

**WILKES COUNTY  
NORTH CAROLINA**

**ANNUAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2022**



# WILKES COUNTY, NORTH CAROLINA

## ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2022

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

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

## **Independent Auditor's Report**

To the Board of Commissioners  
Wilkes County  
Wilkesboro, North Carolina

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Change in Accounting Principle***

As discussed in Note 9 to the financial statements, in 2022 the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wilkes County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wilkes County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll, 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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 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, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards, as required by 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023 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  
January 31, 2023

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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, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

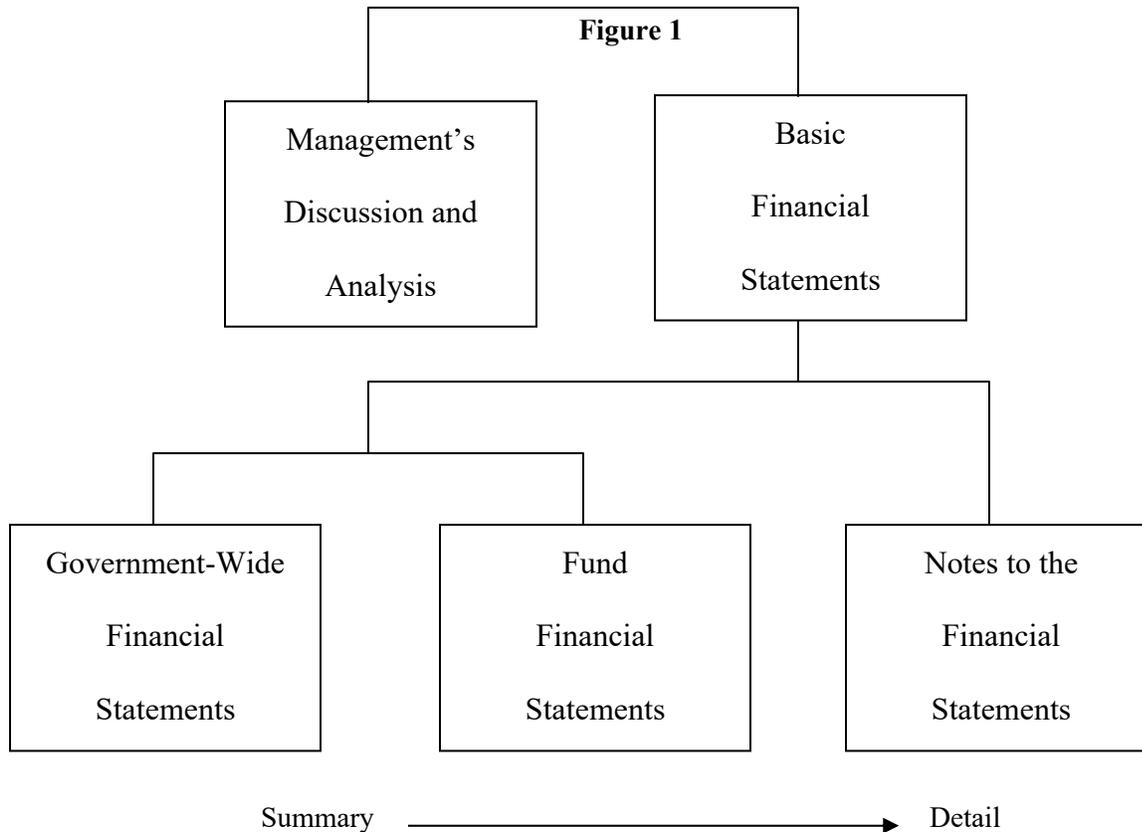
### Financial Highlights

- The assets and deferred outflows of resources of Wilkes County exceed its liabilities and deferred inflows of resources at the close of the fiscal year by \$41,189,618 (*net position*).
- The government's total net position increased by \$3,424,075.
- As of the close of the current fiscal year, Wilkes County's governmental funds reported combined ending fund balances of \$56,585,799. Approximately 30 percent of this total amount, or \$16,745,504, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$30,562,541, or 35 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	
	2022	2021	2022	2021	2022	2021
<b>Assets:</b>						
Current and other assets	\$ 72,022,040	\$ 55,770,317	\$ 9,615,774	\$ 8,491,287	\$ 81,637,814	\$ 64,261,604
Capital assets, net	35,556,591	35,735,228	28,524,422	28,154,369	64,081,013	63,889,597
Total assets	107,578,631	91,505,545	38,140,196	36,645,656	145,718,827	128,151,201
<b>Deferred Outflows of Resources</b>	17,257,730	15,200,065	656,288	566,704	17,914,018	15,766,769
<b>Liabilities:</b>						
Long-term liabilities	83,739,056	75,973,843	10,989,140	10,720,692	94,728,196	86,694,535
Other liabilities	15,628,775	13,260,331	497,282	506,087	16,126,057	13,766,418
Total liabilities	99,367,831	89,234,174	11,486,422	11,226,779	110,854,253	100,460,953
<b>Deferred Inflows of Resources</b>	10,905,866	5,469,459	683,108	222,015	11,588,974	5,691,474
<b>Net Position:</b>						
Net investment in capital assets	27,584,281	29,820,228	28,474,459	28,154,369	56,058,740	57,974,597
Restricted	7,200,118	6,612,588	-	-	7,200,118	6,612,588
Unrestricted	(20,221,735)	(24,430,839)	(1,847,505)	(2,390,803)	(22,069,240)	(26,821,642)
Total net position	\$ 14,562,664	\$ 12,001,977	\$ 26,626,954	\$ 25,763,566	\$ 41,189,618	\$ 37,765,543

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 \$41,189,618 as of June 30, 2022. The County's net position increased by \$3,424,075 for the fiscal year ended June 30, 2022. 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, \$7,200,118, represents resources that are subject to external restrictions on how they may be used. The remaining balance is an unrestricted deficit of \$22,069,240. This deficit is a presentation of the fact that Wilkes County carries \$16,075,000 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 Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program revenues:						
Charges from services	\$ 10,404,082	\$ 8,793,840	\$ 4,799,636	\$ 4,048,042	\$ 15,203,718	\$ 12,841,882
Operating grants and contributions	14,077,918	16,239,575	-	-	14,077,918	16,239,575
Capital grants and contributions	788,619	722,295	720,243	4,833,045	1,508,862	5,555,340
General revenues:						
Property taxes	45,351,376	44,174,246	-	-	45,351,376	44,174,246
Local option sales tax	24,878,555	21,044,032	-	-	24,878,555	21,044,032
Other	361,638	329,896	8,677	2,516	370,315	332,412
Total revenues	<u>95,862,188</u>	<u>91,303,884</u>	<u>5,528,556</u>	<u>8,883,603</u>	<u>101,390,744</u>	<u>100,187,487</u>
<b>Expenses:</b>						
General government	8,852,690	8,761,673	-	-	8,852,690	8,761,673
Public safety	25,379,353	25,797,185	-	-	25,379,353	25,797,185
Economic and physical development	4,353,439	2,106,133	-	-	4,353,439	2,106,133
Environmental protection	147,229	149,528	-	-	147,229	149,528
Human services	24,290,742	23,304,234	-	-	24,290,742	23,304,234
Cultural and recreation	1,698,750	1,481,633	-	-	1,698,750	1,481,633
Education	25,134,929	21,142,598	-	-	25,134,929	21,142,598
Interest on long-term debt	1,694,369	906,842	-	-	1,694,369	906,842
Airport	-	-	2,540,588	2,076,955	2,540,588	2,076,955
Landfill	-	-	3,874,580	3,124,119	3,874,580	3,124,119
Total expenses	<u>91,551,501</u>	<u>83,649,826</u>	<u>6,415,168</u>	<u>5,201,074</u>	<u>97,966,669</u>	<u>88,850,900</u>
Change in net position before transfers	4,310,687	7,654,058	(886,612)	3,682,529	3,424,075	11,336,587
Transfers in (out)	<u>(1,750,000)</u>	<u>(3,945,000)</u>	<u>1,750,000</u>	<u>3,945,000</u>	<u>-</u>	<u>-</u>
Change in net position	<u>2,560,687</u>	<u>3,709,058</u>	<u>863,388</u>	<u>7,627,529</u>	<u>3,424,075</u>	<u>11,336,587</u>
<b>Net Position:</b>						
Net position, beginning	12,001,977	8,232,473	25,763,566	18,136,037	37,765,543	26,368,510
Restatement	<u>-</u>	<u>60,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,446</u>
Net position, beginning, restated	<u>12,001,977</u>	<u>8,292,919</u>	<u>25,763,566</u>	<u>18,136,037</u>	<u>37,765,543</u>	<u>26,428,956</u>
End of year - June 30	<u>\$ 14,562,664</u>	<u>\$ 12,001,977</u>	<u>\$ 26,626,954</u>	<u>\$ 25,763,566</u>	<u>\$ 41,189,618</u>	<u>\$ 37,765,543</u>

**Governmental Activities.** Governmental activities increased the County's net position by \$2,560,687. Key elements of this increase are as follows:

- Maintaining a collection percentage of 94% 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 \$863,388. 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 \$40,331,275 while total fund balance reached \$45,967,612. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 46% of total General Fund expenditures and transfers to other funds, while total fund balance represents 52% of that same amount.

At June 30, 2022, the American Rescue Plan Fund reported a liability of \$5,869,238 for funds received in advance of being spent. Wilkes County was awarded a total of \$13,288,228 of American Rescue Plan Act funds from the Federal American Rescue Plan. The first installment of the award was received for \$6,644,114. The County plans to spend the grant award supplies and capital outlay purchases related to the vaccine center.

At June 30, 2022, the EMS Base and Vaccine Center Capital Project Fund issued debt for the construction of the EMS Base and Vaccine Center for \$9,710,000. This project is in the early stages at year end and is expected be completed in fiscal year 2024.

At June 30, 2022, the governmental funds of Wilkes County reported a combined fund balance of \$56,585,799, an increase over last year. The primary reason for this increase is the increase in fund balance in the General Fund and debt issued in the new EMS and Vaccine Center Capital Project 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 \$847,330. Unrestricted net position of the Landfill Fund at the end of the fiscal year totaled \$(2,694,835).

**Capital Asset and Debt Administration**

**Capital Assets.** Wilkes County’s capital assets for its governmental and business–type activities as of June 30, 2022 totaled \$64,081,013 (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	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,958,649	\$ 1,958,649	\$ 5,400,945	\$ 5,400,945	\$ 7,359,594	\$ 7,359,594
Buildings	31,079,565	30,492,452	5,829,890	5,124,352	36,909,455	35,616,804
Improvements	10,775,124	10,268,610	29,323,968	29,282,442	40,099,092	39,551,052
Machinery and equipment	16,285,381	16,380,955	8,157,594	7,610,029	24,442,975	23,990,984
Construction in progress	<u>1,204,264</u>	<u>600,438</u>	<u>4,141,794</u>	<u>3,101,374</u>	<u>5,346,058</u>	<u>3,701,812</u>
Total	61,302,983	59,701,104	52,854,191	50,519,142	114,157,174	110,220,246
Accumulated depreciation	<u>(25,746,392)</u>	<u>(23,965,876)</u>	<u>(24,329,769)</u>	<u>(22,364,773)</u>	<u>(50,076,161)</u>	<u>(46,330,649)</u>
Capital assets, net	<u>\$ 35,556,591</u>	<u>\$ 35,735,228</u>	<u>\$ 28,524,422</u>	<u>\$ 28,154,369</u>	<u>\$ 64,081,013</u>	<u>\$ 63,889,597</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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Direct placement - installment purchase	\$ 14,780,000	\$ 5,915,000	\$ -	\$ -	\$ 14,780,000	\$ 5,915,000
Certificate of participation	16,075,000	17,250,000	-	-	16,075,000	17,250,000
Lease liability	2,853,085	-	49,963	-	2,903,048	-
<b>Total</b>	<u>\$ 33,708,085</u>	<u>\$ 23,165,000</u>	<u>\$ 49,963</u>	<u>\$ -</u>	<u>\$ 33,758,048</u>	<u>\$ 23,165,000</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 \$517,600,000.

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

**Budget Highlights for the Fiscal Year Ending June 30, 2023**

**Governmental Activities.** The General Fund's original adopted revenue budget totals \$93,400,057 which is \$4.5 million more than the FY 2021-2022 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 2021-2022 budget. The County will receive Federal and State ARPA funds in 2021-2022, these funds will be used to address the COVID impact in Wilkes County. There is an appropriation of \$5,118,080 million from fund balance to be used for capital improvements and other capital needs. The County has elected to use cash on hand to meet its current capital needs as an alternative to borrowing funds.

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

**Requests for Information**

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

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**WILKES COUNTY, NORTH CAROLINA**

**STATEMENT OF NET POSITION  
JUNE 30, 2022**

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 43,693,262	\$ 3,669,777	\$ 47,363,039
Taxes receivable, net	2,021,416	-	2,021,416
Accounts receivable, net	1,051,969	534,379	1,586,348
Lease receivable, current	56,400	48,585	104,985
Due from other governments	5,224,565	91,222	5,315,787
Inventories	-	34,661	34,661
Internal balances	400,000	(400,000)	-
Cash and cash equivalents, restricted	<u>16,527,245</u>	<u>5,396,004</u>	<u>21,923,249</u>
Total current assets	<u>68,974,857</u>	<u>9,374,628</u>	<u>78,349,485</u>
Non-current assets:			
Pension asset, restricted	98,807	-	98,807
Lease receivable, non-current	31,673	191,143	222,816
Right to use asset, net of amortization	<u>2,916,703</u>	<u>50,003</u>	<u>2,966,706</u>
Capital assets:			
Land, improvements, and construction in progress	3,162,913	9,542,739	12,705,652
Other capital assets, net	<u>32,393,678</u>	<u>18,981,683</u>	<u>51,375,361</u>
Total non-current assets	<u>38,603,774</u>	<u>28,765,568</u>	<u>67,369,342</u>
Total assets	<u>107,578,631</u>	<u>38,140,196</u>	<u>145,718,827</u>
<b>Deferred Outflows of Resources:</b>			
Charge on refunding	252,335	-	252,335
OPEB deferrals	9,313,762	388,073	9,701,835
Pension deferrals	5,201,218	169,500	5,370,718
Contributions to pension plan	<u>2,490,415</u>	<u>98,715</u>	<u>2,589,130</u>
Total deferred outflows of resources	<u>17,257,730</u>	<u>656,288</u>	<u>17,914,018</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued expenses	2,638,099	391,994	3,030,093
Prepaid fees	263,204	-	263,204
Advances from grantors	6,319,939	-	6,319,939
Unearned revenue	1,027,435	-	1,027,435
Due within one year	<u>5,380,098</u>	<u>105,288</u>	<u>5,485,386</u>
Total current liabilities	<u>15,628,775</u>	<u>497,282</u>	<u>16,126,057</u>

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

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Long-term liabilities:			
Total pension liability - LEOSSA	3,179,391	-	3,179,391
Net pension liability - LGERS	4,474,263	175,293	4,649,556
Total OPEB liability	42,848,289	1,785,346	44,633,635
Due in more than one year	33,237,113	9,028,501	42,265,614
Total long-term liabilities	83,739,056	10,989,140	94,728,196
Total liabilities	99,367,831	11,486,422	110,854,253
<b>Deferred Inflows of Resources:</b>			
OPEB deferrals	4,153,181	173,049	4,326,230
Pension deferrals	6,611,549	271,561	6,883,110
Lease deferrals	87,869	238,498	326,367
Prepaid taxes	53,267	-	53,267
Total deferred inflows of resources	10,905,866	683,108	11,588,974
<b>Net Position:</b>			
Net investment in capital assets	27,584,281	28,474,459	56,058,740
Restricted for:			
Stabilization by state statute	5,740,225	-	5,740,225
Crime prevention	118,961	-	118,961
Register of Deeds	352,302	-	352,302
Register of Deeds' pension plan	115,593	-	115,593
Public safety	873,037	-	873,037
Unrestricted	(20,221,735)	(1,847,505)	(22,069,240)
Total net position	\$ 14,562,664	\$ 26,626,954	\$ 41,189,618

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

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WILKES COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 8,852,690	\$ 850,710	\$ 255,107	\$ 53,630
Public safety	25,379,353	5,855,798	333,057	-
Environmental protection	147,229	215,286	33,000	-
Economic and physical development	4,353,439	-	118,168	92,857
Human services	24,290,742	3,410,230	12,824,413	-
Cultural and recreational	1,698,750	72,058	11,500	-
Education	25,134,929	-	502,673	642,132
Interest on long-term debt	1,694,369	-	-	-
Total governmental activities	<u>91,551,501</u>	<u>10,404,082</u>	<u>14,077,918</u>	<u>788,619</u>
<b>Business-Type Activities:</b>				
Landfill	3,874,580	3,197,418	-	1,500
Airport	2,540,588	1,602,218	-	718,743
Total business-type activities	<u>6,415,168</u>	<u>4,799,636</u>	<u>-</u>	<u>720,243</u>
Total primary government	<u>\$ 97,966,669</u>	<u>\$ 15,203,718</u>	<u>\$ 14,077,918</u>	<u>\$ 1,508,862</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, 2022**

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental</u>	<u>Business-Type</u>	
	<u>Activities</u>	<u>Activities</u>	
<b>Functions/Programs</b>			
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General government	\$ (7,693,243)	\$ -	\$ (7,693,243)
Public safety	(19,190,498)	-	(19,190,498)
Environmental protection	101,057	-	101,057
Economic and physical development	(4,142,414)	-	(4,142,414)
Human services	(8,056,099)	-	(8,056,099)
Cultural and recreational	(1,615,192)	-	(1,615,192)
Education	(23,990,124)	-	(23,990,124)
Interest on long-term debt	(1,694,369)	-	(1,694,369)
Total governmental activities	<u>(66,280,882)</u>	<u>-</u>	<u>(66,280,882)</u>
<b>Business-Type Activities:</b>			
Landfill	-	(675,662)	(675,662)
Airport	-	(219,627)	(219,627)
Total business-type activities	<u>-</u>	<u>(895,289)</u>	<u>(895,289)</u>
Total primary government	<u>(66,280,882)</u>	<u>(895,289)</u>	<u>(67,176,171)</u>
<b>General Revenues:</b>			
Ad valorem taxes	45,351,376	-	45,351,376
Local option sales tax	24,878,555	-	24,878,555
Other taxes and licenses	340,238	-	340,238
Investment earnings	21,400	8,677	30,077
Total general revenues, excluding transfers	<u>70,591,569</u>	<u>8,677</u>	<u>70,600,246</u>
Transfers	<u>(1,750,000)</u>	<u>1,750,000</u>	<u>-</u>
Total general revenues and transfers	<u>68,841,569</u>	<u>1,758,677</u>	<u>70,600,246</u>
Change in net position	2,560,687	863,388	3,424,075
<b>Net Position:</b>			
Beginning of year - July 1	<u>12,001,977</u>	<u>25,763,566</u>	<u>37,765,543</u>
End of year - June 30	<u>\$ 14,562,664</u>	<u>\$ 26,626,954</u>	<u>\$ 41,189,618</u>

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

WILKES COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General Fund	American Rescue Plan Fund	EMS and Vaccine Center Capital Project Fund	Other Governmental Funds	Total
<b>Assets:</b>					
Cash and cash equivalents	\$ 42,707,838	\$ -	\$ -	\$ 985,424	\$ 43,693,262
Restricted cash	56,304	5,869,238	9,660,775	940,928	16,527,245
Receivables, net	1,051,969	-	-	-	1,051,969
Taxes receivable, net	1,788,530	-	-	232,886	2,021,416
Lease receivable	88,073	-	-	-	88,073
Due from other governments	5,120,473	-	-	104,092	5,224,565
Due from other funds	419,717	-	-	-	419,717
Total assets	<u>\$ 51,232,904</u>	<u>\$ 5,869,238</u>	<u>\$ 9,660,775</u>	<u>\$ 2,263,330</u>	<u>\$ 69,026,247</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued expenses	\$ 1,526,815	\$ 52,373	\$ -	\$ 112,387	\$ 1,691,575
Due to other funds	-	-	-	19,717	19,717
Prepaid fees	263,204	-	-	-	263,204
Advance from grantors	56,304	5,816,865	-	446,770	6,319,939
Unearned revenues	533,277	-	-	494,158	1,027,435
Total liabilities	<u>2,379,600</u>	<u>5,869,238</u>	<u>-</u>	<u>1,073,032</u>	<u>9,321,870</u>
<b>Deferred Inflows of Resources</b>	<u>2,885,692</u>	<u>-</u>	<u>-</u>	<u>232,886</u>	<u>3,118,578</u>
<b>Fund Balances:</b>					
Non-spendable:					
Lease receivables	204	-	-	-	204
Restricted:					
Stabilization by state statute	5,636,133	-	-	104,092	5,740,225
Restricted, all other	471,263	-	9,660,775	873,037	11,005,075
Committed	3,179,391	-	-	-	3,179,391
Assigned:					
Subsequent year's expenditures	6,118,080	-	-	-	6,118,080
Unassigned	30,562,541	-	-	(19,717)	30,542,824
Total fund balances	<u>45,967,612</u>	<u>-</u>	<u>9,660,775</u>	<u>957,412</u>	<u>56,585,799</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 51,232,904</u>	<u>\$ 5,869,238</u>	<u>\$ 9,660,775</u>	<u>\$ 2,263,330</u>	<u>\$ 69,026,247</u>

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

**WILKES COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	<b>Total</b>
Total fund balances from Page 1 of 2	\$ 56,585,799
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Premiums related to debt issuance, net of accumulated amortization, are not a current use of resources and, therefore, are not reported in the funds.	(1,458,871)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	35,556,591
Right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,916,703
Net pension asset	98,807
Net pension liability - LGERS	(4,474,263)
Total pension liability - LEOSSA	(3,179,391)
Total OPEB Liability	(42,848,289)
Contributions to the pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	2,490,415
Deferred outflows of resources related to pensions are not reported in the funds.	5,201,218
Deferred outflows of resources related to OPEB are not reported in the funds.	9,313,762
Deferred inflows of resources related to pensions are not reported in the funds.	(6,611,549)
Deferred inflows of resources related to OPEB are not reported in the funds.	(4,153,181)
Charges related to refunding	252,335
Accrued interest expense	(946,524)
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(37,158,340)
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.	2,977,442
Net position of governmental activities (Exhibit A)	\$ 14,562,664

*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, 2022**

	<u>General Fund</u>	<u>American Rescue Plan Fund</u>	<u>EMS and Vaccine Center Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>					
Ad valorem taxes	\$ 40,883,594	\$ -	\$ -	\$ 4,692,002	\$ 45,575,596
Local option sales taxes	24,878,555	-	-	-	24,878,555
Other taxes and licenses	340,238	-	-	-	340,238
Unrestricted intergovernmental revenues	259,304	-	-	-	259,304
Restricted intergovernmental revenues	12,432,989	827,249	-	129,668	13,389,906
Permits and fees	516,052	-	-	-	516,052
Sales and services	7,843,831	-	-	547,226	8,391,057
Interest earned on investments	16,080	-	5,275	45	21,400
Miscellaneous	2,592,933	-	-	-	2,592,933
Total revenues	<u>89,763,576</u>	<u>827,249</u>	<u>5,275</u>	<u>5,368,941</u>	<u>95,965,041</u>
<b>Expenditures:</b>					
Current:					
General government	8,810,824	-	-	-	8,810,824
Public safety	21,288,407	290,953	-	5,074,547	26,653,907
Environmental protection	131,772	-	-	-	131,772
Economic and physical development	3,602,467	-	-	118,168	3,720,635
Human services	24,235,569	-	-	-	24,235,569
Cultural and recreation	1,716,019	-	-	-	1,716,019
Education	25,134,929	-	-	-	25,134,929
Capital outlay	-	536,296	54,500	-	590,796
Debt service:					
Principal repayments	2,447,033	-	-	-	2,447,033
Interest	856,689	-	-	-	856,689
Total expenditures	<u>88,223,709</u>	<u>827,249</u>	<u>54,500</u>	<u>5,192,715</u>	<u>94,298,173</u>
Revenues over (under) expenditures	<u>1,539,867</u>	<u>-</u>	<u>(49,225)</u>	<u>176,226</u>	<u>1,666,868</u>
<b>Other Financing Sources (Uses):</b>					
Transfers (out)	(1,750,000)	-	-	-	(1,750,000)
Sale of capital assets	88,011	-	-	-	88,011
Lease liability issued	3,280,118	-	-	-	3,280,118
Installment purchase obligations issued	-	-	9,710,000	-	9,710,000
Total other financing sources (uses)	<u>1,618,129</u>	<u>-</u>	<u>9,710,000</u>	<u>-</u>	<u>11,328,129</u>
Net change in fund balances	3,157,996	-	9,660,775	176,226	12,994,997
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>42,809,616</u>	<u>-</u>	<u>-</u>	<u>781,186</u>	<u>43,590,802</u>
End of year - June 30	<u>\$ 45,967,612</u>	<u>\$ -</u>	<u>\$ 9,660,775</u>	<u>\$ 957,412</u>	<u>\$ 56,585,799</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, 2022

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 12,994,997
<p>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:</p>	
Property taxes	(224,220)
Sales and services	121,367
<p>Capital outlays and lease requirements 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.</p>	
	2,046,693
<p>Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.</p>	
	(2,225,330)
<p>Amortization of right to use leased assets is not reported as an expenditure in the governmental fund statement.</p>	
	(363,415)
<p>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.</p>	
	(314,889)
Change in deferred outflows - pension	965,286
Change in deferred inflows - pension	(6,486,399)
Change in net pension asset and liability	6,009,640
<p>Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.</p>	
	(284,617)
<p>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.</p>	
	2,447,033
<p>Proceeds from issuance of debt and leases are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.</p>	
	(9,710,000)
<p>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.</p>	
	104,205
<p>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.</p>	
	(878,802)
Amortization of deferred charges on refunding	(63,083)
OPEB plan expense	<u>(1,577,779)</u>
Total changes in net position of governmental activities	<u>\$ 2,560,687</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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Over/(Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 39,511,830	\$ 39,956,830	\$ 40,883,594	\$ 926,764
Local option sales tax	20,421,284	22,421,284	24,878,555	2,457,271
Other taxes and licenses	210,000	210,000	340,238	130,238
Unrestricted intergovernmental revenues	310,000	310,000	259,304	(50,696)
Restricted intergovernmental revenues	12,335,680	17,316,699	12,432,989	(4,883,710)
Permits and fees	418,800	418,800	516,052	97,252
Sales and services	7,260,059	8,148,462	7,843,831	(304,631)
Investment earnings	40,200	40,200	16,080	(24,120)
Miscellaneous	1,490,884	1,931,736	2,592,933	661,197
Total revenues	<u>81,998,737</u>	<u>90,754,011</u>	<u>89,763,576</u>	<u>(990,435)</u>
<b>Expenditures:</b>				
General government	10,377,240	10,375,076	8,318,806	2,056,270
Public safety	20,095,793	20,914,565	18,992,325	1,922,240
Environmental protection	170,000	170,000	131,772	38,228
Economic and physical development	1,808,046	3,859,930	3,602,467	257,463
Human services	24,984,157	30,196,359	23,743,551	6,452,808
Cultural and recreation	1,718,956	1,807,536	1,716,019	91,517
Education	22,852,143	25,377,143	25,134,929	242,214
Debt service:				
Principal repayments	3,420,000	2,820,000	2,447,033	372,967
Interest	<u>857,201</u>	<u>857,201</u>	<u>856,689</u>	<u>512</u>
Total expenditures	<u>86,283,536</u>	<u>96,377,810</u>	<u>84,943,591</u>	<u>11,434,219</u>
Revenues over (under) expenditures	<u>(4,284,799)</u>	<u>(5,623,799)</u>	<u>4,819,985</u>	<u>10,443,784</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (out)	(1,150,000)	(1,750,000)	(1,750,000)	-
Sale of capital assets	70,000	70,000	88,011	18,011
Appropriated fund balance	<u>5,364,799</u>	<u>7,303,799</u>	<u>-</u>	<u>(7,303,799)</u>
Total other financing sources (uses)	<u>4,284,799</u>	<u>5,623,799</u>	<u>(1,661,989)</u>	<u>(7,285,788)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,157,996</u>	<u>\$ 3,157,996</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			42,809,616	
<b>Reconciliation from Budgetary Basis to Modified Accrual Basis:</b>				
Initial implementation of lease standard:				
Lease liability issued			3,280,118	
Capital outlay			<u>(3,280,118)</u>	
End of year - June 30			<u>\$ 45,967,612</u>	

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

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

	<b>Major Enterprise Funds</b>		<b>Total</b>
	<b>Landfill Fund</b>	<b>Airport Fund</b>	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 2,052,208	\$ 1,617,569	\$ 3,669,777
Receivables, net	367,002	167,377	534,379
Lease receivables, current	6,061	42,524	48,585
Inventories	-	34,661	34,661
Due from other governments	64,047	27,175	91,222
Total current assets	<u>2,489,318</u>	<u>1,889,306</u>	<u>4,378,624</u>
Non-current assets:			
Restricted cash and cash equivalents	5,396,004	-	5,396,004
Lease receivables, non-current	-	191,143	191,143
Right to use assets, net of amortization	950	49,053	50,003
Capital assets:			
Land, improvements, and construction in progress	2,582,068	6,960,671	9,542,739
Other capital assets, net	<u>6,595,724</u>	<u>12,385,959</u>	<u>18,981,683</u>
Total non-current assets	<u>14,574,746</u>	<u>19,586,826</u>	<u>34,161,572</u>
Total assets	<u>17,064,064</u>	<u>21,476,132</u>	<u>38,540,196</u>
<b>Deferred Outflows of Resources:</b>			
OPEB deferrals	291,055	97,018	388,073
Pension deferrals	137,155	32,345	169,500
Contributions to pension plan	77,454	21,261	98,715
Total deferred outflows of resources	<u>505,664</u>	<u>150,624</u>	<u>656,288</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	187,069	204,925	391,994
Due to other funds	-	400,000	400,000
Current portion of compensated absences	78,603	8,635	87,238
Net pension liability	147,119	28,174	175,293
Current portion of long-term debt	925	17,125	18,050
Total current liabilities	<u>413,716</u>	<u>658,859</u>	<u>1,072,575</u>

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

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

	<b>Major Enterprise Funds</b>		<b>Total</b>
	<b>Landfill Fund</b>	<b>Airport Fund</b>	
Non-current liabilities:			
Accrued landfill closure and post-closure care costs	8,975,000	-	8,975,000
Compensated absences - non-current	17,185	4,403	21,588
Non-current portion of long-term debt	-	31,913	31,913
Total OPEB liability	<u>1,339,009</u>	<u>446,337</u>	<u>1,785,346</u>
Total non-current liabilities	<u>10,331,194</u>	<u>482,653</u>	<u>10,813,847</u>
Total liabilities	<u>10,744,910</u>	<u>1,141,512</u>	<u>11,886,422</u>
<b>Deferred Inflows of Resources:</b>			
OPEB deferrals	129,787	43,262	173,049
Lease deferrals	9,105	229,393	238,498
Pension deferrals	<u>203,894</u>	<u>67,667</u>	<u>271,561</u>
Total deferred inflows of resources	<u>342,786</u>	<u>340,322</u>	<u>683,108</u>
<b>Net Position:</b>			
Net investment in capital assets	9,176,867	19,297,592	28,474,459
Unrestricted	<u>(2,694,835)</u>	<u>847,330</u>	<u>(1,847,505)</u>
Total net position	<u>\$ 6,482,032</u>	<u>\$ 20,144,922</u>	<u>\$ 26,626,954</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, 2022

	<b>Major Enterprise Funds</b>		<b>Total</b>
	<b>Landfill Fund</b>	<b>Airport Fund</b>	
<b>Operating Revenues:</b>			
Charges for services	\$ 2,986,914	\$ 1,478,957	\$ 4,465,871
Rents	-	118,042	118,042
Scrap tire disposal grant	5,430	-	5,430
Other operating revenues	205,074	5,219	210,293
Total operating revenues	<u>3,197,418</u>	<u>1,602,218</u>	<u>4,799,636</u>
<b>Operating Expenses:</b>			
Airport operations	-	1,485,034	1,485,034
Landfill operations	2,622,228	-	2,622,228
Landfill closure and post-closure care costs	325,000	-	325,000
Depreciation and amortization	927,352	1,055,554	1,982,906
Total operating expenses	<u>3,874,580</u>	<u>2,540,588</u>	<u>6,415,168</u>
Operating income (loss)	<u>(677,162)</u>	<u>(938,370)</u>	<u>(1,615,532)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Interest earned on investments	8,677	-	8,677
Insurance reimbursements	1,500	-	1,500
Total non-operating revenues (expenses)	<u>10,177</u>	<u>-</u>	<u>10,177</u>
Income (loss) before capital contributions	(666,985)	(938,370)	(1,605,355)
Capital contributions	<u>-</u>	<u>718,743</u>	<u>718,743</u>
Income (loss) before transfers	(666,985)	(219,627)	(886,612)
<b>Transfers:</b>			
Transfers in	<u>500,000</u>	<u>1,250,000</u>	<u>1,750,000</u>
Change in net position	(166,985)	1,030,373	863,388
<b>Net Position:</b>			
Beginning of year - July 1	<u>6,649,017</u>	<u>19,114,549</u>	<u>25,763,566</u>
End of year - June 30	<u>\$ 6,482,032</u>	<u>\$ 20,144,922</u>	<u>\$ 26,626,954</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, 2022**

	<b>Major Enterprise Funds</b>		
	<b>Landfill Fund</b>	<b>Airport Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 3,084,464	\$ 1,571,989	\$ 4,656,453
Cash paid for goods and services	(1,546,068)	(1,123,127)	(2,669,195)
Cash paid to employees for services	(1,075,480)	(274,937)	(1,350,417)
Net cash provided (used) by operating activities	<u>462,916</u>	<u>173,925</u>	<u>636,841</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Other non-operating revenues	1,500	-	1,500
Transfers in	500,000	1,250,000	1,750,000
Net cash provided (used) by non-capital financing activities	<u>501,500</u>	<u>1,250,000</u>	<u>1,751,500</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Capital grants received	-	756,641	756,641
Acquisition and construction of capital assets	(869,729)	(1,465,320)	(2,335,049)
Principal paid on long-term debt	(930)	(17,020)	(17,950)
Net cash provided (used) by capital and related financing activities	<u>(870,659)</u>	<u>(725,699)</u>	<u>(1,596,358)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	8,677	-	8,677
Net increase (decrease) in cash and cash equivalents	102,434	698,226	800,660
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>7,345,778</u>	<u>919,343</u>	<u>8,265,121</u>
End of year - June 30	<u>\$ 7,448,212</u>	<u>\$ 1,617,569</u>	<u>\$ 9,065,781</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, 2022

	Major Enterprise Funds		Total
	Landfill Fund	Airport Fund	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (677,162)	\$ (938,370)	\$ (1,615,532)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	927,352	1,055,554	1,982,906
Landfill closure and post-closure care costs	325,000	-	325,000
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(66,753)	(25,955)	(92,708)
(Increase) decrease in deferred outflows of resources - pension	(30,044)	(10,015)	(40,059)
(Increase) decrease in deferred outflows of resources - OPEB	(37,144)	(12,380)	(49,524)
Increase (decrease) in net pension liability	(188,361)	(62,787)	(251,148)
Increase (decrease) in deferred inflows of resources - pension	203,024	67,667	270,691
Increase (decrease) in deferred inflows of resources - OPEB	(36,072)	(12,024)	(48,096)
(Increase) decrease in lease receivable	(6,061)	(233,667)	(239,728)
(Increase) decrease in lease deferrals	9,105	229,393	238,498
(Increase) decrease in inventory	-	20,719	20,719
Increase (decrease) in accounts payable and accrued liabilities	(109,538)	59,525	(50,013)
Increase (decrease) in OPEB liability	122,521	40,840	163,361
Increase (decrease) in accrued vacation pay	27,049	(4,575)	22,474
Total adjustments	<u>1,140,078</u>	<u>1,112,295</u>	<u>2,252,373</u>
Net cash provided (used) by operating activities	<u>\$ 462,916</u>	<u>\$ 173,925</u>	<u>\$ 636,841</u>
<b>Non-Cash Transactions:</b>			
Right to use asset acquired in exchange for a lease liability	<u>\$ 1,855</u>	<u>\$ 66,058</u>	<u>\$ 67,913</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, 2022**

	<u>Custodial Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 127,740
Receivables, net	<u>221,098</u>
Total assets	<u>348,838</u>
<b>Liabilities:</b>	
Accounts payable and accrued liabilities	<u>103,238</u>
<b>Net Position:</b>	
Restricted for:	<u>245,600</u>
Individuals, organizations and other governments	<u>\$ 245,600</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, 2022**

	<u>Custodial Funds</u>
<b>Additions:</b>	
Ad valorem taxes for other governments	\$ 2,854,111
Investment earnings	<u>26,029</u>
Total additions	<u>2,880,140</u>
<b>Deductions:</b>	
Tax distributions to other governments	<u>2,853,453</u>
Net increase (decrease) in fiduciary net position	26,687
<b>Net Position:</b>	
Net position - beginning	<u>218,913</u>
Net position - ending	<u><u>\$ 245,600</u></u>

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# WILKES COUNTY, NORTH CAROLINA

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

### 1. Summary of Significant Accounting Policies

The accounting policies of 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.

*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.

# WILKES COUNTY, NORTH CAROLINA

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

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.

**EMS Vaccine Center Capital Project Fund.** This capital project fund accounts for financial resources to be used for the acquisition and construction for major capital facilities (other than those by proprietary funds, special assessments, or trust funds). The County has one major capital project fund with the governmental fund types.

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 9 legally budgeted nonmajor funds. The Fire District Fund, the Law Enforcement Restricted Fund, the Emergency Telephone System Fund, the Community Development Block Grants Fund, the COVID Recovery Act Fund, Parks and Recreation Trust Fund, Opioid Settlement Fund, SCIF Sheriff Fund, and SCIF County Fund are reported as nonmajor special revenue funds.

### **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.

# WILKES COUNTY, NORTH CAROLINA

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

*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 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 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.

# WILKES COUNTY, NORTH CAROLINA

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

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, EMS Base and Vaccine Center, Parks and Recreation Trust 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.

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

# WILKES COUNTY, NORTH CAROLINA

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

(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, SCIF 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. Cash in the EMS and Vaccine Center Capital Project Fund from unspent debt and in the Opioid Settlement Fund from unexpended settlement proceeds are classified as restricted.

#### Wilkes County Restricted Cash

##### Governmental Activities:

###### General Fund:

Unspent grant proceeds	\$	56,304
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###### American Rescue Plan Fund:

Unspent grant proceeds		5,869,238
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###### Opioid Settlement Fund:

Unexpended opioid settlement proceeds		494,158
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###### SCIF Fund:

Unspent grant proceeds		446,770
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###### EMS and Vaccine Center Capital Project Fund:

Unspent loan proceeds		<u>9,660,775</u>
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Total governmental activities		<u>16,527,245</u>
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##### Business-Type Activities:

###### Landfill Fund:

Landfill closure		<u>5,396,004</u>
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Total business-type activities		<u>5,396,004</u>
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Total restricted cash	\$	<u>21,923,249</u>
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# WILKES COUNTY, NORTH CAROLINA

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

### **Ad Valorem Taxes Receivable**

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

### **Lease Receivables**

The County's lease receivable is measure at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

### **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.

# WILKES COUNTY, NORTH CAROLINA

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

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

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

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

### **Right-to-Use Assets**

The County has recorded right-to-use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has 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 assets that applies to a future period and so will not be recognized as revenue until then. The County has six items that meet the criteria for this category – prepaid taxes, other receivables, lease deferrals, property taxes receivable, OPEB deferrals and pension related deferrals.

# WILKES COUNTY, NORTH CAROLINA

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

### 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 an other 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 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.

### Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 5% to a County Incentive Fund.

The County received \$494,158 as part of this settlement in Fiscal Year 2022. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2022. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

# WILKES COUNTY, NORTH CAROLINA

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

### 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, 2022 is as follows:

	<u>Governmental Activities</u>
Stabilization by state statute	\$ 5,740,225
Crime prevention	118,961
Register of Deeds	352,302
Register of Deeds pension plan	115,593
Public safety	<u>873,037</u>
Total	<u>\$ 7,200,118</u>

#### Unrestricted Net Position

The County has \$17,533,871 of debt and unamortized premiums 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 the 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.

*Leases* – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource. The non-spendable amount related to leases at June 30, 2022 is \$204 for the General Fund.

# WILKES COUNTY, NORTH CAROLINA

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

### Restricted Fund Balance

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

	General Fund	EMS and Vaccine Center Capital Project 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>	\$ 5,636,133	\$ -	\$ 104,092
<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>	352,302	-	-

**WILKES COUNTY, NORTH CAROLINA**

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

	<u>General Fund</u>	<u>EMS and Vaccine Center Capital Project Fund</u>	<u>Special Revenue Funds</u>
<i>Restricted for Public Safety - Law Enforcement – portion of fund balance that is restricted by revenue source for law enforcement expenditures.</i>	-	-	8,667
<i>Restricted for Public Safety - Fire Districts – portion of fund balance that is restricted by revenue source for fire district expenditures.</i>	-	-	814,328
<i>Restricted for Public Safety - E-911 – portion of fund balance that is restricted by revenue source for E911 expenditures.</i>	-	-	50,042
<i>Restricted for Public Safety - EMS – portion of fund balance that is restricted by revenue source for EMS expenditures.</i>	-	9,660,775	-
	<u>\$ 6,107,396</u>	<u>\$ 9,660,775</u>	<u>\$ 977,129</u>

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$9,660,775 and restricted for Register of Deeds pension plan of \$115,593, for a net difference of \$9,545,182, as of June 30, 2022.

**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>\$ 3,179,391</u>

# WILKES COUNTY, NORTH CAROLINA

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

### 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.

	<b>General Fund</b>
	<u>                    </u>
Subsequent year's expenditures	<u>\$ 6,118,080</u>

### 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)	\$ 45,967,612
Less:	
Non-spendable	(204)
Stabilization by state statute	<u>(5,636,133)</u>
Available for appropriation	<u>\$ 40,331,275</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.

# WILKES COUNTY, NORTH CAROLINA

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

### 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.

## 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 expenditures to be covered by the general fund transfers. 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

# WILKES COUNTY, NORTH CAROLINA

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

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, 2022, the County's deposits had a carrying amount of \$30,374,336 and a bank balance of \$31,239,338 of the bank balance, \$1,041,993 was covered by federal depository insurance and \$30,197,345 was covered by collateral held under the Pooling Method.

At June 30, 2022, Wilkes County had \$6,355 cash on hand.

### Investments

As of June 30, 2022, 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	\$ 36,460,016	\$ -	\$ -	\$ -
First Citizens Wealth Management US Treasuries	Fair Value - Level 1	2,311,746	329,809	-	1,981,937
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	261,575	-	-	-
		<u>\$ 39,033,337</u>	<u>\$ 329,809</u>	<u>\$ -</u>	<u>\$ 1,981,937</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, 2022,

# WILKES COUNTY, NORTH CAROLINA

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

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 Treasuries are rated AA- by Standard and Poor's and Aa3 by Moody's Investor Services.

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,149,679	\$ 985,549	\$ 5,135,228
2020	4,176,376	616,015	4,792,391
2021	4,190,165	240,953	4,431,118
2022	4,192,644	-	4,192,644
Total	<u>\$ 16,708,864</u>	<u>\$ 1,842,517</u>	<u>\$ 18,551,381</u>

### Receivables

Receivables at the government-wide level at June 30, 2022 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
		<u>Landfill</u>	<u>Airport</u>
<b>Taxes Receivable:</b>			
Taxes receivable	\$ 2,787,929	\$ -	\$ -
Allowance for doubtful accounts	(766,513)	-	-
Total taxes receivable	<u>\$ 2,021,416</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Accounts Receivable:</b>			
Other	\$ 95,943	\$ -	\$ -
EMS/Landfill/Airport sales	1,307,118	393,293	172,669
Allowance for doubtful accounts	(351,092)	(26,291)	(5,292)
Total accounts receivable	<u>\$ 1,051,969</u>	<u>\$ 367,002</u>	<u>\$ 167,377</u>
<b>Due from Other Governments:</b>			
Local option sales tax distribution	\$ 4,411,588	\$ -	\$ -
Sales tax refund	320,324	64,047	26,694
Motor vehicle tax	492,653	-	-
Grants	-	-	481
Total due from other governments	<u>\$ 5,224,565</u>	<u>\$ 64,047</u>	<u>\$ 27,175</u>

# WILKES COUNTY, NORTH CAROLINA

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

The Custodial Funds' accounts receivable is presented net of the allowance for uncollectible accounts of \$2,429.

### Lease Receivable

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

On December 6, 1990, Wilkes County, NC entered into a 53 month lease as Lessor for the use of J.C. Faw Hangar Plot. An initial lease receivable was recorded in the amount of \$730. As of June 30, 2022, the value of the lease receivable is \$547. The lessee is required to make annual fixed payments of \$186. The lease has an interest rate of 0.8930%. The value of the deferred inflow of resources as of June 30, 2022, was \$565, and Wilkes County recognized lease revenue of \$165 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.

On January 1, 2019, Wilkes County, NC entered into a 30 month lease as Lessor for the use of Farmland - ASJ. An initial lease receivable was recorded in the amount of \$12,122. As of June 30, 2022, the value of the lease receivable is \$6,061. The lessee is required to make annual fixed payments of \$6,105. The lease has an interest rate of 0.7270%. The value of the deferred inflow of resources as of June 30, 2022, was \$7,273, and Wilkes County recognized lease revenue of \$4,849 during the fiscal year.

On November 1, 2021, Wilkes County, NC entered into a 36 month lease as Lessor for the use of 416 Executive Drive. An initial lease receivable was recorded in the amount of \$70,745. As of June 30, 2022, the value of the lease receivable is \$55,158. The lessee is required to make monthly fixed payments of \$1,993. The lease has an interest rate of 0.9800%. The value of the deferred inflow of resources as of June 30, 2022, was \$55,024, and Wilkes County recognized lease revenue of \$15,721 during the fiscal year.

On August 15, 1990, Wilkes County, NC entered into a 49 month lease as Lessor for the use of Hangar Space - Phillips. An initial lease receivable was recorded in the amount of \$797. As of June 30, 2022, the value of the lease receivable is \$635. The lessee is required to make annual fixed payments of \$162. The lease has an interest rate of 0.8930%. The value of the deferred inflow of resources as of June 30, 2022, was \$604, and Wilkes County recognized lease revenue of \$193 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.

On January 1, 2018, Wilkes County, NC entered into a 18 month lease as Lessor for the use of Farmland - High Mountain. An initial lease receivable was recorded in the amount of \$5,497. As of June 30, 2022, the value of the lease receivable is \$0. The lessee is required to make annual fixed payments of \$5,511. The lease has an interest rate of 0.5140%. The value of the deferred inflow of resources as of June 30, 2022, was \$1,832, and Wilkes County recognized lease revenue of \$3,665 during the fiscal year.

## **WILKES COUNTY, NORTH CAROLINA**

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

On March 1, 2015, Wilkes County, NC entered into a 164 month lease as Lessor for the use of Hangar - Meyer. An initial lease receivable was recorded in the amount of \$40,694. As of June 30, 2022, the value of the lease receivable is \$38,578. The lessee is required to make monthly fixed payments of \$232. The lease has an interest rate of 1.9130%. The value of the deferred inflow of resources as of June 30, 2022, was \$37,716, and Wilkes County recognized lease revenue of \$2,978 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

On March 1, 2019, Wilkes County, NC entered into a 20 month lease as Lessor for the use of Hangar - American Aviation. An initial lease receivable was recorded in the amount of \$9,958. As of June 30, 2022, the value of the lease receivable is \$3,992. The lessee is required to make monthly fixed payments of \$500. The lease has an interest rate of 0.5140%. The value of the deferred inflow of resources as of June 30, 2022, was \$3,983, and Wilkes County recognized lease revenue of \$5,975 during the fiscal year. The lessee has 3 extension option(s), each for 24 months.

On February 1, 2011, Wilkes County, NC entered into a 115 month lease as Lessor for the use of Hangar - Rock Creek Township. An initial lease receivable was recorded in the amount of \$32,932. As of June 30, 2022, the value of the lease receivable is \$30,130. The lessee is required to make monthly fixed payments of \$269. The lease has an interest rate of 1.6040%. The value of the deferred inflow of resources as of June 30, 2022, was \$29,496, and Wilkes County recognized lease revenue of \$3,436 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

On February 1, 2011, Wilkes County, NC entered into a 115 month lease as Lessor for the use of Hangar - Former Tyson. An initial lease receivable was recorded in the amount of \$29,260. As of June 30, 2022, the value of the lease receivable is \$26,771. The lessee is required to make monthly fixed payments of \$239. The lease has an interest rate of 1.6040%. The value of the deferred inflow of resources as of June 30, 2022, was \$26,207, and Wilkes County recognized lease revenue of \$3,053 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

On August 1, 2020, Wilkes County, NC entered into a 229 month lease as Lessor for the use of Hangar - Samaritan's Purse. An initial lease receivable was recorded in the amount of \$93,834. As of June 30, 2022, the value of the lease receivable is \$90,700. The lessee is required to make monthly fixed payments of \$423. The lease has an interest rate of 2.3000%. The value of the deferred inflow of resources as of June 30, 2022, was \$88,917, and Wilkes County recognized lease revenue of \$4,917 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

On June 1, 2021, Wilkes County, NC entered into a 23 month lease as Lessor for the use of S.R. 2363 -118 Peace Street. An initial lease receivable was recorded in the amount of \$68,676. As of June 30, 2022, the value of the lease receivable is \$32,915. The lessee is required to make monthly fixed payments of \$3,000. The lease has an interest rate of 0.5140%. The value of the deferred inflow of resources as of June 30, 2022, was \$32,845, and Wilkes County recognized lease revenue of \$35,831 during the fiscal year. The lessee has 4 extension option(s), each for 24 months.

## WILKES COUNTY, NORTH CAROLINA

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

On April 1, 2007, Wilkes County, NC entered into a 69 month lease as Lessor for the use of Airport Land. An initial lease receivable was recorded in the amount of \$21,792. As of June 30, 2022, the value of the lease receivable is \$18,359. The lessee is required to make monthly fixed payments of \$303. The lease has an interest rate of 1.2170%. The value of the deferred inflow of resources as of June 30, 2022, was \$18,002, and Wilkes County recognized lease revenue of \$3,790 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

On March 1, 2018, Wilkes County, NC entered into a 20 month lease as Lessor for the use of Hangar - Window World. An initial lease receivable was recorded in the amount of \$59,757. As of June 30, 2022, the value of the lease receivable is \$23,955. The lessee is required to make monthly fixed payments of \$3,000. The lease has an interest rate of 0.5140%. The value of the deferred inflow of resources as of June 30, 2022, was \$23,903, and Wilkes County recognized lease revenue of \$35,854 during the fiscal year.

<b>Year Ending June 30</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 56,400	\$ 520	\$ 56,920
2024	23,716	204	23,920
2025	7,957	16	7,973
Total	\$ 88,073	\$ 740	\$ 88,813

<b>Year Ending June 30</b>	<b>Business-Type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 48,585	\$ 3,959	\$ 52,544
2024	15,218	3,611	18,829
2025	15,881	3,350	19,231
2026	16,523	3,076	19,599
2027	16,145	2,791	18,936
2028-2032	64,609	9,984	74,593
2033-2037	39,970	4,711	44,681
2038-2042	22,797	850	23,647
Total	\$ 239,728	\$ 32,332	\$ 272,060

**WILKES COUNTY, NORTH CAROLINA**

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

**Capital Assets**

Capital asset activity for the year ended June 30, 2022, was as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2022</u>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 1,958,649	\$ -	\$ -	\$ -	\$ 1,958,649
Construction in progress	600,438	988,980	-	(385,154)	1,204,264
Total non-depreciable capital assets	<u>2,559,087</u>	<u>988,980</u>	<u>-</u>	<u>(385,154)</u>	<u>3,162,913</u>
<b>Depreciable Capital Assets:</b>					
Buildings	30,492,452	201,959		385,154	31,079,565
Other improvements	10,268,610	506,514	-	-	10,775,124
Equipment	16,380,955	349,240	444,814	-	16,285,381
Total depreciable capital assets	<u>57,142,017</u>	<u>1,057,713</u>	<u>444,814</u>	<u>385,154</u>	<u>58,140,070</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	10,635,371	763,618	-	-	11,398,989
Other improvements	3,605,633	507,611	-	-	4,113,244
Equipment	9,724,872	954,101	444,814	-	10,234,159
Total accumulated depreciation	<u>23,965,876</u>	<u>\$ 2,225,330</u>	<u>\$ 444,814</u>	<u>\$ -</u>	<u>25,746,392</u>
Total depreciable capital assets, net	<u>33,176,141</u>				<u>32,393,678</u>
Governmental activities capital assets, net	<u>\$ 35,735,228</u>				<u>\$ 35,556,591</u>

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

General government	\$ 940,932
Public safety	959,669
Environmental protection	15,457
Human services	126,086
Social Services	85,761
Cultural and recreational	97,425
Total	<u>\$ 2,225,330</u>

# WILKES COUNTY, NORTH CAROLINA

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

	<b>Balance</b> <b>July 1, 2021</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance</b> <b>June 30, 2022</b>
<b>Business-Type Activities:</b>					
<b>Landfill:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 2,557,068	\$ -	\$ -	\$ -	\$ 2,557,068
Construction in progress	365,894	344,560	-	(685,454)	25,000
Total non-depreciable assets	2,922,962	344,560	-	(685,454)	2,582,068
<b>Depreciable Capital Assets:</b>					
Buildings	445,316	14,625	-	685,454	1,145,395
Other improvements	8,279,699	7,276	-	-	8,286,975
Equipment	7,267,013	503,268	-	-	7,770,281
Total depreciable capital assets	15,992,028	525,169	-	685,454	17,202,651
<b>Less Accumulated Depreciation:</b>					
Buildings	366,554	39,764	-	-	406,318
Other improvements	4,904,874	462,848	-	-	5,367,722
Equipment	4,409,052	423,835	-	-	4,832,887
Total accumulated depreciation	9,680,480	\$ 926,447	\$ -	\$ -	10,606,927
Total depreciable capital assets, net	6,311,548				6,595,724
Landfill capital assets, net	9,234,510				9,177,792
<b>Airport:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	2,843,877	\$ -	\$ -	\$ -	2,843,877
Construction in progress	2,735,480	1,381,314	-	-	4,116,794
Total non-depreciable capital assets	5,579,357	1,381,314	-	-	6,960,671
<b>Depreciable Capital Assets:</b>					
Buildings	4,679,036	5,459	-	-	4,684,495
Other improvements	21,002,743	34,250	-	-	21,036,993
Equipment	343,016	44,297	-	-	387,313
Total depreciable capital assets	26,024,795	84,006	-	-	26,108,801
<b>Less Accumulated Depreciation:</b>					
Buildings	211,964	13,597	-	-	225,561
Other improvements	12,223,126	1,006,576	-	-	13,229,702
Equipment	249,203	18,376	-	-	267,579
Total accumulated depreciation	12,684,293	\$ 1,038,549	\$ -	\$ -	13,722,842
Total depreciable capital assets, net	13,340,502				12,385,959
Airport capital assets, net	18,919,859				19,346,630
Business-type activities capital assets, net	\$ 28,154,369				\$ 28,524,422

# WILKES COUNTY, NORTH CAROLINA

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

### Right-to-Use Leased Assets

The County has recorded twenty-three right-to-use leased assets. The assets are right-to-use assets for leased equipment, buildings and infrastructure, and land. The related leases are discussed in the leases subsection of the liabilities section of this note. The right-to-use lease assets are amortized on a straight-line basis over the terms of the related leases.

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

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
<b>Governmental Activities:</b>				
Right-to-use assets:				
Leased vehicles and equipment	\$ -	\$ 3,182,307	\$ -	\$ 3,182,307
Leased buildings and infrastructure	-	97,811	-	97,811
Total right-to-use assets	-	3,280,118	-	3,280,118
<b>Less Accumulated Amortization:</b>				
Leased vehicles and equipment	-	280,201	-	280,201
Leased buildings and infrastructure	-	83,214	-	83,214
Total accumulated amortization	-	363,415	-	363,415
Right-to-use assets, net	\$ -	\$ 2,916,703	\$ -	\$ 2,916,703
	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
<b>Business-Type Activities:</b>				
Right-to-use assets:				
Leased vehicles and equipment	\$ -	\$ 67,913	\$ -	\$ 67,913
<b>Less Accumulated Amortization:</b>				
Leased vehicles and equipment	-	17,910	-	17,910
Right-to-use assets, net	\$ -	\$ 50,003	\$ -	\$ 50,003

### Net Investment in Capital Assets

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 35,556,591	\$ 28,524,422
Right to use assets	2,916,703	50,003
Long-term debt	(35,166,956)	(49,963)
Long-term debt for assets not owned by the County	17,533,871	-
Unspent debt proceeds	9,660,775	-
Net investment in capital assets	\$ 27,584,281	\$ 28,474,459

The \$252,335 charge on refunding is related to debt for assets not owned by the County.

**WILKES COUNTY, NORTH CAROLINA**

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

**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	\$ 1,179,132	\$ -
T-Hangar	655,144	5,210
Total	<u>\$ 1,834,276</u>	<u>\$ 5,210</u>

**B. Liabilities**

**Payables**

Payables at the government-wide level at June 30, 2022 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Vendors	\$ 1,691,575	\$ 340,666	\$ 2,032,241
Other expenses	946,524	9	946,533
Retainage payable	-	51,319	51,319
Total accounts payable	<u>\$ 2,638,099</u>	<u>\$ 391,994</u>	<u>\$ 3,030,093</u>

**Pension Plan Obligations**

**Local Governmental Employees' Retirement System**

**Plan Description.** The County is a participating employer in the statewide Local Governmental Employees’ Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees’ Retirement System is included in the 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](http://www.osc.nc.gov).

# WILKES COUNTY, NORTH CAROLINA

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

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60.

Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2022, was 12.10% of compensation for law enforcement officers and 11.35% 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 \$2,500,168 for the year ended June 30, 2022.

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

# WILKES COUNTY, NORTH CAROLINA

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

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

At June 30, 2022, the County reported a liability of \$4,649,556 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the County's proportion was .303%, (measured as of June 30, 2021) which was an decrease of .00264% from its proportion as of June 30, 2021 (measured as of June 30, 2020).

For the year ended June 30, 2022, the County recognized pension expense of \$1,987,263. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,479,191	\$ -
Changes of assumptions	2,921,109	-
Net difference between projected and actual earnings on pension plan investments	-	6,642,819
Changes in proportion and differences between County contributions and proportionate share of contributions	34,492	143,942
County contributions subsequent to the measurement date	2,500,168	-
Total	\$ 6,934,960	\$ 6,786,761

\$2,500,168 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Total</b>
2023	\$ 399,372
2024	(170,234)
2025	(548,364)
2026	(2,032,743)
Total	\$ (2,351,969)

# WILKES COUNTY, NORTH CAROLINA

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

**Actuarial Assumptions.** The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increase	3.25 - 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 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, 2020 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

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

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

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

# WILKES COUNTY, NORTH CAROLINA

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

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	\$ 18,049,191	\$ 4,649,556	\$ (6,377,564)

**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.

# WILKES COUNTY, NORTH CAROLINA

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

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

Retirees receiving benefits	16
Active plan members	<u>82</u>
Total	<u><u>98</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, 2020 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	2.25 percent

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

**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.

# WILKES COUNTY, NORTH CAROLINA

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

**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 continent 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 \$189,345 as benefits came due for the reporting period.

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

At June 30, 2022, the County reported a total pension liability of \$3,179,391. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was rolled forward to December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$458,433.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 377,296	\$ 8,894
Changes of assumptions	545,906	85,271
County benefit payments and plan administrative expense made subsequent to the measurement date	82,716	-
Total	<u>\$ 1,005,918</u>	<u>\$ 94,165</u>

**WILKES COUNTY, NORTH CAROLINA**

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

The County paid \$82,716 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Total</b>
2023	\$ 237,093
2024	228,619
2025	207,225
2026	140,064
2027	<u>16,036</u>
Total	<u>\$ 829,037</u>

*Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate.* The following presents the County's total pension liability calculated using the discount rate of 2.25 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	<b>1% Decrease (1.25%)</b>	<b>Discount Rate (2.25%)</b>	<b>1% Increase (3.25%)</b>
Total pension liability	<u>\$ 3,442,578</u>	<u>\$ 3,179,391</u>	<u>\$ 2,939,176</u>

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

	<b><u>2022</u></b>
Beginning balance	\$ 2,960,203
Service cost	170,147
Interest on the total pension liability	55,305
Differences between expected and actual	264,730
Changes of assumptions or other inputs	(81,649)
Benefit payments	<u>(189,345)</u>
Ending balance of the total pension liability	<u>\$ 3,179,391</u>

# WILKES COUNTY, NORTH CAROLINA

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

*Changes of Assumptions.* Changes of assumptions and other inputs reflects a change in the discount rate from 1.93 percent at June 30, 2021 to 2.25 percent at June 30, 2022.

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an 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 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 \$172,088 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 Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Annual Comprehensive Financial Report (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](http://www.osc.nc.gov).

# WILKES COUNTY, NORTH CAROLINA

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

**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 \$6,246 for the year ended June 30, 2022.

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

At June 30, 2022, the County reported an asset of \$98,807 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2022, the County's proportion was .514% (measured as of June 30, 2021), which was an increase of .005% from its proportion at June 30, 2021 (measured at June 30, 2020).

For the year ended June 30, 2022, the County recognized pension expense of \$10,105. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,054	\$ 1,198
Changes of assumptions	7,205	-
Net difference between projected and actual earnings on pension plan investments	-	303
Changes in proportion and differences between County contributions and proportionate share of contributions	4,465	683
County contributions subsequent to the measurement date	6,246	-
Total	\$ 18,970	\$ 2,184

# WILKES COUNTY, NORTH CAROLINA

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

\$6,246 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2023. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Total</u>
2023	\$ 6,920
2024	1,547
2025	(231)
2026	2,304
2027	-
Total	<u>\$ 10,540</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25 - 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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

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

# WILKES COUNTY, NORTH CAROLINA

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

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2021 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	\$ (78,483)	\$ (98,807)	\$ (115,886)

**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.

**WILKES COUNTY, NORTH CAROLINA**

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

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

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

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$ 4,649,556	\$ (98,807)	\$ -	\$ 4,550,749
Proportion of the net pension liability (asset)	0.30318%	0.51427%	n/a	0.81745%
Total pension liability	-	-	3,179,391	3,179,391
Pension expense	1,987,263	10,105	458,433	2,455,801

At June 30, 2022, 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	\$ 1,479,191	\$ 1,054	\$ 377,296	\$ 1,857,541
Changes of assumptions	2,921,109	7,205	545,906	3,474,220
Changes in proportion and differences between County contributions and proportionate share of contributions	34,492	4,465	-	38,957
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>2,500,168</u>	<u>6,246</u>	<u>82,716</u>	<u>2,589,130</u>
Total deferred outflows of resources	<u>\$ 6,934,960</u>	<u>\$ 18,970</u>	<u>\$ 1,005,918</u>	<u>\$ 7,959,848</u>
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 1,198	\$ 8,894	\$ 10,092
Changes of assumptions	-	-	85,271	85,271
Net difference between projected and actual earnings on pension plan investments	6,642,819	303	-	6,643,122
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>143,942</u>	<u>683</u>	<u>-</u>	<u>144,625</u>
Total deferred inflows of resources	<u>\$ 6,786,761</u>	<u>\$ 2,184</u>	<u>\$ 94,165</u>	<u>\$ 6,883,110</u>

# WILKES COUNTY, NORTH CAROLINA

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

### Other Post-Employment Benefits

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

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

Membership of the Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	120
Active members	<u>487</u>
Total	<u><u>607</u></u>

### Total OPEB Liability

The County's total OPEB liability of \$44,633,635 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021.

**Actuarial Assumptions and Other Inputs.** The total OPEB liability in the June 30, 2021 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	3.25 to 8.41 percent, including inflation
Law Enforcement Officers	3.25 to 7.90 percent, including inflation
Discount rate	2.16 percent
Health care cost trend rates	Pre-Medicare - 7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031. Medicare - 5.125% for 2021 decreasing to an ultimate rate of 4.50% by 2024.

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.

**WILKES COUNTY, NORTH CAROLINA**

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

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2021</b>	<u>\$ 40,549,612</u>
<b>Changes for the year:</b>	
Service cost	1,547,323
Interest	918,052
Differences between expected and actual experience	591,954
Changes of assumptions or other inputs	2,145,075
Benefit payments	<u>(1,118,381)</u>
Net changes	<u>4,084,023</u>
<b>Balance at June 30, 2022</b>	<u><u>\$ 44,633,635</u></u>

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, 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, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

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

	<b>1% Decrease (1.16%)</b>	<b>Discount Rate (2.16%)</b>	<b>1% Increase (3.16%)</b>
Total OPEB liability	<u>\$ 54,404,956</u>	<u>\$ 44,633,635</u>	<u>\$ 37,207,259</u>

# WILKES COUNTY, NORTH CAROLINA

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

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

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 36,670,344	\$ 44,633,635	\$ 55,340,190

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$2,775,456. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 711,393	\$ 2,093,064
Changes of assumptions or other inputs	8,064,043	2,233,166
County contributions subsequent to the measurement date	926,399	-
Total	\$ 9,701,835	\$ 4,326,230

\$926,399 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, 2023. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2023	\$ 310,081
2024	310,081
2025	509,672
2026	857,448
2027	1,110,516
Thereafter	1,351,408
Total	\$ 4,449,206

# WILKES COUNTY, NORTH CAROLINA

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

### **Other Employment Benefits**

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

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

Federal and state laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 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 \$8,975,000 reported as landfill closure and post-closure care liability at June 30, 2022 represents a cumulative amount reported to date based on the use of 5 cells. The County has approximately 617,033 cubic yards remaining for waste disposal and cover soil. Assuming the annual tonnage remains constant and an average airspace utilization factor of 1,019 lbs/cy the remaining life of the landfill is approximately 4.9 years. Amounts are based on what it would cost to perform all closure and post-closure care in 2022. 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 \$5,396,004 (market value \$5,396,004) 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, 2022

### Deferred Outflows and Inflows of Resources

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Charge on refunding	\$ 252,335	\$ -
(OPEB) - Differences between expected and actual experience	711,393	2,093,064
(OPEB) - Changes of assumptions	8,064,043	2,233,166
Benefit payments for the OPEB plan paid subsequent to measurement date	926,399	-
(Pensions) - Differences between expected and actual experience	1,857,541	10,092
(Pensions) - Changes of assumptions	3,474,220	85,271
(Pensions) - Net difference between projected and actual earnings on pension plan investments	-	6,643,122
(Pensions) - Changes in proportion and differences between County contributions and proportionate share of contributions	38,957	144,625
Contributions to pension plan subsequent to measurement date (LGERS, ROD)	2,506,414	-
Benefit payments and admin costs paid subsequent to the measurement date (LEOSSA)	82,716	-
Prepaid taxes not yet earned (General)	-	53,267
Taxes receivable, net (General)	-	1,788,530
Taxes receivable, net (Fire District Fund)	-	232,886
Lease deferrals	-	326,367
Other receivables, net (General)	-	956,026
<b>Total</b>	<b>\$ 17,914,018</b>	<b>\$ 14,566,416</b>

### 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.

# WILKES COUNTY, NORTH CAROLINA

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

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>2021</u>	<u>2022</u>
Balance, beginning of year	\$ 775,234	\$ 798,558
Incurred claims (including IBNRs) and changes in estimates	4,662,498	5,142,068
Less claims payments	<u>(4,639,174)</u>	<u>(5,106,634)</u>
Balance, end of year	<u>\$ 798,558</u>	<u>\$ 833,992</u>

### Contingent Liabilities

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

**WILKES COUNTY, NORTH CAROLINA**

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

**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	\$ 5,070,000
\$9,710,000 note, issued June 2022, interest at 2.81%, payable in annual installments of \$650,000, plus interest paid annual, with final payment due in 2037; issued for construction of EMS Base & Vaccine Center.	<u>9,710,000</u>
Total installment purchase agreements	<u>\$ 14,780,000</u>

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

The \$9,710,000 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, 2022 are as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 1,495,000	\$ 205,983	\$ 1,700,983
2024	1,495,000	336,551	1,831,551
2025	1,495,000	301,893	1,796,893
2026	1,495,000	267,235	1,762,235
2027	1,495,000	232,577	1,727,577
2028-2032	4,095,000	741,373	4,836,373
2033-2037	<u>3,210,000</u>	<u>270,041</u>	<u>3,480,041</u>
Total	<u>\$ 14,780,000</u>	<u>\$ 2,355,653</u>	<u>\$ 17,135,653</u>

# WILKES COUNTY, NORTH CAROLINA

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

### 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     \$ 16,075,000

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, 2022 are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
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	-	268,950	268,950
2028-2032	3,505,000	1,125,300	4,630,300
2033-2036	4,325,000	395,050	4,720,050
Total	<u>\$ 16,075,000</u>	<u>\$ 3,925,350</u>	<u>\$ 20,000,350</u>

### Leases

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

On February 14, 2020, Wilkes County, NC entered into a 31-month lease as Lessee for the use of Copier - KM 364e. An initial lease liability was recorded in the amount of \$1,376. As of June 30, 2022, the value of the lease liability is \$688. Wilkes County is required to make annual fixed payments of \$742. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$1,376 with accumulated amortization of \$525.

## **WILKES COUNTY, NORTH CAROLINA**

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

On June 4, 2020, Wilkes County, NC entered into a 47-month lease as Lessee for the use of Aviation Refueling Truck Equipment. An initial lease liability was recorded in the amount of \$64,682. As of June 30, 2022, the value of the lease liability is \$48,350. Wilkes County is required to make monthly fixed payments of \$1,400. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022 of \$64,682 with accumulated amortization of \$16,480.

On October 2, 2019, Wilkes County, NC entered into a 27-month lease as Lessee for the use of Copier KM - C368. An initial lease liability was recorded in the amount of \$2,273. As of June 30, 2022, the value of the lease liability is \$1,135. Wilkes County is required to make annual fixed payments of \$1,837. The lease has an interest rate of 0.5140%. The value of the right to use asset as of June 30, 2022 of \$2,273 with accumulated amortization of \$1,009.

On July 31, 2019, Wilkes County, NC entered into a 24 month lease as Lessee for the use of Postage Machine - Mail Finance. An initial lease liability was recorded in the amount of \$10,051. As of June 30, 2022, the value of the lease liability is \$5,034. Wilkes County is required to make quarterly fixed payments of \$1,263. The lease has an interest rate of 0.5140%. The value of the right to use asset as of June 30, 2022 of \$10,051 with accumulated amortization of \$5,026.

On January 1, 2022, Wilkes County, NC entered into a 48 month lease as Lessee for the use of Hardware - Mac Computers. An initial lease liability was recorded in the amount of \$8,185. As of June 30, 2022, the value of the lease liability is \$6,108. Wilkes County is required to make annual fixed payments of \$2,078. The lease has an interest rate of 1.0270%. The value of the right to use asset as of June 30, 2022 of \$8,185 with accumulated amortization of \$1,023.

On July 19, 2019, Wilkes County, NC entered into a 24-month lease as Lessee for the use of Copier KM - C558. An initial lease liability was recorded in the amount of \$2,009. As of June 30, 2022, the value of the lease liability is \$1,002. Wilkes County is required to make annual fixed payments of \$2,161. The lease has an interest rate of 0.5140%. The value of the right to use asset as of June 30, 2022 of \$2,009 with accumulated amortization of \$980.

On September 20, 2019, Wilkes County, NC entered into a 26-month lease as Lessee for the use of Copier KM - 368e. An initial lease liability was recorded in the amount of \$2,445. As of June 30, 2022, the value of the lease liability is \$1,221. Wilkes County is required to make annual fixed payments of \$1,313. The lease has an interest rate of 0.5140%. The value of the right to use asset as of June 30, 2022 of \$2,445 with accumulated amortization of \$1,102.

On July 24, 2019, Wilkes County, NC entered into a 24-month lease as Lessee for the use of Copier KM - 458e. An initial lease liability was recorded in the amount of \$2,598. As of June 30, 2022, the value of the lease liability is \$1,296. Wilkes County is required to make annual fixed payments of \$1,394. The lease has an interest rate of 0.5140%. The value of the right to use asset as of June 30, 2022 of \$2,598 with accumulated amortization of \$1,259.

## **WILKES COUNTY, NORTH CAROLINA**

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

On September 27, 2017, Wilkes County, NC entered into a 14-month lease as Lessee for the use of Copier KM - C258. An initial lease liability was recorded in the amount of \$1,238. As of June 30, 2022, the value of the lease liability is \$177. Wilkes County is required to make monthly fixed payments of \$363. The lease has an interest rate of 0.3870%. The value of the right to use asset as of June 30, 2022 of \$1,238 with accumulated amortization of \$999.

On August 8, 2018, Wilkes County, NC entered into a 13-month lease as Lessee for the use of Copiers KM. An initial lease liability was recorded in the amount of \$35,003. As of June 30, 2022, the value of the lease liability is \$2,697. Wilkes County is required to make monthly fixed payments of \$2,887. The lease has an interest rate of 0.3870%. The value of the right to use asset as of June 30, 2022 of \$35,003 with accumulated amortization of \$31,741.

On December 20, 2019, Wilkes County, NC entered into a 29-month lease as Lessee for the use of Postage Machine - Social Services. An initial lease liability was recorded in the amount of \$8,270. As of June 30, 2022, the value of the lease liability is \$5,185. Wilkes County is required to make quarterly fixed payments of \$1,041. The lease has an interest rate of 0.5140%. The value of the right to use asset as of June 30, 2022 of \$8,270 with accumulated amortization of \$3,349.

On August 7, 2018, Wilkes County, NC entered into a 13-month lease as Lessee for the use of Copiers KM - Systel. An initial lease liability was recorded in the amount of \$35,004. As of June 30, 2022, the value of the lease liability is \$2,697. Wilkes County is required to make monthly fixed payments of \$3,810. The lease has an interest rate of 0.3870%. The value of the right to use asset as of June 30, 2022 of \$35,004 with accumulated amortization of \$31,821.

On December 17, 2021, Wilkes County, NC entered into a 118-month lease as Lessee for the use of 1372 W D St., North Wilkesboro. An initial lease liability was recorded in the amount of \$2,994,843. As of June 30, 2022, the value of the lease liability is \$2,775,280. Wilkes County is required to make quarterly fixed payments of \$80,770. The lease has an interest rate of 1.5800%. The value of the right to use asset as of June 30, 2022 of \$2,994,843 with accumulated amortization of \$164,124.

On August 21, 2020, Wilkes County, NC entered into a 49-month lease as Lessee for the use of Postage Machine - Health Dept. An initial lease liability was recorded in the amount of \$6,758. As of June 30, 2022, the value of the lease liability is \$5,086. Wilkes County is required to make quarterly fixed payments of \$430. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022 of \$6,758 with accumulated amortization of \$1,633.

On August 4, 2017, Wilkes County, NC entered into a 13-month lease as Lessee for the use of KM Copiers - C258, 458, 227 - 25464712. An initial lease liability was recorded in the amount of \$4,939. As of June 30, 2022, the value of the lease liability is \$381. Wilkes County is required to make monthly fixed payments of \$407. The lease has an interest rate of 0.3870%. The value of the right to use asset as of June 30, 2022 of \$4,939 with accumulated amortization of \$4,525.

## **WILKES COUNTY, NORTH CAROLINA**

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

On July 19, 2019, Wilkes County, NC entered into a 24-month lease as Lessee for the use of Copier - Landfill. An initial lease liability was recorded in the amount of \$1,855. As of June 30, 2022, the value of the lease liability is \$925. Wilkes County is required to make annual fixed payments of \$1,394. The lease has an interest rate of 0.5140%. The value of the right to use asset as of June 30, 2022 of \$1,855 with accumulated amortization of \$905.

On February 15, 2022, Wilkes County, NC entered into a 48-month lease as Lessee for the use of Copier - Legal. An initial lease liability was recorded in the amount of \$3,473. As of June 30, 2022, the value of the lease liability is \$2,581. Wilkes County is required to make annual fixed payments of \$1,401. The lease has an interest rate of 1.8330%. The value of the right to use asset as of June 30, 2022 of \$3,473 with accumulated amortization of \$328.

On November 14, 2020, Wilkes County, NC entered into a 40-month lease as Lessee for the use of Copier - Parks and Recreation. An initial lease liability was recorded in the amount of \$6,950. As of June 30, 2022, the value of the lease liability is \$4,629. Wilkes County is required to make annual fixed payments of \$2,844. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$6,950 with accumulated amortization of \$2,063.

On September 22, 2020, Wilkes County, NC entered into a 38-month lease as Lessee for the use of Copier - Sheriff's Office. An initial lease liability was recorded in the amount of \$24,039. As of June 30, 2022, the value of the lease liability is \$16,505. Wilkes County is required to make monthly fixed payments of \$685. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$24,039 with accumulated amortization of \$7,454.

On July 1, 2021, Wilkes County, NC entered into a 24-month lease as Lessee for the use of 6968 Traphill Rd. An initial lease liability was recorded in the amount of \$16,718. As of June 30, 2022, the value of the lease liability is \$8,377. Wilkes County is required to make monthly fixed payments of \$700. The lease has an interest rate of 0.5140%. The value of the right to use asset as of June 30, 2022 of \$16,718 with accumulated amortization of \$8,359.

On August 1, 2019, Wilkes County, NC entered into a 13-month lease as Lessee for the use of EMS Building. An initial lease liability was recorded in the amount of \$81,093. As of June 30, 2022, the value of the lease liability is \$6,248. Wilkes County is required to make monthly fixed payments of \$6,250. The lease has an interest rate of 0.3870%. The value of the right to use asset as of June 30, 2022 of \$81,093 with accumulated amortization of \$74,855. Wilkes County has 10 extension option(s), each for 12 months.

On October 1, 2017, Wilkes County, NC entered into a 15-month lease as Lessee for the use of Dell Computer Equipment. An initial lease liability was recorded in the amount of \$25,088. As of June 30, 2022, the value of the lease liability is \$0. Wilkes County is required to make annual fixed payments of \$25,112. The lease has an interest rate of 0.3870%. The value of the right to use asset as of June 30, 2022 of \$25,088 with accumulated amortization of \$20,070.

**WILKES COUNTY, NORTH CAROLINA**

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

On October 4, 2021, Wilkes County, NC entered into a 48-month lease as Lessee for the use of Copier - Register of Deeds. An initial lease liability was recorded in the amount of \$9,141. As of June 30, 2022, the value of the lease liability is \$7,446. Wilkes County is required to make monthly fixed payments of \$208. The lease has an interest rate of 0.9360%. The value of the right to use asset as of June 30, 2022 of \$9,141 with accumulated amortization of \$1,695.

<b>Year Ending June 30</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 331,998	\$ 42,615	\$ 374,613
2024	303,237	37,921	341,158
2025	298,121	33,256	331,377
2026	295,078	28,584	323,662
2027	299,177	23,903	323,080
2028-2032	1,325,474	47,616	1,373,090
<b>Total</b>	<b>\$ 2,853,085</b>	<b>\$ 213,895</b>	<b>\$ 3,066,980</b>

<b>Year Ending June 30</b>	<b>Business-Type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 18,050	\$ 374	\$ 18,424
2024	16,583	217	16,800
2025	15,330	69	15,399
<b>Total</b>	<b>\$ 49,963</b>	<b>\$ 660</b>	<b>\$ 50,623</b>

# WILKES COUNTY, NORTH CAROLINA

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

### 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, 2022:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
<b>Governmental Activities:</b>					
Direct placement installment purchases	\$ 5,915,000	\$ 9,710,000	\$ 845,000	\$ 14,780,000	\$ 1,495,000
Certificate of participation	17,250,000	-	1,175,000	16,075,000	1,175,000
Compensated absences	2,336,808	2,032,061	1,752,606	2,616,263	1,752,606
Incurred, but not reported, health claims	798,558	5,142,068	5,106,634	833,992	625,494
Total pension liability (LEOSSA)	2,960,203	219,188	-	3,179,391	-
Net pension liability (LGERS)	10,501,810	-	6,027,547	4,474,263	-
Total OPEB liability	38,927,627	3,920,662	-	42,848,289	-
Unamortized premiums	1,563,076	-	104,205	1,458,871	-
Lease liabilities	-	3,280,118	427,033	2,853,085	331,998
Total governmental activities	<u>\$ 80,253,082</u>	<u>\$ 24,304,097</u>	<u>\$ 15,438,025</u>	<u>\$ 89,119,154</u>	<u>\$ 5,380,098</u>
<b>Business-Type Activities:</b>					
<b>Landfill Fund:</b>					
Lease liabilities	\$ -	\$ 1,855	\$ 930	\$ 925	\$ 925
Accrued landfill closure and post-closure care costs	8,650,000	325,000	-	8,975,000	-
Compensated absences	68,739	78,603	51,554	95,788	78,603
Net pension liability (LGERS)	335,480	-	188,361	147,119	-
Total OPEB liability	1,216,488	122,521	-	1,339,009	-
Total Landfill Fund	<u>\$ 10,270,707</u>	<u>\$ 527,979</u>	<u>\$ 240,845</u>	<u>\$ 10,557,841</u>	<u>\$ 79,528</u>
<b>Airport Fund:</b>					
Lease liabilities	\$ -	\$ 66,058	\$ 17,020	\$ 49,038	\$ 17,125
Compensated absences	17,613	8,635	13,210	13,038	8,635
Net pension liability (LGERS)	90,961	-	62,787	28,174	-
Total OPEB liability	405,497	40,840	-	446,337	-
Total Airport Fund	<u>\$ 514,071</u>	<u>\$ 115,533</u>	<u>\$ 93,017</u>	<u>\$ 536,587</u>	<u>\$ 25,760</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, 2022, Wilkes County had a legal debt margin of approximately \$517,600,000.

# WILKES COUNTY, NORTH CAROLINA

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

### 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, 2022, \$17,250,000 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, 2022, there were no industrial revenue bonds outstanding.

### Due to/from Other Funds

Balances due to/from other funds at June 30, 2022, 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 the General Fund from the COVID-19 Recovery Act Fund to cover cash flow shortage	8,217
Due to the General Fund from the PARTF Fund to cover cash flow shortage.	11,500
Total	<u>\$ 419,717</u>

# WILKES COUNTY, NORTH CAROLINA

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

### Transfers to/from Other Funds

Transfers in (out) for the year ended June 30, 2022, are summarized below:

	Transfers		Purpose
	From	To	
<b>Operating Transfers</b>			
<b>From/To Other Funds:</b>			
General Fund	\$ 1,750,000	\$ -	
Landfill Fund	-	500,000	This transfer was to use funds for closure cost.
Airport Fund	-	1,250,000	Required local match for capital grant projects
Total transfers	\$ 1,750,000	\$ 1,750,000	

### 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 \$4,015,715 and \$150,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2022. 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, 2022. 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 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.

# WILKES COUNTY, NORTH CAROLINA

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

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, 2022. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$693,525 to the Library to supplement its activities. Complete financial statements for the Appalachian Regional Library can be obtained from the Library's offices at 148 Library Drive, West Jefferson, North Carolina 28694.

The County participates in a joint venture to operate Wilkes Economic Development Corporation, (Corporation) a non-profit corporation, with two municipalities and the Wilkes Chamber of Commerce. Wilkes County appoints four Board members to the nine-member Board of the Corporation. The County has an ongoing financial responsibility for the joint venture because the Corporation's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the non-profit Corporation, so no equity interests have been reflected in the financial statements at June 30, 2022. The County appropriated \$241,300 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 \$59,826 to the Council during the fiscal year ended June 30, 2022.

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, 2022

### 8. Subsequent Event

The County has received \$18,000,000 in funds from the Motorsports Relief Fund. The County has entered into a grant agreement with the NC Department of Commerce to use these funds for water and sewer infrastructure projects, including upgrades to grandstands, pedestrian walkways, bathrooms and a variety of other facility needs.

### 9. Change in Accounting Principle

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

### 10. Reimbursements for Pandemic-Related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. Wilkes County was awarded \$13,288,228 in American Rescue Plan Funding. The County has received \$6,644,114 during the fiscal year. The remaining \$6,644,114 was received in July 2022. The County elected to use \$288,933 for salaries and benefits for various departments, \$2,020 for operating expenditures, and \$536,296 for capital outlay for the EMS Base and Vaccine Center as well as a Fire training facility in the fiscal year 2022. The remaining funds will be transferred to the appropriate funds once the intended use of the funds is determined.

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**WILKES COUNTY, NORTH CAROLINA**

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

	<b>Local Governmental Employees' Retirement System</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Wilkes' proportion of the net pension liability (asset) (%)	0.30318%	0.30582%	0.29931%	0.29659%	0.29190%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ 4,649,556	\$ 10,928,251	\$ 8,173,923	\$ 7,036,129	\$ 4,459,423
Wilkes' covered payroll*	\$ 20,918,611	\$ 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	22.23%	52.69%	41.38%	38.36%	25.30%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	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 NINE FISCAL YEARS\***

	<b>Local Governmental Employees' Retirement System</b>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
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 NINE FISCAL YEARS**

<b>Local Governmental Employees' Retirement System</b>					
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 2,500,168	\$ 2,150,562	\$ 1,885,001	\$ 1,553,171	\$ 1,403,879
Contributions in relation to the contractually required contribution	<u>2,500,168</u>	<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>				
Wilkes' covered payroll	\$ 21,794,642	\$ 20,918,611	\$ 20,740,830	\$ 19,751,765	\$ 18,343,058
Contributions as a percentage of covered payroll	11.47%	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 NINE FISCAL YEARS

<b>Local Governmental Employees' Retirement System</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
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 SIX FISCAL YEARS**

<b>Law Enforcement Officers' Special Separation Allowance</b>						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 2,960,203	\$ 2,066,891	\$ 1,971,335	\$ 1,919,108	\$ 1,907,407	\$ 1,951,036
Service cost	170,147	101,241	88,264	89,259	75,052	77,166
Interest on the total pension liability	55,305	63,929	68,408	58,142	70,590	66,973
Differences between expected and actual actual experience in the measurement of the total pension liability	264,730	149,491	66,418	132,099	(88,289)	-
Changes of assumptions or other inputs	(81,649)	790,379	56,455	(68,917)	111,634	(37,671)
Benefit payments	<u>(189,345)</u>	<u>(211,728)</u>	<u>(183,989)</u>	<u>(158,356)</u>	<u>(157,286)</u>	<u>(150,097)</u>
Ending balance of the total pension liability	<u>\$ 3,179,391</u>	<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 SIX FISCAL YEARS**

<b>Law Enforcement Officers' Special Separation Allowance</b>						
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$3,179,391	\$2,960,203	\$2,066,891	\$1,971,335	\$1,919,108	\$1,907,407
Covered-employee payroll	\$3,945,012	\$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	80.59%	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 FIVE FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 1,547,323	\$ 972,754	\$ 1,051,826	\$ 1,128,984	\$ 1,302,991
Interest on the total pension liability	918,052	1,103,659	1,275,774	1,188,309	1,060,873
Differences between expected and actual experience	591,954	64,030	(3,414,999)	35,568	400,636
Changes of assumptions	2,145,075	8,365,298	(140,039)	(2,001,612)	(3,598,317)
Benefit payments	<u>(1,118,381)</u>	<u>(1,024,170)</u>	<u>(992,064)</u>	<u>(878,653)</u>	<u>(1,183,579)</u>
Net change in total OPEB liability	4,084,023	9,481,571	(2,219,502)	(527,404)	(2,017,396)
Total OPEB liability - beginning	<u>40,549,612</u>	<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>\$ 44,633,635</u>	<u>\$ 40,549,612</u>	<u>\$ 31,068,041</u>	<u>\$ 33,287,543</u>	<u>\$ 33,814,947</u>
Covered-employee payroll	\$ 19,774,104	\$ 18,673,305	\$ 18,673,305	\$ 16,989,373	\$ 16,989,373
Total OPEB liability as a percentage of covered-employee payroll	225.72%	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>
2022	2.16%
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 as it becomes available.

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**WILKES COUNTY, NORTH CAROLINA**

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

	<b>Register of Deeds' Supplemental Pension Fund</b>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Wilkes' proportion of the net pension liability (asset) (%)	0.51427%	0.50927%	0.52542%	0.59653%	0.58377%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ (98,807)	\$ (116,714)	\$ (103,728)	\$ (98,803)	\$ (99,644)
Wilkes' covered payroll	\$ 64,034	\$ 60,723	\$ 57,727	\$ 51,797	\$ 62,770
Wilkes' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-154.30%	-192.21%	-179.69%	-190.75%	-158.74%
Plan fiduciary net position as a percentage of the total pension liability**	156.53%	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 NINE FISCAL YEARS\***

	<b>Register of Deeds' Supplemental Pension Fund</b>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
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 NINE FISCAL YEARS**

<b>Register of Deeds' Supplemental Pension Fund</b>					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 6,246	\$ 6,172	\$ 5,260	\$ 5,260	\$ 3,921
Contributions in relation to the contractually required contribution	<u>6,246</u>	<u>6,172</u>	<u>5,260</u>	<u>5,260</u>	<u>3,921</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Wilkes' covered payroll	\$ 69,139	\$ 64,034	\$ 60,723	\$ 57,727	\$ 51,797
Contributions as a percentage of covered payroll	9.03%	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 NINE FISCAL YEARS**

<b>Register of Deeds' Supplemental Pension Fund</b>				
	<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, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		Variance Over /Under	2021
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 39,496,780	\$ 40,355,152	\$ 858,372	\$ 39,690,774
Penalties and interest	460,050	528,442	68,392	451,951
Total	<u>39,956,830</u>	<u>40,883,594</u>	<u>926,764</u>	<u>40,142,725</u>
<b>Local Option Sales Taxes:</b>				
Article 39 one percent	8,222,213	9,428,613	1,206,400	7,673,872
Article 40 one-half of one percent	6,122,930	6,242,950	120,020	5,753,331
Article 42 one-half of one percent	4,333,074	5,000,060	666,986	4,126,641
Article 44 one-half of one percent	1,621,047	1,653,879	32,832	1,457,341
Article 46 one-fourth of one percent	<u>2,122,020</u>	<u>2,553,053</u>	<u>431,033</u>	<u>2,032,847</u>
Total	<u>22,421,284</u>	<u>24,878,555</u>	<u>2,457,271</u>	<u>21,044,032</u>
<b>Other Taxes and Licenses:</b>				
Real estate transfer taxes	210,000	340,238	130,238	311,735
Total	<u>210,000</u>	<u>340,238</u>	<u>130,238</u>	<u>311,735</u>
<b>Unrestricted Intergovernmental:</b>				
Payments in lieu of taxes	30,000	32,580	2,580	30,741
Beer and wine tax	<u>280,000</u>	<u>226,724</u>	<u>(53,276)</u>	<u>256,023</u>
Total	<u>310,000</u>	<u>259,304</u>	<u>(50,696)</u>	<u>286,764</u>
<b>Restricted Intergovernmental:</b>				
Federal and state grants	15,539,380	11,040,212	(4,499,168)	11,423,653
Lottery proceeds	800,000	625,000	(175,000)	575,000
Court facility fees	105,000	79,186	(25,814)	74,677
Fines and forfeitures	40,000	77,873	37,873	60,861
Other	<u>832,319</u>	<u>610,718</u>	<u>(221,601)</u>	<u>134,970</u>
Total	<u>17,316,699</u>	<u>12,432,989</u>	<u>(4,883,710)</u>	<u>12,269,161</u>
<b>Permits and Fees:</b>				
Building permits	204,500	249,002	44,502	241,213
Register of Deeds	<u>214,300</u>	<u>267,050</u>	<u>52,750</u>	<u>256,716</u>
Total	<u>418,800</u>	<u>516,052</u>	<u>97,252</u>	<u>497,929</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, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2022</u>		<b>Variance Over /Under</b>	<u>2021</u>
	<b>Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Sales and Services:</b>				
Ambulance and rescue squad fees	2,750,000	3,155,012	405,012	2,817,767
Jail fees	535,000	121,468	(413,532)	168,065
Rents and fees	4,776,462	4,495,293	(281,169)	3,808,389
Recreation fees	87,000	72,058	(14,942)	19,320
Total	<u>8,148,462</u>	<u>7,843,831</u>	<u>(304,631)</u>	<u>6,813,541</u>
<b>Investment Earnings:</b>				
Investment earnings	40,200	16,080	(24,120)	18,107
<b>Miscellaneous:</b>				
Fines and forfeitures	80,000	318,096	238,096	196,234
Representative payee revenues	200,000	196,848	(3,152)	269,335
Other	1,651,736	2,077,989	426,253	1,645,864
Total	<u>1,931,736</u>	<u>2,592,933</u>	<u>661,197</u>	<u>2,111,433</u>
Total revenues	<u>90,754,011</u>	<u>89,763,576</u>	<u>(990,435)</u>	<u>83,495,427</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits	131,435	130,830		129,111
Other operating expenditures	346,400	358,976		334,953
Total	<u>477,835</u>	<u>489,806</u>	<u>(11,971)</u>	<u>464,064</u>
<b>Administration:</b>				
Salaries and employee benefits	433,901	405,793		384,216
Other operating expenditures	42,700	34,284		12,203
Total	<u>476,601</u>	<u>440,077</u>	<u>36,524</u>	<u>396,419</u>
<b>Elections:</b>				
Salaries and employee benefits	268,625	237,633		258,065
Other operating expenditures	137,700	90,680		237,960
Total	<u>406,325</u>	<u>328,313</u>	<u>78,012</u>	<u>496,025</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, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		Variance Over /Under	2021
	Budget	Actual		Actual
<b>Finance:</b>				
Salaries and employee benefits	468,185	462,804		430,778
Other operating expenditures	28,400	14,346		14,235
Total	496,585	477,150	19,435	445,013
<b>Tax Administration:</b>				
Salaries and employee benefits	1,038,465	971,146		987,343
Other operating expenditures	331,400	199,260		218,693
Capital outlay	62,500	64,029		-
Total	1,432,365	1,234,435	197,930	1,206,036
<b>Legal:</b>				
Salaries and employee benefits	115,362	103,132		-
Professional services	278,500	248,394		239,520
Other operating expenditures	5,000	3,614		-
Total	398,862	355,140	43,722	239,520
<b>Register of Deeds:</b>				
Salaries and employee benefits	345,305	330,908		331,123
Other operating expenditures	91,550	68,400		65,738
Capital outlay	10,000	-		-
Total	446,855	399,308	47,547	396,861
<b>Public Buildings:</b>				
Salaries and employee benefits	127,864	119,488		120,317
Other operating expenditures	333,900	262,658		231,504
Capital outlay	735,000	534,526		1,153,204
Total	1,196,764	916,672	280,092	1,505,025
<b>Court Facilities:</b>				
Salaries and employee benefits	136,069	128,094		129,121
Other operating expenditures	275,400	260,134		236,351
Capital outlay	300,000	224,383		82,883
Total	711,469	612,611	98,858	448,355

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022		2021
	Budget	Actual	Actual
		Variance	
		Over /Under	
<b>Central Services:</b>			
<b>Data Processing:</b>			
Salaries and employee benefits	232,864	232,338	220,375
Other operating expenditures	285,000	284,629	216,336
Total	517,864	516,967	436,711
<b>Central Garage:</b>			
Salaries and employee benefits	385,521	370,089	318,244
Other operating expenditures	796,280	742,492	631,810
Total	1,181,801	1,112,581	950,054
<b>Purchasing:</b>			
Salaries and employee benefits	73,380	72,605	61,409
Other operating expenditures	2,930	2,651	1,792
Total	76,310	75,256	63,201
<b>Other Central Services:</b>			
Other expenditures	920,440	406,117	797,640
Group insurance	1,635,000	954,373	996,177
Total	2,555,440	1,360,490	1,793,817
Total general government	10,375,076	8,318,806	8,841,101
<b>Public Safety:</b>			
<b>Sheriff:</b>			
Salaries and employee benefits	5,875,236	5,804,974	4,814,266
Other operating expenditures	569,998	489,152	395,615
Capital outlay	43,666	31,274	331,192
Total	6,488,900	6,325,400	5,541,073
<b>Drug Crime Prevention:</b>			
Other operating expenditures	125,000	121,345	79,602
Total	125,000	121,345	79,602

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		Variance Over /Under	2021
	Budget	Actual		Actual
<b>JAG Critical Response GRA:</b>				
Other operating expenditures	20,000	-	20,000	-
Total	20,000	-	20,000	-
<b>Animal Control:</b>				
Salaries and employee benefits	575,351	519,606		545,609
Other operating expenditures	124,700	80,917		70,318
Capital outlay	51,000	43,956		-
Total	751,051	644,479	106,572	615,927
<b>Jail:</b>				
Salaries and employee benefits	2,433,586	2,365,575		2,074,663
Other operating expenditures	2,408,600	2,006,558		1,941,916
Capital outlay	29,064	29,064		32,339
Total	4,871,250	4,401,197	470,053	4,048,918
<b>Emergency Management:</b>				
Salaries and employee benefits	83,750	76,363		71,240
Other operating expenditures	21,150	11,132		13,784
Total	104,900	87,495	17,405	85,024
<b>Fire:</b>				
Salaries and employee benefits	185,789	185,000		153,508
Other operating expenditures	59,919	43,338		49,521
Assistance to local fire departments	1,700	800		1,482
Total	247,408	229,138	18,270	204,511
<b>Inspections:</b>				
Salaries and employee benefits	580,686	529,719		482,764
Other operating expenditures	26,700	13,924		13,980
Capital outlay	30,000	29,980		-
Total	637,386	573,623	63,763	496,744

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		Variance Over /Under	2021
	Budget	Actual		Actual
<b>Medical Examiner:</b>				
Other operating expenditures	122,000	79,835		100,415
Total	122,000	79,835	42,165	100,415
<b>Emergency Medical Services:</b>				
Salaries and employee benefits	4,359,797	4,211,599		3,601,779
Other operating expenditures	1,276,927	805,621		671,768
Capital outlay	274,815	-		639,080
Total	5,911,539	5,017,220	894,319	4,912,627
<b>Emergency Communications Center:</b>				
Salaries and employee benefits	1,225,565	1,144,976		949,685
Other operating expenditures	374,566	332,886		353,392
Capital outlay	35,000	34,731		-
Total	1,635,131	1,512,593	122,538	1,303,077
Total public safety	20,914,565	18,992,325	1,922,240	17,387,918
<b>Environmental Protection:</b>				
Reservoir expenditures	170,000	131,772	38,228	134,071
Total environmental protection	170,000	131,772	38,228	134,071
<b>Economic and Physical Development:</b>				
<b>Economic Development:</b>				
Other operating expenditures	2,521,300	2,452,210		709,130
Total	2,521,300	2,452,210	69,090	709,130
<b>Planning and Zoning:</b>				
Salaries and employee benefits	238,397	210,143		216,086
Other operating expenditures	40,400	11,317		7,856
Capital outlay	32,000	26,000		-
Total	310,797	247,460	63,337	223,942

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		Variance Over /Under	2021
	Budget	Actual		Actual
<b>Agricultural Extension:</b>				
Salaries and employee benefits	209,482	173,433		178,497
Other operating expenditures	67,800	48,865		33,024
Total	<u>277,282</u>	<u>222,298</u>	54,984	<u>211,521</u>
<b>Extension Local:</b>				
Other operating expenditures	78,000	23,230		24,264
Total	<u>78,000</u>	<u>23,230</u>	54,770	<u>24,264</u>
<b>Forestry:</b>				
Salaries and employee benefits	9,982	9,981		8,918
Other operating expenditures	107,680	101,910		107,206
Total	<u>117,662</u>	<u>111,891</u>	5,771	<u>116,124</u>
<b>Soil Conservation:</b>				
Salaries and employee benefits	283,581	274,570		259,705
Other operating expenditures	99,275	98,775		93,738
Total	<u>382,856</u>	<u>373,345</u>	9,511	<u>353,443</u>
<b>Community Development:</b>				
Other operating expenditures	172,033	172,033		160,196
Total	<u>172,033</u>	<u>172,033</u>	-	<u>160,196</u>
<b>Nonprofit Appropriations</b>	-	-	-	74,000
Total economic and physical development	<u>3,859,930</u>	<u>3,602,467</u>	257,463	<u>1,872,620</u>
<b>Human Services:</b>				
<b>Health:</b>				
<b>Administration:</b>				
Salaries and employee benefits	1,841,155	1,092,960		930,939
Other operating expenditures	579,837	459,065		507,084
Capital outlay	97,229	88,298		118,870
Total	<u>2,518,221</u>	<u>1,640,323</u>	877,898	<u>1,556,893</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, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		Variance Over /Under	2021
	Budget	Actual		Actual
<b>Environmental Health:</b>				
Salaries and employee benefits	4,111	5,206		6,134
Other operating expenditures	21,050	20,947		25,013
Total	25,161	26,153	(992)	31,147
<b>Food and Lodging:</b>				
Other operating expenditures	14,111	14,033	78	12,176
<b>Tuberculosis:</b>				
Salaries and employee benefits	19,383	18,628		19,383
Other operating expenditures	3,355	1,891		2,012
Total	22,738	20,519	2,219	21,395
<b>Bioterrorism:</b>				
Salaries and employee benefits	21,289	25,854		18,180
Other operating expenditures	1,800	655		1,756
Total	23,089	26,509	(3,420)	19,936
<b>Health Case Management:</b>				
Salaries and employee benefits	109,847	116,976		107,265
Total	109,847	116,976	(7,129)	107,265
<b>Adult Health:</b>				
Salaries and employee benefits	626,692	346,523		473,433
Other operating expenditures	259,545	250,196		238,593
Capital outlay	13,655	13,655		148,801
Total	899,892	610,374	289,518	860,827
<b>Health Care Connection:</b>				
Salaries and employee benefits	54,894	53,715		42,625
Other operating expenditures	22,068	22,068		34,000
Total	76,962	75,783	1,179	76,625

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		Variance Over /Under	2021
	Budget	Actual		Actual
<b>Communicable Disease:</b>				
Salaries and employee benefits	11,305	11,648		17,746
Other operating expenditures	2,293	2,293		1,893
Total	13,598	13,941	(343)	19,639
<b>Comprehensive Cancer Control:</b>				
Salaries and employee benefits	5,368	4,574		4,612
Other operating expenditures	15,425	15,323		15,752
Total	20,793	19,897	896	20,364
<b>Family Planning:</b>				
Salaries and employee benefits	116,223	116,743		112,948
Other operating expenditures	71,100	58,928		42,942
Total	187,323	175,671	11,652	155,890
<b>Health Diabetes Grant:</b>				
Salaries and employee benefits	25,682	22,743		28,471
Total	25,682	22,743	2,939	28,471
<b>Health Promotion:</b>				
Other operating expenditures	14,200	30,415		22,066
Total	14,200	30,415	(16,215)	22,066
<b>Mesh Units - Schools:</b>				
Salaries and employee benefits	182,778	130,737		149,304
Other operating expenditures	124,016	121,666		111,750
Total	306,794	252,403	54,391	261,054
<b>Wilkes Dental Clinic:</b>				
Other operating expenditures	1,900,000	1,610,204	289,796	1,493,933

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		Variance Over /Under	2021
	Budget	Actual		Actual
<b>Maternal Clinic:</b>				
Salaries and employee benefits	12,300	10,832		5,996
Other operating expenditures	1,250	1,250		1,400
Total	13,550	12,082	1,468	7,396
<b>Infant Mortality Reduction:</b>				
Salaries and employee benefits	40,552	19,870		20,662
Other operating expenditures	22,948	19,272		23,837
Total	63,500	39,142	24,358	44,499
<b>MCC and MOW:</b>				
Other operating expenditures	21,770	21,742		27,689
Total	21,770	21,742	28	27,689
<b>Child Health:</b>				
Salaries and employee benefits	185,223	88,572		169,280
Other operating expenditures	35,173	34,899		45,990
Total	220,396	123,471	96,925	215,270
<b>CSC and MOW:</b>				
Salaries and employee benefits	140,044	65,804		127,778
Other operating expenditures	3,600	3,595		2,899
Total	143,644	69,399	74,245	130,677
<b>Women, Infants, and Children:</b>				
Salaries and employee benefits	-	-		136,306
Other operating expenditures	56,444	37,761		69,693
Total	56,444	37,761	18,683	205,999
<b>School Nurse Funding:</b>				
Other operating expenditures	150,000	150,000	-	150,000

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		Variance Over /Under	2021
	Budget	Actual		Actual
<b>Wilkes County Health Center:</b>				
Salaries	609,283	574,141		669,095
Operating expenditures	-	-		1,007
Total	609,283	574,141	35,142	670,102
<b>HIV &amp; STD:</b>				
Salaries and employee benefits	60,009	64,513		66,033
Other operating expenditures	1,305	350		462
Total	61,314	64,863	(3,549)	66,495
<b>WIC/BPCP:</b>				
Salaries and employee benefits	290,774	227,472		64,837
Other operating expenditures	1,700	373		447
Total	292,474	227,845	64,629	65,284
<b>Mental Health &amp; Substance Abuse Services:</b>				
Salaries and employee benefits	47,825	34,698		46,257
Other operating expenditures	37,857	37,856		40,676
Total	85,682	72,554	13,128	86,933
<b>Substance Use Disorder:</b>				
Salaries and employee benefits	54,375	106,582		31,610
Other operating expenditures	37,992	37,991		28,125
Total	92,367	144,573	(52,206)	59,735
<b>CARES-ARPA Health DHHS:</b>				
Salaries and employee benefits	1,614,586	798,328		386,026
Other operating expenditures	1,216,093	506,217		406,796
Capital outlay	10,800	10,800		499,906
Total	2,841,479	1,315,345	1,526,134	1,292,728
<b>Immunization Action Plan:</b>				
Salaries and employee benefits	68,712	69,310		64,949
Other operating expenditures	500	500	-	1,542
Total	69,212	69,810	(598)	66,491

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		Variance Over /Under	2021
	Budget	Actual		Actual
<b>School Liason and Team Workforce:</b>				
Salaries and employee benefits	186,848	-	186,848	-
Other operating expenditures	53,000	34,527	18,473	-
Total	239,848	34,527	205,321	-
Total health	11,119,374	7,613,199	3,506,175	7,776,979
<b>Mental Health:</b>				
Contribution to other agencies	466,463	466,199	264	467,792
Total mental health	466,463	466,199	264	467,792
<b>Social Services:</b>				
<b>Administration:</b>				
Salaries and employee benefits	7,680,756	7,400,082		7,171,431
Other operating expenditures	816,495	670,659		752,352
Capital outlay	182,000	181,523		402,148
Total	8,679,251	8,252,264	426,987	8,325,931
<b>Medicaid Program:</b>				
County participation only	703,500	307,337		392,200
Total	703,500	307,337	396,163	392,200
<b>Food Stamps Program:</b>				
Other operating expenditures	1,514,018	1,221,278		577,401
Total	1,514,018	1,221,278	292,740	577,401
<b>Low Income Energy Assistance Program:</b>				
Other operating expenditures	383,131.00	318,298	64,833	418,258
<b>Work First:</b>				
Contract services	70,000	21,115		23,976
Total	70,000	21,115	48,885	23,976

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		Variance Over /Under	2021
	Budget	Actual		Actual
<b>Daycare Operations:</b>				
Contract services	47,558	17,558		14,558
Total	47,558	17,558	30,000	14,558
<b>In-Home Service:</b>				
Other operating expenditures	244,500	219,863		17,077
Total	244,500	219,863	24,637	17,077
<b>Foster Care:</b>				
Salaries and employee benefits	5,383	1,226		525
Other operating expenditures	5,031,123	3,603,036		3,135,432
Total	5,036,506	3,604,262	1,432,244	3,135,957
<b>Other Assistance:</b>				
Other operating expenditures	164,363	85,824		63,691
Total	164,363	85,824	78,539	63,691
Total social services	16,842,827	14,047,799	2,795,028	12,969,049
<b>Other Human Services:</b>				
<b>Veterans Service Officer:</b>				
Salaries and employee benefits	110,645	110,221		100,186
Other operating expenditures	20,635	14,070		3,805
Total	131,280	124,291	6,989	103,991
<b>Youth Services:</b>				
Salaries and employee benefits	-	-		10,270
Other operating expenditures	-	-		1,169
Contributions to other agencies	363,000	363,000		312,647
Total	363,000	363,000	-	324,086
<b>Senior Citizens Services:</b>				
Contributions to other services	650,000	580,906	69,094	556,236

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2022</u>			<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>	<u>Actual</u>
<b>Other Services:</b>				
Contributions to other agencies	623,415	548,157	75,258	333,374
Total other human services	1,767,695	1,616,354	151,341	1,317,687
Total human services	30,196,359	23,743,551	6,452,808	22,531,507
<b>Cultural and Recreation:</b>				
<b>Recreation:</b>				
Salaries and employee benefits	588,756	585,445		495,301
Other operating expenditures	298,709	264,603		214,315
Capital outlay	196,800	142,700		22,000
Total	1,084,265	992,748	91,517	731,616
<b>Libraries:</b>				
Contribution to regional library	693,525	693,525	-	596,431
<b>Museums and Art</b>				
	29,746	29,746	-	29,266
Total cultural and recreation	1,807,536	1,716,019	91,517	1,357,313
<b>Education:</b>				
Public schools - current expenses	13,917,773	13,917,773		12,369,284
Public schools - capital outlay	6,413,412	6,108,345		2,769,356
Public schools - (lottery) capital outlay	800,000	625,000		575,000
Public schools - additional COVID appropriation	-	-		650,000
Community colleges - current	4,015,958	4,015,715		4,453,724
Community colleges - capital outlay	150,000	150,000		129,000
Fines and forfeitures disbursements	80,000	318,096		196,234
Total education	25,377,143	25,134,929	242,214	21,142,598
<b>Debt Service:</b>				
Principal retirement	2,820,000	2,447,033		3,310,000
Interest and fees	857,201	856,689		953,918
Total debt service	3,677,201	3,303,722	373,479	4,263,918
Total expenditures	96,377,810	84,943,591	11,434,219	77,531,046

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over /Under	Actual
Revenues over (under) expenditures	<u>(5,623,799)</u>	<u>4,819,985</u>	<u>10,443,784</u>	<u>5,964,381</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(1,750,000)	(1,750,000)	-	(3,973,259)
Sale of capital assets	70,000	88,011	18,011	37,742
Appropriated fund balance	<u>7,303,799</u>	<u>-</u>	<u>(7,303,799)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,623,799</u>	<u>(1,661,989)</u>	<u>(7,285,788)</u>	<u>(3,935,517)</u>
Net change in fund balance	<u>\$ -</u>	<u>3,157,996</u>	<u>\$ 3,157,996</u>	<u>2,028,864</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		42,809,616		40,780,752
<b>Reconciliation from Budgetary Basis to Modified Accrual Basis:</b>				
Initial implementation of lease standard:				
Lease liability issued		3,280,118		-
Capital outlay		<u>(3,280,118)</u>		<u>-</u>
End of year - June 30		<u>\$ 45,967,612</u>		<u>\$ 42,809,616</u>

## WILKES COUNTY, NORTH CAROLINA

**AMERICAN RESCUE PLAN FUND - MAJOR SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/(Under)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted intergovernmental:					
American Rescue Plan Act	\$ 13,288,299	\$ -	\$ 827,249	\$ 827,249	\$ (12,461,050)
<b>Expenditures:</b>					
Public safety:					
Salaries and employee benefits	600,000	-	288,933	288,933	311,067
Operating expenditures	-	-	2,020	2,020	(2,020)
Capital outlay	12,688,299	-	536,296	536,296	12,152,003
Total expenditures	13,288,299	-	827,249	827,249	12,461,050
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
<b>Fund Balance:</b>					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

## WILKES COUNTY, NORTH CAROLINA

**EMS BASE AND VACCINE CENTER - MAJOR CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/(Under)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Revenues:</b>					
Investment earnings	\$ -	\$ -	\$ 5,275	\$ 5,275	\$ 5,275
<b>Expenditures:</b>					
Capital outlay	12,810,107	-	54,500	54,500	12,755,607
Revenues over (under) expenditures	(12,810,107)	-	(49,225)	(49,225)	12,760,882
<b>Other Financing Sources (Uses):</b>					
Installment purchase obligations issued	9,710,107	-	9,710,000	9,710,000	(107)
Operating transfers (out)	3,100,000	-	-	-	(3,100,000)
Total other financing sources (uses)	12,810,107	-	9,710,000	9,710,000	(3,100,107)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	9,660,775	<u>\$ 9,660,775</u>	<u>\$ 9,660,775</u>
<b>Fund Balances:</b>					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ 9,660,775</u>		

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WILKES COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2022

	Fire District Fund	Law Enforcement Restricted Fund	Wireless E-911 Telephone System Fund	Community Development Block Grants Fund	COVID Recovery Act Fund
<b>Assets:</b>					
Cash and cash equivalents	\$ 926,350	\$ 8,667	\$ 50,407	\$ -	\$ -
Restricted cash	-	-	-	-	-
Taxes receivable, net	232,886	-	-	-	-
Due from other governments	51,633	-	40,683	276	-
Total assets	<u>\$ 1,210,869</u>	<u>\$ 8,667</u>	<u>\$ 91,090</u>	<u>\$ 276</u>	<u>\$ -</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 112,022	\$ -	\$ 365	\$ -	\$ -
Due to other funds	-	-	-	-	8,217
Unearned revenue	-	-	-	-	-
Advanced from grantor	-	-	-	-	-
Total liabilities	<u>112,022</u>	<u>-</u>	<u>365</u>	<u>-</u>	<u>8,217</u>
<b>Deferred Inflows of Resources</b>	<u>232,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
Restricted:					
Stabilization by state statute	51,633	-	40,683	276	-
Restricted, all other	814,328	8,667	50,042	-	-
Unassigned	-	-	-	-	(8,217)
Total fund balances	<u>865,961</u>	<u>8,667</u>	<u>90,725</u>	<u>276</u>	<u>(8,217)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,210,869</u>	<u>\$ 8,667</u>	<u>\$ 91,090</u>	<u>\$ 276</u>	<u>\$ -</u>

WILKES COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2022

	<u>SCIF - Sheriff Fund</u>	<u>SCIF - County Fund</u>	<u>Parks &amp; Recreation Trust Fund</u>	<u>Opioid Settlement Fund</u>	<u>Total</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 985,424
Restricted cash	84,270	362,500	-	494,158	940,928
Taxes receivable, net	-	-	-	-	232,886
Due from other governments	-	-	11,500	-	104,092
Total assets	<u>\$ 84,270</u>	<u>\$ 362,500</u>	<u>\$ 11,500</u>	<u>\$ 494,158</u>	<u>\$ 2,263,330</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 112,387
Due to other funds	-	-	11,500	-	19,717
Unearned revenue	-	-	-	494,158	494,158
Advanced from grantor	84,270	362,500	-	-	446,770
Total liabilities	<u>84,270</u>	<u>362,500</u>	<u>11,500</u>	<u>494,158</u>	<u>1,073,032</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,886</u>
<b>Fund Balances:</b>					
Restricted:					
Stabilization by state statute	-	-	11,500	-	104,092
Restricted, all other	-	-	-	-	873,037
Unassigned	-	-	(11,500)	-	(19,717)
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>957,412</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 84,270</u>	<u>\$ 362,500</u>	<u>\$ 11,500</u>	<u>\$ 494,158</u>	<u>\$ 2,263,330</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, 2022

	<u>Fire District Fund</u>	<u>Law Enforcement Restricted Fund</u>	<u>E-911 Telephone System Fund</u>	<u>Community Development Block Grants Fund</u>	<u>COVID Recovery Act Fund</u>
<b>Revenues:</b>					
Ad valorem taxes	\$ 4,692,002	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	-	118,168	-
Sales and services	-	-	547,226	-	-
Investment earnings	-	11	34	-	-
Total revenues	<u>4,692,002</u>	<u>11</u>	<u>547,260</u>	<u>118,168</u>	<u>-</u>
<b>Expenditures:</b>					
Public safety	4,401,406	-	661,641	-	-
Economic and physical development	-	-	-	118,168	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>4,401,406</u>	<u>-</u>	<u>661,641</u>	<u>118,168</u>	<u>-</u>
Net change in fund balances	290,596	11	(114,381)	-	-
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>575,365</u>	<u>8,656</u>	<u>205,106</u>	<u>276</u>	<u>(8,217)</u>
End of year - June 30	<u>\$ 865,961</u>	<u>\$ 8,667</u>	<u>\$ 90,725</u>	<u>\$ 276</u>	<u>\$ (8,217)</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, 2022

	<u>SCIF - Sheriff Fund</u>	<u>SCIF - County Fund</u>	<u>Parks &amp; Recreation Trust Fund</u>	<u>Opioid Settlement Fund</u>	<u>Total</u>
<b>Revenues:</b>					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ 4,692,002
Restricted intergovernmental	-	-	11,500	-	129,668
Sales and services	-	-	-	-	547,226
Investment earnings	-	-	-	-	45
Total revenues	<u>-</u>	<u>-</u>	<u>11,500</u>	<u>-</u>	<u>5,368,941</u>
<b>Expenditures:</b>					
Public safety	-	-	-	-	5,063,047
Economic and physical development	-	-	-	-	118,168
Capital outlay	-	-	11,500	-	11,500
Total expenditures	<u>-</u>	<u>-</u>	<u>11,500</u>	<u>-</u>	<u>5,192,715</u>
Net change in fund balances	-	-	-	-	176,226
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>781,186</u>
End of year - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 957,412</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, 2022**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2022</u>			<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 5,122,690	\$ 4,692,002	\$ (430,688)	\$ 4,466,372
<b>Expenditures:</b>				
Public safety:				
Tax collection fees	16,160	19,446	(3,286)	18,688
Distribution to fire districts	<u>5,106,530</u>	<u>4,381,960</u>	<u>724,570</u>	<u>4,389,587</u>
Total expenditures	<u>5,122,690</u>	<u>4,401,406</u>	<u>721,284</u>	<u>4,408,275</u>
Revenues over (under) expenditures	-	290,596	290,596	58,097
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,259</u>
Net change in fund balance	<u>\$ -</u>	<u>290,596</u>	<u>\$ 290,596</u>	<u>86,356</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>575,365</u>		<u>489,009</u>
End of year - June 30		<u>\$ 865,961</u>		<u>\$ 575,365</u>

## WILKES COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT RESTRICTED FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental:				
Law enforcement restricted grant	\$ -	\$ -	\$ -	\$ 3,442
Investment earnings	-	11	11	3
Total revenues	-	11	11	3,445
<b>Expenditures:</b>				
Public safety:				
Law enforcement restricted	5,000	-	5,000	-
Revenues over (under) expenditures	(5,000)	11	5,011	3,445
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	5,000	-	(5,000)	-
Net change in fund balance	\$ -	11	\$ 11	3,445
<b>Fund Balance:</b>				
Beginning of year - July 1		8,656		5,211
End of year - June 30		\$ 8,667		\$ 8,656

## 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, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			2021
	Budget	Actual	Variance Over/(Under)	Actual
<b>Revenues:</b>				
E-911 telephone surcharge	\$ 551,272	\$ 547,226	\$ (4,046)	\$ 535,414
Investment earnings	1,000	34	(966)	51
Total revenues	<u>552,272</u>	<u>547,260</u>	<u>(5,012)</u>	<u>535,465</u>
<b>Expenditures:</b>				
Public safety:				
Other operating expenditures	<u>732,272</u>	<u>661,641</u>	<u>70,631</u>	<u>515,501</u>
Revenues over (under) expenditures	(180,000)	(114,381)	65,619	19,964
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	<u>180,000</u>	<u>-</u>	<u>(180,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(114,381)</u>	<u>\$ (114,381)</u>	<u>19,964</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>205,106</u>		<u>185,142</u>
End of year - June 30		<u>\$ 90,725</u>		<u>\$ 205,106</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, 2022**

		<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>
<b>Revenues:</b>					
Restricted intergovernmental	\$ 1,828,114	\$ 1,714,788	\$ 118,168	\$ 1,832,956	\$ 4,842
<b>Expenditures:</b>					
Economic and physical development:					
Mulberry School project	1,280,614	1,326,128	-	1,326,128	(45,514)
Neighborhood revitalization	<u>635,000</u>	<u>475,884</u>	<u>118,168</u>	<u>594,052</u>	<u>40,948</u>
Total expenditures	<u>1,915,614</u>	<u>1,802,012</u>	<u>118,168</u>	<u>1,920,180</u>	<u>(4,566)</u>
Revenues over (under) expenditures	(87,500)	(87,224)	-	(87,224)	276
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	<u>87,500</u>	<u>87,500</u>	-	<u>87,500</u>	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 276</u>	-	<u>\$ 276</u>	<u>\$ 276</u>
<b>Fund Balances:</b>					
Beginning of year - July 1			<u>276</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, 2022**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2022</u>			<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Restricted intergovernmental:				
CARES Act	\$ -	\$ -	\$ -	\$ 2,690,822
Other federal and state grants	-	-	-	239,778
Total revenues	-	-	-	2,930,600
<b>Expenditures:</b>				
Public Safety:				
Grants to other agencies	-	-	-	20,000
Salaries and employee benefits	-	-	-	2,918,817
Total expenditures	-	-	-	2,938,817
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	(8,217)
<b>Fund Balance:</b>				
Beginning of year - July 1		(8,217)		-
End of year - June 30		<u>\$ (8,217)</u>		<u>\$ (8,217)</u>

**WILKES COUNTY, NORTH CAROLINA**

**PARKS & RECREATION TRUST FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 191,194	\$ -	\$ 11,500	\$ 11,500	\$ (179,694)
<b>Expenditures:</b>					
Cultural and recreation:					
Construction	382,388	-	11,500	11,500	370,888
Revenues over (under) expenditures	(191,194)	-	-	-	(191,194)
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	191,194	-	-	-	191,194
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
<b>Fund Balances:</b>					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

WILKES COUNTY, NORTH CAROLINA

AIRPORT FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/(Under)	Actual
<b>Revenues:</b>				
Operating revenues:				
Charges for services:				
Sales	\$ 1,404,874	\$ 1,478,957	\$ 74,083	\$ 939,955
Rents	120,000	118,042	(1,958)	110,618
Other operating revenues	5,050	5,219	169	5,550
Total operating revenues	<u>1,529,924</u>	<u>1,602,218</u>	<u>72,294</u>	<u>1,056,123</u>
Non-operating revenues:				
Restricted intergovernmental	709,000	718,743	9,743	4,826,349
Insurance reimbursements	6,922	-	(6,922)	6,696
Total non-operating revenues	<u>715,922</u>	<u>718,743</u>	<u>2,821</u>	<u>4,833,045</u>
Total revenues	<u>2,245,846</u>	<u>2,320,961</u>	<u>75,115</u>	<u>5,889,168</u>
<b>Expenditures:</b>				
Airport operations:				
Salaries and employee benefits	209,234	240,823	(31,589)	294,213
Fuel and oil purchases	1,160,840	1,052,103	108,737	528,752
Other operating expenditures	301,772	226,222	75,550	275,594
Capital outlay	2,074,000	1,342,265	731,735	89,919
Airport capital projects:				
Construction	<u>1,250,000</u>	<u>123,055</u>	<u>1,126,945</u>	<u>5,761,547</u>
Total expenditures	<u>4,995,846</u>	<u>2,967,448</u>	<u>2,028,398</u>	<u>6,950,025</u>
Revenues over (under) expenditures	<u>(2,750,000)</u>	<u>(646,487)</u>	<u>2,103,513</u>	<u>(1,060,857)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,250,000	1,250,000	-	1,945,000
Appropriated fund balance	<u>1,500,000</u>	<u>-</u>	<u>(1,500,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,750,000</u>	<u>1,250,000</u>	<u>(1,500,000)</u>	<u>1,945,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 603,513</u>	<u>\$ 603,513</u>	<u>\$ 884,143</u>

**WILKES COUNTY, NORTH CAROLINA**

**AIRPORT FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES -**

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

**FOR THE YEAR ENDED JUNE 30, 2022**

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

	<u>2022</u>		<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<u>Variance</u>	
		<u>Over/(Under)</u>	
<b>Reconciliation from Budgetary Basis</b>			
<b>(Modified Accrual) to Full Accrual Basis:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 603,513	
Reconciling items:			
Depreciation		(1,055,554)	
Capital outlay		84,006	
Change in deferred outflows of resources - pensions		10,015	
Change in net pension liability		62,787	
Change in deferred inflows of resources - pensions		(67,667)	
Construction project expenditures		1,381,314	
Change in deferred outflows of resources - OPEB		12,380	
Change in deferred inflows of resources - OPEB		12,024	
Change in accrual for compensated absences		4,575	
Long-term debt principal repayments		(17,020)	
Total reconciling items		<u>426,860</u>	
Change in net position		<u>\$ 1,030,373</u>	

WILKES COUNTY, NORTH CAROLINA

LANDFILL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/(Under)	Actual
<b>Revenues:</b>				
Operating revenues:				
Solid waste charges	\$ 2,700,000	\$ 2,986,914	\$ 286,914	\$ 2,735,993
Scrap tire disposal tax	-	5,430	5,430	2,703
Other operating revenues	170,000	205,074	35,074	253,223
Total operating revenues	2,870,000	3,197,418	327,418	2,991,919
Non-operating revenues:				
Interest earnings	5,000	2,627	(2,373)	994
Insurance reimbursements	1,500	1,500	-	-
Total non-operating revenues	6,500	4,127	(2,373)	994
Total revenues	2,876,500	3,201,545	325,045	2,992,913
<b>Expenditures:</b>				
Landfill operations:				
Salaries and employee benefits	1,119,582	1,013,932	105,650	1,169,942
Other operating expenditures	1,970,900	1,544,918	425,982	1,218,224
Capital outlay	1,390,050	869,729	520,321	3,392,076
Total landfill operations	4,480,532	3,428,579	1,051,953	5,780,242
Debt service:				
Principal retirement	-	930	930	-
Interest and fees	-	2,400	2,400	-
Total debt service	-	3,330	3,330	-
Total expenditures	4,480,532	3,431,909	1,055,283	5,780,242
Revenues over (under) expenditures	(1,604,032)	(230,364)	1,373,668	(2,787,329)
<b>Other Financing Sources (Uses):</b>				
Transfer out - Landfill Reserve Fund	(500,000)	(500,000)	-	-
Transfer in - General Fund	500,000	500,000	-	-
Transfer in - Landfill Reserve Fund	-	25,000	25,000	1,500,000
Lease liability issued	-	1,855	1,855	-
Appropriated fund balance	1,604,032	-	(1,604,032)	-
Total other financing sources (uses)	1,604,032	26,855	(1,577,177)	1,500,000

WILKES COUNTY, NORTH CAROLINA

LANDFILL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		2021	
	Budget	Actual	Variance Over/(Under)	Actual
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (203,509)	\$ (203,509)	\$ (1,287,329)

**Reconciliation from Budgetary Basis  
(Modified Accrual) to Full Accrual:**

Revenues and other financing sources over (under) expenditures and other financing uses	\$ (203,509)
--	--------------

Reconciling items:

Capital outlay	869,729
Long-term debt principal repayments	(930)
Depreciation and amortization	(927,352)
Change in accrued landfill closure/post-closure costs	(325,000)
Change in deferred outflows of resources - pension	30,044
Change in net pension liability	188,361
Change in deferred inflows of resources - pensions	(203,024)
Change in accrual for unfunded OPEB	(122,521)
Change in deferred outflows of resources - OPEB	37,144
Change in deferred inflows of resources - OPEB	36,072
Change in accrual for compensated absences	(27,049)
Right to use assets capitalized	1,855
Lease liability issued	(1,855)
Intrafund net transfer out (in) - Landfill Closure and Post-Closure Reserve Fund	475,000
Interest from Landfill Closure and Post-Closure Reserve Fund	6,050
Total reconciling items	36,524
Change in net position	\$ (166,985)

**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, 2022**

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

	<u>2022</u>			<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Interest earnings	\$ 25,000	\$ 6,050	\$ 18,950	\$ 1,522
<b>Other Financing Sources (Uses):</b>				
Sinking reserve	(525,000)	-	525,000	-
Transfers in	500,000	500,000	-	500,000
Transfers out	-	(25,000)	(25,000)	-
Total other financing sources (uses)	<u>(25,000)</u>	<u>475,000</u>	<u>500,000</u>	<u>500,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 481,050</u>	<u>\$ 481,050</u>	<u>\$ 501,522</u>

## WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
 JUNE 30, 2022

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2021</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2021-2022	\$ -	\$ 40,618,207	\$ (39,601,983)	\$ 1,016,224
2020-2021	906,752	-	(558,000)	348,752
2019-2020	500,325	-	(216,267)	284,058
2018-2019	325,403	-	(118,630)	206,773
2017-2018	234,815	-	(76,250)	158,565
2016-2017	200,058	-	(64,931)	135,127
2015-2016	172,993	-	(66,203)	106,790
2014-2015	136,844	-	(54,464)	82,380
2013-2014	136,073	-	(32,483)	103,590
2012-2013	148,179	-	(35,395)	112,784
2011-2012	119,171	-	(119,171)	-
Total	<u>\$ 2,880,613</u>	<u>\$ 40,618,207</u>	<u>\$ (40,943,777)</u>	2,555,043
Less: Allowance for uncollectible accounts - General Fund				<u>(766,513)</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 1,788,530</u>
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes - General Fund				<u>\$ 40,883,594</u>
Reconciling items:				
Penalties and interest collected				(528,442)
Discounts taken				306,612
Prior year releases and write offs				167,992
Miscellaneous				114,021
Total reconciling items				<u>60,183</u>
Total collections and credits				<u>\$ 40,943,777</u>

## WILKES COUNTY, NORTH CAROLINA

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

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 6,768,749,120	\$ 0.66	\$ 39,875,878	\$ 34,734,585	\$ 5,141,293
Penalties	-		31,579	11,355	20,224
Total	<u>6,768,749,120</u>		<u>39,907,457</u>	<u>34,745,940</u>	<u>5,161,517</u>
<b>Discoveries:</b>					
Current year taxes	112,412,518	0.66	704,925	704,925	-
Penalties	-		50,803	50,803	-
Total	<u>112,412,518</u>		<u>755,728</u>	<u>755,728</u>	<u>-</u>
<b>Abatements</b>	<u>(6,814,848)</u>	0.66	<u>(44,978)</u>	<u>(44,978)</u>	<u>-</u>
Total property valuation	<u>\$ 6,874,346,790</u>				
<b>Net Levy</b>			40,618,207	35,456,690	5,161,517
Less: Uncollected tax at June 30, 2022			<u>1,016,224</u>	<u>1,016,224</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 39,601,983</u>	<u>\$ 34,440,466</u>	<u>\$ 5,161,517</u>
<b>Current Levy Collection Percentage</b>			<u>97.50%</u>	<u>97.13%</u>	<u>100.00%</u>

**WILKES COUNTY, NORTH CAROLINA****SECONDARY MARKET DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2022****Assessed Valuation:**

Assessment ratio	100%
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Real property	\$ 5,355,544,695
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Personal property	1,277,331,952
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Public service companies	<u>241,470,143</u>
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Total assessed valuation	<u>\$ 6,874,346,790</u>
--------------------------	-------------------------

Tax rate per \$100	0.66
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Levy (includes discoveries, releases, and abatements)	<u>\$ 40,618,207</u>
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In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2022:

Fire protection districts	<u>\$ 4,063,414</u>
---------------------------	---------------------

**WILKES COUNTY, NORTH CAROLINA**

**TEN LARGEST TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2022 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Duke Energy Carolinas, LLC	Utility company	\$ 155,164,831	2.26%
Tyson Farms, Inc.	Food processor	79,364,483	1.15%
Lowes Home Center, Inc. #1	Retail sales	48,409,174	0.70%
Louisiana Pacific	Building products manufacturing	40,822,136	0.59%
Carolina West Wireless Inc.	Phone company	29,324,147	0.43%
Jeld-Wen, Inc.	Building products manufacturing	18,870,885	0.27%
Vannoy & Sons Construction	Construction company	21,114,268	0.31%
Elementia USA/Plycem USA	Building products manufacturing	20,624,797	0.30%
Surry Yadkin Electric Memb Corp	Utility company	13,648,676	0.20%
Tyson Foods, Inc.	Food processor	14,139,098	0.21%
Total		<u>\$ 441,482,495</u>	<u>6.42%</u>

**WILKES COUNTY, NORTH CAROLINA****EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE  
JUNE 30, 2022**

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	\$ 90,725
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>28,091</u>
Ending balance, PSAP revenue - expenditure report	<u><u>\$ 118,816</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 (*Government Auditing Standards*), 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, 2022, and the related notes to the financial statements, which collectively comprise Wilkes County's basic financial statements, and have issued our report thereon dated January 31, 2023.

### **Report on 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 were not identified.

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
January 31, 2023

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

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

## **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act Independent Auditor's Report**

To the Board of Commissioners  
Wilkes County  
Wilkesboro, North Carolina

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

#### ***Opinion on Each Major Federal Program***

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

In our opinion, Wilkes County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Wilkes County and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Wilkes County's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Wilkes County's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Wilkes County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Wilkes County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Wilkes County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Wilkes County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Wilkes County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
January 31, 2023

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

*“A Professional Association of Certified Public Accountants and Management Consultants”*

## **Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act Independent Auditor’s Report**

To the Board of Commissioners  
Wilkes County  
Wilkesboro, North Carolina

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

#### ***Opinion on Each Major State Program***

We have audited Wilkes County, North Carolina’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Wilkes County’s major state programs for the year ended June 30, 2022. 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.

In our opinion, Wilkes County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

#### ***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Wilkes County and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Wilkes County’s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Wilkes County's state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Wilkes County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Wilkes County's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Wilkes County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Wilkes County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Wilkes County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
January 31, 2023

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**WILKES COUNTY, NORTH CAROLINA**

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

**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? Yes

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

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

Identification of major federal programs:

<b><u>Program Name</u></b>	<b><u>AL#</u></b>
Medicaid Cluster	93.778
Foster Care, Adoption, & Guardianship Cluster	93.658, 93.659
Coronavirus State and Local Fiscal Recovery Funds	21.027
Child Support Enforcement	93.563
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228

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, 2022**

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

**State Awards**

Internal control over major state programs:

- Material weaknesses identified? No
- Significant deficiencies identified? Yes

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

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

Identification of major state programs:

**Program Name**

- Medicaid Cluster
- Public School Building Capital Fund
- State Foster Home
- State Foster Home Fund (SFHF) Maximization
- Foster Care, Adoption, and Guardianship Cluster

**2. Financial Statement Findings**

None reported

# WILKES COUNTY, NORTH CAROLINA

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

### 3. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services  
Passed through the N.C. Department of Health and Human Services  
Program Name: Medical Assistance Program (Medicaid; Title XIX)  
AL #: 93.778  
Grant Number: XIX-MAP21

U.S. Department of Health and Human Services  
Passed through the N.C. Department of Health and Human Services  
Program Name: Foster Care, Adoption, and Guardianship Assistance  
AL #: 93.658, 93.659  
Grant Number: 2001NCFOST, 2001NCADPT

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

#### **Finding: 2022-001**

##### **Significant Deficiency**

**Criteria:** In accordance with 2 CFR 200, management must have an adequate system of internal control procedures in place to adequately safeguard confidential information from unauthorized use in compliance with applicable laws and regulations. In accordance with the Division of Social Services Fiscal Manual, DSS employees should control physical access to the state network terminals or personal computers that are connected to the state mainframe.

**Condition:** Upon surprise inspection, one unattended workstations of DSS employees were unlocked, and the workstation was logged onto the state network without anyone attending to the work station.

**Context:** During a surprise walkthrough, we examined 41 workstations and determined that 1 (2%) workstations were not properly secured. The workstations were unattended and/or logged onto the state system.

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

**Cause:** Lapse of internal controls over data security.

**WILKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**3. Federal Award Findings and Questioned Costs (continued)**

**Finding: 2022-001 (continued)**

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

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

**Views of Responsible Officials and Planned Corrective Actions:** Management accepts this finding. Please refer to the Corrective Action Plan.

# WILKES COUNTY, NORTH CAROLINA

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

### 3. Federal Award Findings and Questioned Costs (continued)

U.S. Department of Health and Human Services  
Passed through the N.C. Department of Health and Human Services  
Program Name: Medical Assistance Program (Medicaid; Title XIX)  
AL #: 93.778  
Grant Number: XIX-MAP21

#### **Finding: 2022-002**

#### **Internal Control, Significant Deficiency**

**Criteria:** In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific eligibility standards, and documentation must be maintained to support those determinations. In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure the accuracy of benefits being provided is within program requirements. Management must monitor activities under federal awards to assure compliance with federal requirements.

**Condition:** One casefile had resources documented in NC FAST that did not match supporting source document (AVS). After review of the cases, the participant was found to still be eligible for Medicaid benefits.

**Context:** Of the 615,695 benefit payments valued at \$198,332,895, we examined 60 payment records (\$70,630 value) and determined that the above condition to one payment (.09% valued at \$63). We determined that the one was still eligible after redetermination with the correct documentation.

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

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

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

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

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

**WILKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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

U.S. Department of Health and Human Services  
Passed through the N.C. Department of Health and Human Services  
Program Name: Medical Assistance Program (Medicaid; Title XIX)  
CFDA #: 93.778  
Grant Number: XIX-MAP21

U.S. Department of Health and Human Services  
Passed through the N.C. Department of Health and Human Services  
Program Name: Foster Care, Adoption, and Guardianship Assistance  
AL #: 93.658, 93.659  
Grant Number: 2001NCFOST, 2001NCADPT

**Finding 2022-001** – Management should have an adequate system of internal control procedures in place to adequately safeguard confidential information from unauthorized use in compliance with applicable laws and regulations. See more details at Finding 2022-001 in Section 3 – Federal Award Findings and Questioned Costs.

U.S. Department of Health and Human Services  
Passed through the N.C. Department of Health and Human Services  
Program Name: Medical Assistance Program (Medicaid; Title XIX)  
CFDA #: 93.778  
Grant Number: XIX-MAP21

**Finding 2022-002** – In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific eligibility standards, and documentation must be maintained to support those determinations. In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure the accuracy of benefits being provided is within program requirements. Management must monitor activities under federal awards to assure compliance with federal requirements. See more details at Finding 2022-002 in Section 3 – Federal Award Findings and Questioned Costs.

# COUNTY OF WILKES

DIRECTOR

John L. Blevins, MPA

DEPARTMENT OF SOCIAL SERVICES

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

PROGRAM ADMINISTRATOR

Kevin L. Brown

## Corrective Action Plan

### Finding: 2022-001

Name of Contact Person: John Blevins, Social Services Director

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

Proposed Completion Date: Immediately and Ongoing

### Finding: 2022-002

Name of Contact Person: John Blevins, Social Services Director

Policy training is being completed with Medicaid staff to ensure all income and resources are correctly documented and applied in NC FAST. Second Party Reviews continue to be utilized in order to identify any eligibility determination deficiencies. Supervisors will give additional attention to AVS information and how it is documented in NC FAST when conducting reviews.

Proposed Completion Date: Immediately and Ongoing

**WILKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

None.

**WILKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2022**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Provided to Subrecipients</u>
<b>Federal Awards:</b>					
<b><u>U.S. Dept. of Agriculture</u></b>					
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	\$ 428,598	\$ -	\$ -
Total Supplemental Nutrition Assistance Program (SNAP) Cluster			<u>428,598</u>	<u>-</u>	<u>-</u>
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, &					
Children					
	10.557	13A25403/5404/5405/5409/ 570A/570B/570K	357,325	-	-
Total Special Supplemental Nutrition Program for Women, Infants, & Children			<u>357,325</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>785,923</u>	<u>-</u>	<u>-</u>
<b><u>U.S. Dept. of Transportation</u></b>					
Passed-through the N.C. Department of Transportation:					
Airport Improvement Program					
	20.106	36237.49.17.1; 36237.49.18.1;	432,953	225,618	-
ARPA- Airport Improvement Program					
	20.106	36237.49.18.3; 36237.49.20.1 36237.49.19.1	60,172	-	-
Total U.S. Dept. of Transportation			<u>493,125</u>	<u>225,618</u>	<u>-</u>
<b><u>U.S. Department of Treasury</u></b>					
Direct Program:					
Coronavirus State and Local Fiscal Recovery Funds (SLFRF)					
	21.027		827,249	-	-
Total U.S. Department of Treasury			<u>827,249</u>	<u>-</u>	<u>-</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>					
Passed-through the N.C. Dept. of Environmental Quality					
Community Development Block Grants/State's program					
and Non-Entitlement Grants in Hawaii					
North Carolina Small Cities CDBG and Neighborhood					
Stabilization Program					
	14.228	17-C-3026	118,168	-	-
Total U.S. Department of Housing and Urban Development			<u>118,168</u>	<u>-</u>	<u>-</u>
<b><u>U.S. Department of Homeland Security</u></b>					
Passed-through N.C. Dept. of Public Safety:					
Division of Emergency Management					
Emergency Management Performance Grant					
	97.042	NA	21,056	-	-
Emergency Management Performance Grant					
	97.042	NA	12,695	-	-
Emergency Management Performance Grant					
	97.042	NA	11,068	-	-
Total U.S. Department of Homeland Security			<u>44,819</u>	<u>-</u>	<u>-</u>
<b><u>U.S. Dept. of Health &amp; Human Services</u></b>					
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	37,306	2,194	-
In-Home Services:					
Special Programs for the Aging - Title III, Part B Grants for					
Supportive Services and Senior Centers					
	93.044	536332	204,862	12,051	-
Congregate Nutrition:					
Special Programs for the Aging - Title III, Part C Nutrition Services					
	93.045	536333	23,289	1,370	-
Home Delivered Meals:					
Special Programs for the Aging - Title III, Part C Nutrition					
Services					
	93.045	536334	283,178	16,658	-
Total Aging Cluster			<u>548,635</u>	<u>32,273</u>	<u>-</u>
Passed-through N.C. Dept. of Health and Human Services					
Division of Social Services					
Temporary Assistance for Needy Families - Work First					
	93.558	2001NCTANF	344,775	-	-
Division of Public Health:					
Temporary Assistance for Needy Families - Work First					
	93.558	2001NCTANF	6,841	-	-
			<u>351,616</u>	<u>-</u>	<u>-</u>

**WILKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2022**

<b>Grantor/Pass-through Grantor/Program Title</b>	<b>Federal AL Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Federal (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Provided to Subrecipients</b>
Division of Social Services					
Foster Care, Adoption, and Guardianship Assistance					
Program Cluster (Note 4):					
Foster Care - Title IV-E	93.658	2001NCFOST	1,202,347	191,592	-
Adoption Assistance	93.659	2001NCADPT	39,985	-	-
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4)			<u>1,242,332</u>	<u>191,592</u>	<u>-</u>
Child Support Enforcement	93.563	2004NC4005	458,742	-	-
Refugee and Entrant Assistance Cluster (Note 4):					
Refugee and Entrant Assistance - State/ Replacement Designee Administered Programs					
Total Refugee and Entrant Assistance Cluster	93.566	XXXX	759	-	-
			<u>759</u>	<u>-</u>	<u>-</u>
Low-Income Home Energy Assistance:					
Administration	93.568	G20BINCLIEA	59,628	-	-
Energy Assistance Payments	93.568	G20BINCLIEA	740,889	-	-
Crisis Intervention Program	93.568	G20BINCLIEA	269,200	-	-
LIEAP ARPA	93.568	G20BINCLIEA	490,991	-	-
LIEAP ARPA ADM	93.568	G20BINCLIEA	15,454	-	-
LIHWAP ADM	93.568	G20BINCLIEA	287	-	-
LIHWAP CAA	93.568	G20BINCLIEA	2,097	-	-
COVID - LIEAP COVID-19 Administration	93.568	G20BINCLIEA	3,956	-	-
Total Low-Income Home Energy Assistance			<u>1,582,502</u>	<u>-</u>	<u>-</u>
Special Children Adoption Fund Cluster (Note 4):					
Mary Lee Allen Promoting Safe and Stable Families - Administration					
Stephanie Tubbs Jones Child Welfare Services Program:	93.556	2001NCFPSS	77,413	-	-
Permanency Planning - Families for kids	93.645	G2001NCCWSS	22,228	-	-
Total Special Children Adoption Fund Cluster (Note 4)			<u>99,641</u>	<u>-</u>	<u>-</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001NC1420	41,742	8,992	-
Social Services Block Grant - Other Service and Training	93.667	G2001NCSOSR	324,389	-	-
Social Services Block Grant:					
Social Services Block Grant - State In Home Service Fund	93.667	G2001NCSOSR	10,642	-	-
Social Services Block Grant - State Adult Day Care	93.667	G2001NCSOSR	7,340	7,360	-
CPS TANF TO Social Services Block Grant	93.667	G2001NCSOSR	4,432	-	-
ADULT PROTECTIVE SERVICE	93.667	G2001NCSOSR	20,322	-	-
APS ESSEMTIAL SVCS	93.667	G2001NCSOSR	642	-	-
Passed-through Red Bird Council of Governments:					
Social Service Block Grant (SSBG) - In Home Services	93.667	G2001NCSOSR	15,677	-	-
Total Social Service Block Grant			<u>383,444</u>	<u>7,360</u>	<u>-</u>
Child Care Development Fund Cluster/Subsidized Child Care Cluster (Note 4):					
Child Care Development Mandatory and Match Funds of the Child Care and Development Fund-Administration					
Total Child Care Development Fund Cluster/Subsidized Child Care Cluster (Note 4)	93.596	G2001NCCCDF	80,036	-	-
			<u>80,036</u>	<u>-</u>	<u>-</u>
Medicaid Cluster:					
Medical Assistance Program	93.778	XIX-MAP 21	1,609,958	1,749	-
Total Medicaid Cluster			<u>1,609,958</u>	<u>1,749</u>	<u>-</u>
Children's Health Insurance Program - N.C. Health Choice	93.767	CHIP 20	28,018	2,336	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Epidemiology and Laboratory Capacity for Infectious Diseases					
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175 870A WT, 1175 878A HH	383,807	-	-
Public Health Emergency Preparedness	93.323	CK19-1904	58,006	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.069	1264 2680 EN, 1264 1680 EQ	36,556	-	-
Family Planning Services	93.116	1460 272C NF, 1460 272D NF	50	-	-
Immunization Cooperative Agreements	93.217	13A1 592C FP	41,970	-	-
	93.268	13331 631E EJ	20,426	-	-

**WILKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2022**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Provided to Subrecipients</u>
COVID-19 -Immunization Cooperation Agreements Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.268	1331 629B 4Q; 1331 6315 LD; 1331639B P7	292,390	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.991	1261 5503 00, 1261 5503 PF	30,608	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.898	NA	12,675	-	-
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)	93.977	1311 462D NB, 1311 462E NB	100	-	-
COVID - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		849,856	-	-
Total Health Center Program Cluster	93.224		41,752	-	-
			891,608	-	-
Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health: Maternal and Child Health Services Block Grant to States:					
Care Coordinator for Children	93.994	1271 5318 AR	9,553	-	-
Infant Mortality Reduction	93.994	13A1 5700 AR	63,500	-	-
Child Fatality Prevention	93.994	1271 5351 AR	673	-	-
HMHC-February Start	93.994	13A1 5735 AP	10,223	7,669	-
Child Health	93.994	1271 5745 AR	20,087	-	-
Total Maternal and Child Health Services Block Grant to States			104,036	7,669	-
Total U.S. Dept. of Health and Human Services			8,299,657	251,971	-
Total federal awards			10,568,941	477,589	-
<b>State Awards:</b>					
<b><u>N.C. Dept. of Administration</u></b>					
Veterans Service		DMVA 19/20		2,109	-
Total N.C. Dept. of Administration				2,109	-
<b><u>N.C. Dept. of Cultural and Natural Resources</u></b>					
PARTF Grant - Community Park				11,500	-
Total N.C. Dept. of Cultural and Natural Resources				11,500	-
<b><u>N.C. Department of Environmental Quality</u></b>					
Division of Waste Management					
Soil & Water Conservation		G40100296115SWC		30,000	-
EVT Grant		DEQ 7830		53,100	-
Total N.C. Dept. Environmental Quality				83,100	-
<b><u>N.C. Dept. of Health and Human Services</u></b>					
<b>Division of Social Services</b>					
Administration					
Smart Start				20,000	-
State Child Welfare/CPS/CS LD				29,686	-
AFDC Incent/Prog-Integrit				399	-
Direct Benefit Payments					
State Foster Home				290,693	-
State Foster Home Fund (SFHF) Maximization				661,486	-
Foster Care at Risk Maximization				37,073	-
Extended Foster Care Maximization Non IV-E programs				57,292	-
IV-B EFT Chafee Independent Living				231,860	-
Special Children Adoption Fund				194,924	-
Total Division of Social Service				1,523,413	-
Division of Public Health					
General Aid to Counties PH Capacity Building				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				14,111	-
School Health Center				44,440	-

**WILKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2022**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Provided to Subrecipients</u>
School Nurse Funding Initiative				150,000	-
Maternal Health				10,678	-
Breast and Cervical Cancer Control				5,525	-
Healthy Community Activities				3,746	-
HIV/STD State				1,705	-
Tuberculosis Control				3,305	-
Total Division of Public Health				<u>376,077</u>	<u>-</u>
Total N. C. Department of Health and Human Services				<u>1,899,490</u>	<u>-</u>
<b><u>N.C. Dept. of Public Instruction</u></b>					
Public School Building Capital Fund - Lottery Proceeds		7002996		625,000	-
School Safety Grant		PRC 039		100,134	-
Total N.C. Dept. of Public Instruction				<u>725,134</u>	<u>-</u>
<b><u>N.C. Dept. of Public Safety</u></b>					
JCPC/Youth Grants For Agencies		DPS / JPC 298		226,564	-
Juvenile Crime Prevention Assistance		DPS / JCPC 301		10,868	-
Total N.C. Dept. of Public Safety				<u>237,432</u>	<u>-</u>
<b><u>N.C. Dept. of Transportation</u></b>					
Rural Operating Assistance Program					
ROAP Elderly and Disabled Transportation Assistance Program (E & DTAP)		36220.10.8.1		84,735	-
ROAP Rural General Public Program (RGP)		36228.22.8.1		105,674	-
ROAP Work First Transitional - Employment		36236.11.7.		18,002	-
Total Rural Operating Assistance Program				<u>208,411</u>	<u>-</u>
Special Registration Plate - Visitors Center		WBS Element 42931		92,857	-
Total N.C. Dept. of Transportation				<u>301,268</u>	<u>-</u>
Total State awards				<u>3,260,033</u>	<u>-</u>
Total federal and state awards			<u>\$ 10,568,941</u>	<u>\$ 3,737,622</u>	<u>\$ -</u>

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

**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of Wilkes County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. 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, Subsidized Childcare Program Cluster, and Refugee and Entrant Assistance Cluster.