445</u>	51
Fund Balance:				
Beginning of year - July 1		<u>5,211</u>		<u>5,160</u>
End of year - June 30		<u>\$ 8,656</u>		<u>\$ 5,211</u>

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/(Under)	Actual
Revenues:				
E-911 telephone surcharge	\$ 499,451	\$ 535,414	\$ 35,963	\$ 439,528
Investment earnings	2,500	51	(2,449)	2,325
Total revenues	<u>501,951</u>	<u>535,465</u>	<u>33,514</u>	<u>441,853</u>
Expenditures:				
Public safety:				
Other operating expenditures	<u>681,951</u>	<u>515,501</u>	<u>166,450</u>	<u>508,545</u>
Total expenditures	<u>681,951</u>	<u>515,501</u>	<u>166,450</u>	<u>508,545</u>
Revenues over (under) expenditures	(180,000)	19,964	199,964	(66,692)
Other Financing Sources (Uses):				
Appropriated fund balance	<u>180,000</u>	-	<u>(180,000)</u>	-
Net change in fund balance	<u>\$ -</u>	19,964	<u>\$ 19,964</u>	(66,692)
Fund Balance:				
Beginning of year - July 1		<u>185,142</u>		<u>251,834</u>
End of year - June 30		<u>\$ 205,106</u>		<u>\$ 185,142</u>

WILKES COUNTY, NORTH CAROLINA

**COMMUNITY DEVELOPMENT BLOCK GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted intergovernmental	\$ 1,828,114	\$ 1,645,350	\$ 69,438	\$ 1,714,788	\$ (113,326)
Expenditures:					
Economic and physical development:					
Mulberry School project	1,280,614	1,228,718	97,410	1,326,128	(45,514)
Neighborhood revitalization	<u>635,000</u>	<u>416,632</u>	<u>59,252</u>	<u>475,884</u>	<u>159,116</u>
Total expenditures	<u>1,915,614</u>	<u>1,645,350</u>	<u>156,662</u>	<u>1,802,012</u>	<u>113,602</u>
Revenues over (under) expenditures	(87,500)	-	(87,224)	(87,224)	276
Other Financing Sources (Uses):					
Transfers from other funds	<u>87,500</u>	<u>87,500</u>	<u>-</u>	<u>87,500</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 87,500</u>	<u>(87,224)</u>	<u>\$ 276</u>	<u>\$ 276</u>
Fund Balances:					
Beginning of year - July 1			<u>87,500</u>		
End of year - June 30			<u>\$ 276</u>		

WILKES COUNTY, NORTH CAROLINA

COVID RECOVERY ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted Intergovernmental:				
CARES Act	\$ 2,690,822	\$ 2,690,822	\$ -	\$ 621,950
Other federal and state grants	290,871	239,778	(51,093)	-
Total revenues	<u>2,981,693</u>	<u>2,930,600</u>	<u>(51,093)</u>	<u>621,950</u>
Expenditures:				
Public Safety:				
Municipality subrecipients	-	-	-	591,336
Grants to other agencies	20,000	20,000	-	20,000
Salaries and employee benefits	<u>2,961,693</u>	<u>2,918,817</u>	<u>42,876</u>	<u>10,614</u>
Total expenditures	<u>2,981,693</u>	<u>2,938,817</u>	<u>42,876</u>	<u>621,950</u>
Net change in fund balance	<u>\$ -</u>	<u>(8,217)</u>	<u>\$ (8,217)</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1		-		-
End of year - June 30		<u>\$ (8,217)</u>		<u>\$ -</u>

WILKES COUNTY, NORTH CAROLINA

AIRPORT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/(Under)	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Sales	\$ 1,138,503	\$ 939,955	\$ (198,548)	\$ 758,559
Rents	119,000	110,618	(8,382)	109,632
Other operating revenues	5,050	5,550	500	4,086
Total operating revenues	<u>1,262,553</u>	<u>1,056,123</u>	<u>(206,430)</u>	<u>872,277</u>
Non-operating revenues:				
Restricted intergovernmental	5,848,067	4,826,349	(1,021,718)	362,751
Insurance reimbursements	-	6,696	6,696	-
Total non-operating revenues	<u>5,848,067</u>	<u>4,833,045</u>	<u>(1,015,022)</u>	<u>362,751</u>
Total revenues	<u>7,110,620</u>	<u>5,889,168</u>	<u>(1,221,452)</u>	<u>1,235,028</u>
Expenditures:				
Airport operations:				
Salaries and employee benefits	200,253	294,213	(93,960)	194,579
Fuel and oil purchases	728,830	528,752	200,078	473,083
Other operating expenditures	313,706	275,594	38,112	212,845
Capital outlay	1,583,764	89,919	1,493,845	10,930
Airport capital projects:				
Construction	<u>6,229,067</u>	<u>5,761,547</u>	<u>467,520</u>	<u>632,376</u>
Total expenditures	<u>9,055,620</u>	<u>6,950,025</u>	<u>2,105,595</u>	<u>1,523,813</u>
Revenues over (under) expenditures	(1,945,000)	(1,060,857)	884,143	(288,785)
Other Financing Sources (Uses):				
Transfers in	<u>1,945,000</u>	<u>1,945,000</u>	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 884,143</u>	<u>\$ 884,143</u>	<u>\$ (288,785)</u>

WILKES COUNTY, NORTH CAROLINA

AIRPORT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>2021</u>		<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<u>Variance</u>	
		<u>Over/(Under)</u>	
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 884,143	
Reconciling items:			
Depreciation		(1,044,068)	
Capital outlay		1,259,909	
Change in deferred outflows of resources - pensions		11,146	
Change in net pension liability		(27,543)	
Change in deferred inflows of resources - pensions		84	
Construction project expenditures		4,591,557	
Change in deferred outflows of resources - OPEB		73,939	
Change in deferred inflows of resources - OPEB		12,024	
Change in accrual for compensated absences		(3,978)	
Total reconciling items		<u>4,873,070</u>	
Change in net position		<u>\$ 5,757,213</u>	

WILKES COUNTY, NORTH CAROLINA

LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/(Under)	Actual
Revenues:				
Operating revenues:				
Solid waste charges	\$ 2,657,539	\$ 2,735,993	\$ 78,454	\$ 2,743,122
Scrap tire disposal tax	-	2,703	2,703	5,055
Other operating revenues	185,000	253,223	68,223	218,893
Total operating revenues	2,842,539	2,991,919	149,380	2,967,070
Non-operating revenues:				
Interest earnings	5,000	994	(4,006)	27,736
Total revenues	2,847,539	2,992,913	145,374	2,994,806
Expenditures:				
Landfill operations:				
Salaries and employee benefits	937,902	1,169,942	(232,040)	877,360
Other operating expenditures	1,553,600	1,218,224	335,376	1,188,962
Capital outlay	3,705,700	3,392,076	313,624	1,226,940
Total landfill operations	6,197,202	5,780,242	416,960	3,293,262
Debt service:				
Principal retirement	250,000	-	250,000	-
Total expenditures	6,447,202	5,780,242	666,960	3,293,262
Revenues over (under) expenditures	(3,599,663)	(2,787,329)	812,334	(298,456)
Other Financing Sources (Uses):				
Transfer in - General Fund	371,000	-	371,000	-
Transfer in - Landfill Reserve Fund	1,500,000	1,500,000	-	1,000,000
Appropriated fund balance	1,728,663	-	1,728,663	-
Total other financing sources (uses)	3,599,663	1,500,000	2,099,663	1,000,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (1,287,329)	\$ (1,287,329)	\$ 701,544

WILKES COUNTY, NORTH CAROLINA

**LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021		2020
	Budget	Actual	Actual
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (1,287,329)	
Reconciling items:			
Capital outlay		3,461,976	
Depreciation		(860,603)	
Change in accrued landfill closure/post-closure costs		(145,000)	
Change in deferred outflows of resources - pension		33,440	
Change in net pension liability		(82,630)	
Change in deferred inflows of resources - pensions		277	
Change in deferred outflows of resources - OPEB		221,814	
Change in deferred inflows of resources - OPEB		36,072	
Change in accrual for compensated absences		(9,223)	
Interest from Landfill Closure and Post-Closure Reserve Fund		<u>1,522</u>	
Total reconciling items		<u>2,657,645</u>	
Landfill Reserve Fund:			
Transfers from other funds		<u>500,000</u>	
Change in net position		<u>\$ 1,870,316</u>	

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, 2021

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Interest earnings	\$ 25,000	\$ 1,522	\$ 23,478	\$ 47,744
Other Financing Sources (Uses):				
Sinking reserve	(2,025,000)	-	2,025,000	-
Transfers in	2,000,000	500,000	1,500,000	500,000
Transfers out	(1,500,000)	-	(1,500,000)	(1,000,000)
Appropriated fund balance	1,500,000	-	(1,500,000)	-
Total other financing sources (uses)	(25,000)	500,000	525,000	(500,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 501,522	\$ 501,522	\$ (452,256)

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 JUNE 30, 2021

Fiscal Year	Uncollected Balance July 1, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 39,823,554	\$ (38,916,802)	\$ 906,752
2019-2020	1,230,510	-	(730,185)	500,325
2018-2019	528,149	-	(202,746)	325,403
2017-2018	357,234	-	(122,419)	234,815
2016-2017	282,963	-	(82,905)	200,058
2015-2016	229,421	-	(56,428)	172,993
2014-2015	175,433	-	(38,589)	136,844
2013-2014	162,906	-	(26,833)	136,073
2012-2013	169,426	-	(21,247)	148,179
2011-2012	132,797	-	(13,626)	119,171
2010-2011	108,822	-	(108,822)	-
Total	<u>\$ 3,377,661</u>	<u>\$ 39,823,554</u>	<u>\$ (40,320,602)</u>	<u>2,880,613</u>
Less: Allowance for uncollectible accounts - General Fund				<u>(871,988)</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 2,008,625</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				<u>\$ 40,142,725</u>
Reconciling items:				
Penalties and interest collected				(451,951)
Discounts taken				288,419
Prior year releases and write offs				149,169
Miscellaneous				192,240
Total reconciling items				<u>177,877</u>
Total collections and credits				<u>\$ 40,320,602</u>

WILKES COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2021

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 6,700,244,962	\$ 0.66	\$ 39,406,191	\$ 34,410,128	\$ 4,996,063
Penalties	-		30,034	13,562	16,472
Total	<u>6,700,244,962</u>		<u>39,436,225</u>	<u>34,423,690</u>	<u>5,012,535</u>
Discoveries:					
Current year taxes	58,945,090	0.66	389,209	389,209	-
Penalties	-		37,579	37,579	-
Total	<u>58,945,090</u>		<u>426,788</u>	<u>426,788</u>	<u>-</u>
Abatements	<u>(5,978,636)</u>	0.66	<u>(39,459)</u>	<u>(39,459)</u>	<u>-</u>
Total property valuation	<u>\$ 6,753,211,416</u>				
Net Levy			39,823,554	34,811,019	5,012,535
Less: Uncollected tax at June 30, 2021			<u>906,752</u>	<u>906,752</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 38,916,802</u>	<u>\$ 33,904,267</u>	<u>\$ 5,012,535</u>
Current Levy Collection Percentage			<u>97.72%</u>	<u>97.40%</u>	<u>100.00%</u>

WILKES COUNTY, NORTH CAROLINA**SECONDARY MARKET DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2021****Assessed Valuation:**

Assessment ratio		100%
Real property	\$	5,332,344,322
Personal property		1,193,353,089
Public service companies		<u>227,514,005</u>
Total assessed valuation	\$	<u>6,753,211,416</u>
Tax rate per \$100		0.66
Levy (includes discoveries, releases, and abatements)	\$	<u>39,823,554</u>

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2021:

Fire protection districts	\$	<u>3,843,731</u>
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WILKES COUNTY, NORTH CAROLINA

**TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2021 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Duke Energy Carolinas, LLC	Utility company	\$ 139,518,607	2.07%
Tyson Farms, Inc.	Food processor	85,651,059	1.27%
Lowes Home Center, Inc. #1	Retail sales	50,206,105	0.74%
Jed-Wen Inc.	Building products manufacturing	21,181,734	0.31%
Louisiana Pacific	Building products manufacturing	34,373,652	0.51%
Carolina West Wireless Inc.	Phone company	29,817,576	0.44%
Elementia USA/Plycem USA	Building products manufacturing	20,318,027	0.30%
Vannoy & Sons Construction	Construction company	15,026,038	0.22%
High Contry Lumber Mulch	Lumber milling	13,299,560	0.20%
Surry Yadkin Electric Memb Corp	Utility company	13,274,393	<u>0.20%</u>
Total		<u>\$ 422,666,751</u>	<u>6.26%</u>

WILKES COUNTY, NORTH CAROLINA**EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE
JUNE 30, 2021**

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	\$ 205,106
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>48,214</u>
Ending balance, PSAP revenue - expenditure report	<u><u>\$ 253,320</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 the auditing standards generally accepted in the United States of America and the standards applicable to the accompanying financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2021, 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 29, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider 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, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 29, 2021

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Report on Compliance for Each Major Federal Program; 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, 2021. 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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, 2021.

Report on Internal Control Over Compliance

Management of Wilkes County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wilkes County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 29, 2021

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

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

Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act Independent Auditor's Report

To the Board of Commissioners
Wilkes County
Wilkesboro, North Carolina

Report on Compliance for Each Major State Program

We have audited Wilkes County, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Wilkes County's major state programs for the year ended June 30, 2021. 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 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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, 2021.

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 the 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, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. 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 29, 2021

WILKES COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

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:

<u>Program Name</u>	<u>AL#</u>
Medicaid Cluster	93.778
Health Center Program Cluster	93.224, 93.527
COVID-19 - Coronavirus Relief Fund	21.019
Supplemental Nutrition Assistance Program (SNAP) Cluster	10.561
Airport Improvement Grant	20.106

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, 2021

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

Medicaid Cluster
Airport Improvement Program

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, 2021

Significant Deficiency

Finding 2020-001

Status: Corrected

Significant Deficiency

Finding 2020-002

Status: Corrected

WILKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>AL</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Federal</u> <u>(Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Provided</u> <u>to</u> <u>Subrecipients</u>
Federal Awards:					
<u>U.S. Dept. of Agriculture</u>					
Direct Program:					
Environmental Quality Incentives Program	10.912	USDA-NRCS-EQIP-CTA	\$ 15,649	\$ -	\$ -
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Supplemental Nutrition Assistance Program (SNAP) Cluster:					
Administration:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	185NC406S2514	359,683	-	-
Total Supplemental Nutrition Assistance Program (SNAP) Cluster			359,683	-	-
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	13A25403/5404/5405/5409/ 570A/570B/570K	361,103	-	-
Total U.S. Department of Agriculture			736,435	-	-
<u>U.S. Dept. of Transportation</u>					
Passed-through the N.C. Department of Transportation:					
Airport Improvement Program	20.106	36237.49.19.1	2,697,301	2,060,049	-
COVID-19 - Airport Improvement Program	20.106		69,000	-	-
Total U.S. Dept. of Transportation			2,766,301	2,060,049	-
<u>U.S. Dept. of Treasury</u>					
Passed-through the Office of State Budget and Management:					
NC Pandemic Recovery Office					
COVID-19 - Coronavirus Relief Fund	21.019	NA	2,068,868	-	591,308
Passed through NC Dept. of Health and Human Services					
Division of Public Health					
COVID-19 - Coronavirus Relief Fund - HHS Stimulus EMS	21.019		165,878	-	-
COVID-19 - Coronavirus Relief Fund 4	21.019	11754023HN, 11754026HN, 11754026P5	96,298	-	-
Total U.S. Dept. of Treasury			2,331,044	-	591,308
<u>U.S. Department of Housing and Urban Development</u>					
Passed-through the N.C. Dept. of Environmental Quality					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii					
Community Development Block Grant -Infrastructure Fund	14.228	13-D-2946	55,978	-	-
North Carolina Samll Cities CDBG and Neighborhood Stabilization Program	14.228	NA	59,252	-	-
Total Environmental Protection Agency			115,230	-	-
<u>Election Assistance Commission</u>					
Passed-through NC State Board of Elections					
HAVA Election Security Grants					
COVID-19 - HAVA Election Security Grants	90.404		131,682	-	-
COVID-19 - HAVA Election Security Grants	90.404		124,801	-	-
Total Election Assistance Commission			256,483	-	-
<u>U. S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Public Safety:					
Division of Emergency Management					
Emergency Management Performance Grant	97.042	NA	20,625	-	-
Emergency Management Performance Grant	97.042	NA	18,753	-	-
Total U. S. Department of Homeland Security			39,378	-	-
<u>U.S. Dept. of Health & Human Services</u>					
Passed-through High Country Council of Governments					
Division of Aging and Adult Services:					
Aging Cluster:					
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	536331	39,557	2,327	-
In-Home Services:					
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	536332	227,792	13,400	-
Home Delivered Meals:					
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	536334	257,984	15,176	-
Total Aging Cluster			525,333	30,903	-
Passed-through N.C. Dept. of Health and Human Services					
Division of Social Services					
Temporary Assistance for Needy Families - Work First	93.558	2001NCTANF	290,740	-	-
Division of Public Health:					
Temporary Assistance for Needy Families - Work First	93.558	2001NCTANF	6,841	-	-
			297,581	-	-

WILKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>AL</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Federal</u> <u>(Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Provided</u> <u>to</u> <u>Subrecipients</u>
Division of Social Services					
Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4)					
Foster Care - Title IV-E	93.658	2001NCFOST	1,525,795	265,178	-
Adoption Assistance	93.659	2001NCADPT	<u>57,139</u>	-	-
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4)			1,582,934	265,178	-
Child Support Enforcement	93.563	2004NC4005	457,635	664	-
Refugee and Entrant Assistance Cluster:					
Refugee and Entrant Assistance - State/ Replacement Designee Administered Programs					
	93.566	XXXX	<u>278</u>	-	-
Total Refugee and Entrant Assistance ⁷			278	-	-
Low-Income Home Energy Assistance:					
Administration	93.568	G20BINCLIEA	56,831	-	-
Energy Assistance Payments	93.568	G20BINCLIEA	418,258	-	-
Crisis Intervention Program	93.568	G20BINCLIEA	357,403	-	-
COVID-19 - LIEAP COVID-19	93.568	G20BINCLIEA	186,190	-	-
COVID-19 - LIEAP COVID-19 Administration	93.568	G20BINCLIEA	<u>20,015</u>	-	-
Total Low-Income Home Energy Assistance			1,038,697	-	-
Special Children Adoption Fund Cluster (Note 4)					
Mary Lee Allen Promoting Safe and Stable Families - Administration					
Stephanie Tubbs Jones Child Welfare Services Program: Permanency Planning - Families for kids	93.645	G2001NCCWSS	<u>15,766</u>	-	-
Total Special Children Adoption Fund Cluster (Note 4)			98,612	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001NC1420	51,179	8,937	-
Social Services Block Grant - Other Service and Training	93.667	G2001NCSOSR	302,913	-	-
Division of Aging and Adult Services:					
Division of Social Services:					
Social Services Block Grant - State In Home Service Fund	93.667	G2001NCSOSR	20,928	-	-
Social Services Block Grant - State Adult Day Care	93.667	G2001NCSOSR	40,479	5,897	-
CPS TANF TO Social Services Block Grant	93.667	G2001NCSOSR	<u>37,576</u>	-	-
Total Social Service Block Grant			401,896	5,897	-
Division of Child Development and Early Education:					
Child Care Development Fund Cluster/Subsidized Child Care Cluster (Note 4)					
Division of Social Services:					
Child Care Development Mandatory and Match Fund of the Child Care and Development Fund					
	93.596	G2001NCCCDF	<u>73,945</u>	-	-
Total Child Care Development Fund Cluster/Subsidized Child Care Cluster (Note 4)			73,945	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration: Medicaid Cluster:					
Medical Assistance Program	93.778	XIX-MAP 20	<u>1,457,916</u>	1,233	-
Total Medicaid Cluster			1,457,916	1,233	-
Division of Social Services:					
Administration: Children's Health Insurance Program - N.C. Health Choice					
	93.767	CHIP 20	40,505	1,541	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	1175 870A WT, 1175 878A HH	309,768	-	-
Public Health Emergency Preparedness	93.069	1264 2680 EN, 1264 1680 EQ	28,902	-	-
COVID-19 - Public Health Emergency Response:					
Cooperative Agreement for Emergency Response: Public Health Crisis Response					
	93.354	1264 2680 CP	62,095	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs					
	93.116	1460 272C NF, 1460 272D NF	50	-	-
Family Planning Services	93.217	13A1 592C FP	41,970	-	-
Immunization Cooperative Agreements	93.268	13331 631E EJ	53,502	-	-
Preventive Health and Health Services Block Grant	93.991	1261 5503 00, 1261 5503 PF	30,608	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	NA	13,000	-	-

WILKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Provided to Subrecipients</u>
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311 462D NB, 1311 462E NB	100	-	-
Health Resources and Services Administration COVID-19 Provider Relief Fund	93.498		190,417	-	-
Health Center Program Cluster: Direct Program					
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		881,979	-	-
COVID - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		586,448	-	-
Grants for New and Expanded Services Under the Health Center Program COVID-19 Provider Relief Fund - ECT Funds	93.527		153,964	-	-
Total Health Center Program Cluster			1,622,391	-	-
Maternal and Child Health Services Block Grant to States:					
Care Coordinator for Children	93.994	13A1 5740 AP	9,553	-	-
Infant Mortality Reduction	93.994	13A1 5700 AR	37,627	28,224	-
Child Fatality Prevention	93.994	1271 5745 AP	673	-	-
HMHC-February Start	93.994	1271 5351 AP	10,223	7,669	-
Child Health	93.994	1271 5318 AP	20,087	-	-
Total Maternal and Child Health Services Block Grant to States			78,163	35,893	-
Total U.S. Dept. of Health and Human Services			8,457,477	350,246	-
Total Federal Awards			14,702,348	2,410,295	591,308
State Awards:					
<u>N.C. Dept. of Administration</u>					
Veterans Service		DMVA 19/20		2,084	-
Total N.C. Dept. of Administration				2,084	-
<u>N.C. Department of Environmental Quality</u>					
Division of Waste Management Soil & Water Conservation		G40100296115SWC		24,946	-
Total N.C. Dept. Environmental Quality				24,946	-
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services					
Administration					
Smart Start				20,000	-
COVID- APS/CPS Care Covid-19				68,358	-
State Child Welfare/CPS/CS LD				52,650	-
Direct Benefit Payments					
State Foster Home				203,030	-
State Foster Home Fund (SFHF) Maximization				282,219	-
Foster Care at Risk Maximization				40,672	-
Extended Foster Care>20 Stipend				9,000	-
Foster Care Stipend				103,500	-
Extended Foster Care Maximization Non IV-E programs				48,609	-
Total Division of Social Service				828,038	-
Division of Public Health					
General Aid to Counties				85,428	-
General Communicable Disease Control				2,293	-
Family Planning				42,230	-
Child Health				4,913	-
Women's Health Service Fund				7,703	-
Food and Lodging				14,760	-
School Health Center				44,440	-
School Nurse Funding Initiative				150,000	-
Maternal Health				10,678	-
Breast and Cervical Cancer Control				10,925	-
Healthy Community Activities				3,746	-
HIV/STD State				500	-
STD Drugs				1,205	-
Tuberculosis Control				3,305	-
Total Division of Public Health				382,126	-
Total N. C. Department of Health and Human Services				1,210,164	-

WILKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>AL</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Federal</u> <u>(Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Provided</u> <u>to</u> <u>Subrecipients</u>
<u>N.C. Dept. of Public Instruction</u>					
Public School Building Capital Fund - Lottery Proceeds		7002996		575,000	-
School Safety Grant		PRC 039		99,999	-
Total N.C. Dept. of Public Instruction				674,999	-
<u>N.C. Dept. of Public Safety</u>					
JCPC/Youth Grants For Agencies		DPS / JPC 298		269,619	-
Juvenile Crime Prevention Assistance		DPS / JCPC 301		21,867	-
Total N.C. Dept. of Public Safety				291,486	-
<u>N.C. Dept. of Transportation</u>					
Special Registration Plate - Visitors Center		WBS Element 42931		92,857	-
Total N.C. Dept. of Transportation				92,857	-
Total State awards				2,296,536	-
Total Federal and State awards			\$ 14,702,348	\$ 4,706,831	\$ 591,308

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of Wilkes County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Wilkes County, it is not intended to and does not present the financial position, changes in net position or cash flows of Wilkes County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Cluster of Programs

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

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