

**WILKES COUNTY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

WILKES COUNTY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Financial Section:	
	Independent Auditor's Report	1-3
	Management's Discussion and Analysis	4-12
	Basic Financial Statements:	
A	Statement of Net Position	13-14
B	Statement of Activities	15-16
C	Balance Sheet - Governmental Funds	17-18
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19-20
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	21
F	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	22
G	Opioid Settlement Fund - Annually Budgeted Major Special Revenue Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	23
H	Statement of Net Position - Proprietary Funds	24-25
I	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	26
J	Statement of Cash Flows - Proprietary Funds	27-28
K	Statement of Fiduciary Net Position - Fiduciary Funds	29
L	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	30
	Notes to the Financial Statements	31-80

WILKES COUNTY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Required Supplementary Information:	
A-1	Local Governmental Employees' Retirement System - Wilkes County's Proportionate Share of Net Pension Liability (Asset)	81-82
A-2	Local Governmental Employees' Retirement System - Wilkes County's Contributions	83-84
A-3	Law Enforcement Officers' Special Separation Allowance - Schedule of Changes in Total Pension Liability	85-86
A-4	Law Enforcement Officers' Special Separation Allowance - Schedule of Total Pension Liability as a Percentage of a Covered-Employee Payroll	87-88
A-5	Other Post-Employment Benefits - Schedule of Changes in the Total OPEB Liability and Related Ratios	89-90
A-6	Register of Deeds' Supplemental Pension Fund - Wilkes County's Proportionate Share of Net Pension Liability (Asset)	91-92
A-7	Register of Deeds' Supplemental Pension Fund - Wilkes County's Contributions	93-94
	Combining and Individual Fund Statements and Schedules:	
	Major Governmental Funds:	
1	General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	95-109
	Major Special Revenue Funds:	
2	American Rescue Plan Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	110
3	Motorsports Relief Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	111
	Major Capital Project Fund:	
4	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - EMS Base and Vaccine Center Fund	112

WILKES COUNTY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Nonmajor Special Revenue Funds:	
5	Combining Balance Sheet	113-114
6	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	115-116
7	Fire District Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	117
8	Law Enforcement Restricted Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	118
9	Emergency Telephone System Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	119
10	Community Development Block Grants Fund - Schedule of Revenues Expenditures, and Changes in Fund Balance - Budget and Actual	120
11	COVID Recovery Act Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	121
12	PARTF Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	122
	Enterprise Funds:	
13	Airport Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	123-124
14	Landfill Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	125-126
15	Landfill Closure and Post-Closure Reserve Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	127
	Other Schedules:	
16	Schedule of Ad Valorem Taxes Receivable - General Fund	128
17	Analysis of Current Tax Levy - County-Wide Levy	129

WILKES COUNTY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Other Schedules (continued):	
18	Secondary Market Disclosures	130
19	Ten Largest Taxpayers	131
20	Emergency Telephone System Unspent Balance	132
	Compliance Letters:	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	133-134
	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	135-137
	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	138-140
	Schedule of Findings and Questioned Costs	141-142
	Schedule of Prior Year Audit Findings	143
	Schedule of Expenditures of Federal and State Awards	144-147

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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Opioid Settlement 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.

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 November 29, 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
November 29, 2023

This page left blank intentionally.

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, 2023. 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.

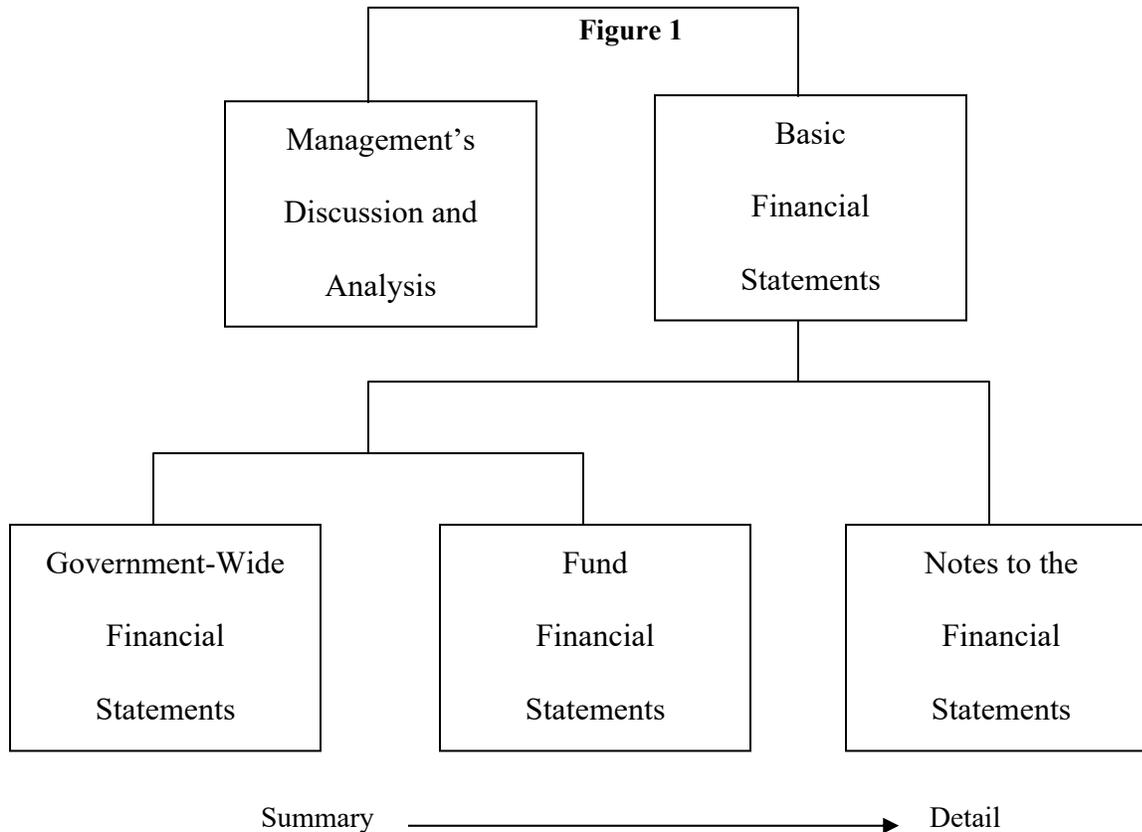
Financial Highlights

- 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 \$71,140,189 (*net position*).
- The government's total net position increased by \$20,056,178.
- As of the close of the current fiscal year, Wilkes County's governmental funds reported combined ending fund balances of \$52,641,429. Approximately 26 percent of this total amount, or \$13,446,008, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$29,359,850, or 31 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 L) 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 L 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	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 86,099,495	\$ 72,022,040	\$ 7,494,115	\$ 9,615,774	\$ 93,593,610	\$ 81,637,814
Capital assets, net	49,943,752	35,556,591	31,064,384	28,524,422	81,008,136	64,081,013
Total assets	136,043,247	107,578,631	38,558,499	38,140,196	174,601,746	145,718,827
Deferred Outflows of Resources	19,553,271	17,257,730	764,800	656,288	20,318,071	17,914,018
Liabilities:						
Long-term liabilities	82,417,084	83,739,056	9,968,744	10,989,140	92,385,828	94,728,196
Other liabilities	17,865,128	15,628,775	468,687	497,282	18,333,815	16,126,057
Total liabilities	100,282,212	99,367,831	10,437,431	11,486,422	110,719,643	110,854,253
Deferred Inflows of Resources	12,382,020	10,905,866	677,965	683,108	13,059,985	11,588,974
Net Position:						
Net investment in capital assets	41,161,403	27,584,281	31,032,470	28,474,459	72,193,873	56,058,740
Restricted	9,000,367	7,200,118	-	-	9,000,367	7,200,118
Unrestricted	(7,229,484)	(20,221,735)	(2,824,567)	(1,847,505)	(10,054,051)	(22,069,240)
Total net position	\$ 42,932,286	\$ 14,562,664	\$ 28,207,903	\$ 26,626,954	\$ 71,140,189	\$ 41,189,618

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 \$71,140,189 as of June 30, 2023. The County's net position increased by \$20,056,178 for the fiscal year ended June 30, 2023. 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, \$9,000,367, represents resources that are subject to external restrictions on how they may be used. The remaining balance is an unrestricted deficit of \$10,054,051. This deficit is a presentation of the fact that Wilkes County carries \$16,254,666 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 97.35%
- 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	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges from services	\$ 8,289,818	\$ 10,404,082	\$ 5,757,429	\$ 4,799,636	\$ 14,047,247	\$ 15,203,718
Operating grants and contributions	24,864,628	14,077,918	-	-	24,864,628	14,077,918
Capital grants and contributions	19,469,804	788,619	131,628	720,243	19,601,432	1,508,862
General revenues:						
Property taxes	46,248,361	45,351,376	-	-	46,248,361	45,351,376
Local option sales tax	25,718,555	24,878,555	-	-	25,718,555	24,878,555
Other	1,927,846	361,638	144,777	8,677	2,072,623	370,315
Total revenues	<u>126,519,012</u>	<u>95,862,188</u>	<u>6,033,834</u>	<u>5,528,556</u>	<u>132,552,846</u>	<u>101,390,744</u>
Expenses:						
General government	11,281,921	8,852,690	-	-	11,281,921	8,852,690
Public safety	29,221,564	25,379,353	-	-	29,221,564	25,379,353
Economic and physical development	16,068,699	4,353,439	-	-	16,068,699	4,353,439
Environmental protection	114,968	147,229	-	-	114,968	147,229
Human services	23,125,175	24,290,742	-	-	23,125,175	24,290,742
Cultural and recreation	1,836,862	1,698,750	-	-	1,836,862	1,698,750
Education	25,114,487	25,134,929	-	-	25,114,487	25,134,929
Interest on long-term debt	280,107	1,694,369	-	-	280,107	1,694,369
Airport	-	-	2,912,196	2,540,588	2,912,196	2,540,588
Landfill	-	-	2,540,689	3,874,580	2,540,689	3,874,580
Total expenses	<u>107,043,783</u>	<u>91,551,501</u>	<u>5,452,885</u>	<u>6,415,168</u>	<u>112,496,668</u>	<u>97,966,669</u>
Change in net position before transfers	19,475,229	4,310,687	580,949	(886,612)	20,056,178	3,424,075
Transfers in (out)	<u>(1,000,000)</u>	<u>(1,750,000)</u>	<u>1,000,000</u>	<u>1,750,000</u>	<u>-</u>	<u>-</u>
Change in net position	<u>18,475,229</u>	<u>2,560,687</u>	<u>1,580,949</u>	<u>863,388</u>	<u>20,056,178</u>	<u>3,424,075</u>
Net Position:						
Net position, beginning	14,562,664	12,001,977	26,626,954	25,763,566	41,189,618	37,765,543
Restatement	<u>9,894,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,894,393</u>	<u>-</u>
Net position, beginning, restated	<u>24,457,057</u>	<u>12,001,977</u>	<u>26,626,954</u>	<u>25,763,566</u>	<u>51,084,011</u>	<u>37,765,543</u>
End of year - June 30	<u>\$ 42,932,286</u>	<u>\$ 14,562,664</u>	<u>\$ 28,207,903</u>	<u>\$ 26,626,954</u>	<u>\$ 71,140,189</u>	<u>\$ 41,189,618</u>

Governmental Activities. Governmental activities increased the County's net position by \$18,475,229. Key elements of this increase are as follows:

- Maintaining a collection percentage of 97% 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 \$1,580,949. 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 \$40,135,244 while total fund balance reached \$46,080,127. 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 42% of total General Fund expenditures and transfers to other funds, while total fund balance represents 49% of that same amount.

At June 30, 2023, the American Rescue Plan Fund reported a liability of \$8,228,431 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. Both installments of the award were received. The County plans to spend the grant award supplies and capital outlay purchases related to the vaccine center.

At June 30, 2023, the EMS Base and Vaccine Center Capital Project Fund began the construction of the EMS Base and Vaccine Center leaving a restricted fund balance of \$4,045,847. This project is in the construction stage at year end and is expected to be completed in November 2023.

At June 30, 2023, the Motorsports Relief Fund was awarded a grant of \$18,000,000 under the North Carolina Special Appropriations – Motorsports Relief Fund for the speedway. Most of the improvements were completed by year end and the County received \$13,943,870 on reimbursement basis during the year. The County plans to complete the project by fiscal year 2025.

At June 30, 2023, the Opioid Settlement Fund received \$1,667,506 as part of the nationwide opioid settlement. The County has recognized \$17,259,593 as receivable, net of an allowance for doubtful accounts. The fund balance of \$1,667,506 is restricted for opioid abatement and remediation activities.

At June 30, 2023, the governmental funds of Wilkes County reported a combined fund balance of \$52,641,429, a decrease from last year. The primary reason for this decrease is the decrease in fund balance in the General Fund and the 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 \$5,983,213 (6.85%). 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 \$97,727. Unrestricted net position of the Landfill Fund at the end of the fiscal year totaled (\$2,922,294).

Capital Asset and Debt Administration

Capital Assets. Wilkes County’s capital assets for its governmental and business-type activities as of June 30, 2023, totaled \$81,008,136 (net of accumulated depreciation and amortization). These assets include buildings, land, improvements, equipment, and right to use assets.

Major capital asset transactions during the year include:

- Construction of main EMS base
- Construction of new cell at landfill
- Capital projects at the airport

Wilkes County’s Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,958,649	\$ 1,958,649	\$ 7,536,509	\$ 5,400,945	\$ 9,495,158	\$ 7,359,594
Buildings	32,939,568	31,079,565	11,097,044	5,829,890	44,036,612	36,909,455
Improvements	11,069,046	10,775,124	30,078,714	29,323,968	41,147,760	40,099,092
Machinery and equipment	18,321,062	16,285,381	8,717,059	8,157,594	27,038,121	24,442,975
Right to use assets	5,708,133	3,280,118	67,913	67,913	5,776,046	3,348,031
Construction in progress	9,227,836	1,204,264	25,000	4,141,794	9,252,836	5,346,058
Total	79,224,294	64,583,101	57,522,239	52,922,104	136,746,533	117,505,205
Accumulated depreciation/amortization	(29,280,542)	(26,109,807)	(26,457,855)	(24,347,679)	(55,738,397)	(50,457,486)
Capital assets, net	<u>\$ 49,943,752</u>	<u>\$ 38,473,294</u>	<u>\$ 31,064,384</u>	<u>\$ 28,574,425</u>	<u>\$ 81,008,136</u>	<u>\$ 67,047,719</u>

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

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

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Direct placement - installment purchase	\$ 9,060,000	\$ 14,780,000	\$ -	\$ -	\$ 9,060,000	\$ 14,780,000
Certificate of participation	14,900,000	16,075,000	-	-	14,900,000	16,075,000
Lease liability	4,237,348	2,853,085	31,914	49,963	4,269,262	2,903,048
Subscription liability	36,597	-	-	-	36,597	-
Total	\$ 28,233,945	\$ 33,708,085	\$ 31,914	\$ 49,963	\$ 28,265,859	\$ 33,758,048

The state of North Carolina limits the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Wilkes County is \$476,400,000.

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, 2024

Governmental Activities. The General Fund's original adopted revenue budget totals \$99,873,939 which is \$6.47 million more than the FY 2022-2023 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 3% increase over the 2022-2023 budget. The County will receive Federal and State ARPA funds in 2022-2023, these funds will be used to address the COVID impact in Wilkes County. There is an appropriation of \$7,532,600 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.

This page left blank intentionally.

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 43,991,758	\$ 1,079,446	\$ 45,071,204
Taxes receivable, net	2,148,522	-	2,148,522
Accounts receivable, net	3,779,090	446,745	4,225,835
Lease receivable, current	23,716	15,219	38,935
Due from other governments	5,352,921	97,916	5,450,837
Inventories	-	66,073	66,073
Internal balances	400,000	(400,000)	-
Cash and cash equivalents, restricted	<u>15,606,556</u>	<u>6,012,792</u>	<u>21,619,348</u>
Total current assets	<u>71,302,563</u>	<u>7,318,191</u>	<u>78,620,754</u>
Non-current assets:			
Pension asset, restricted	72,142	-	72,142
Accounts receivable, net, non-current	14,716,833	-	14,716,833
Lease receivable, non-current	7,957	175,924	183,881
Capital assets:			
Land, improvements, and construction in progress	11,186,485	7,561,509	18,747,994
Other capital assets, net	<u>38,757,267</u>	<u>23,502,875</u>	<u>62,260,142</u>
Total non-current assets	<u>64,740,684</u>	<u>31,240,308</u>	<u>95,980,992</u>
Total assets	<u>136,043,247</u>	<u>38,558,499</u>	<u>174,601,746</u>
Deferred Outflows of Resources:			
Charge on refunding	189,252	-	189,252
OPEB deferrals	7,987,550	332,816	8,320,366
Pension deferrals	<u>11,376,469</u>	<u>431,984</u>	<u>11,808,453</u>
Total deferred outflows of resources	<u>19,553,271</u>	<u>764,800</u>	<u>20,318,071</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	2,158,039	359,141	2,517,180
Accounts payable from restricted assets	1,494,734	-	1,494,734
Advances from grantors	8,781,505	-	8,781,505
Unearned revenue	821,446	-	821,446
Due within one year	<u>4,609,404</u>	<u>109,546</u>	<u>4,718,950</u>
Total current liabilities	<u>17,865,128</u>	<u>468,687</u>	<u>18,333,815</u>

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

WILKES COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
JUNE 30, 2023**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Long-term liabilities:			
Total pension liability - LEOSSA	2,714,701	-	2,714,701
Net pension liability - LGERS	16,476,258	675,376	17,151,634
Total OPEB liability	34,699,914	1,445,831	36,145,745
Due in more than one year	28,526,211	7,847,537	36,373,748
Total long-term liabilities	82,417,084	9,968,744	92,385,828
 Total liabilities	 100,282,212	 10,437,431	 110,719,643
 Deferred Inflows of Resources:			
OPEB deferrals	11,545,954	481,081	12,027,035
Pension deferrals	739,714	11,485	751,199
Lease deferrals	31,442	185,399	216,841
Prepaid taxes	64,910	-	64,910
Total deferred inflows of resources	12,382,020	677,965	13,059,985
 Net Position:			
Net investment in capital assets	41,161,403	31,032,470	72,193,873
Restricted for:			
Stabilization by state statute	6,028,779	-	6,028,779
Crime prevention	118,961	-	118,961
Register of Deeds	409,457	-	409,457
Register of Deeds' pension plan	106,186	-	106,186
Public safety	669,478	-	669,478
Human services	1,667,506	-	1,667,506
Unrestricted	(7,229,484)	(2,824,567)	(10,054,051)
 Total net position	 \$ 42,932,286	 \$ 28,207,903	 \$ 71,140,189

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

This page left blank intentionally.

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 11,281,921	\$ 461,008	\$ 298,673	\$ 119,645
Public safety	29,221,564	5,072,071	1,797,197	4,232,549
Environmental protection	114,968	223,948	30,000	-
Economic and physical development	16,068,699	-	125,000	14,282,641
Human services	23,125,175	2,446,684	22,066,526	-
Cultural and recreational	1,836,862	86,107	-	191,194
Education	25,114,487	-	547,232	643,775
Interest on long-term debt	280,107	-	-	-
Total governmental activities	<u>107,043,783</u>	<u>8,289,818</u>	<u>24,864,628</u>	<u>19,469,804</u>
Business-Type Activities:				
Landfill	2,540,689	3,893,098	-	-
Airport	2,912,196	1,864,331	-	131,628
Total business-type activities	<u>5,452,885</u>	<u>5,757,429</u>	<u>-</u>	<u>131,628</u>
Total primary government	<u>\$ 112,496,668</u>	<u>\$ 14,047,247</u>	<u>\$ 24,864,628</u>	<u>\$ 19,601,432</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, 2023

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Functions/Programs			
Primary Government:			
Governmental Activities:			
General government	\$ (10,402,595)	\$ -	\$ (10,402,595)
Public safety	(18,119,747)	-	(18,119,747)
Environmental protection	138,980	-	138,980
Economic and physical development	(1,661,058)	-	(1,661,058)
Human services	1,388,035	-	1,388,035
Cultural and recreational	(1,559,561)	-	(1,559,561)
Education	(23,923,480)	-	(23,923,480)
Interest on long-term debt	(280,107)	-	(280,107)
Total governmental activities	<u>(54,419,533)</u>	<u>-</u>	<u>(54,419,533)</u>
Business-Type Activities:			
Landfill	-	1,352,409	1,352,409
Airport	-	(916,237)	(916,237)
Total business-type activities	<u>-</u>	<u>436,172</u>	<u>436,172</u>
Total primary government	<u>(54,419,533)</u>	<u>436,172</u>	<u>(53,983,361)</u>
General Revenues:			
Ad valorem taxes	46,248,361	-	46,248,361
Local option sales tax	25,718,555	-	25,718,555
Other taxes and licenses	317,257	-	317,257
Miscellaenous, unrestricted	-	15,447	15,447
Investment earnings	1,610,589	129,330	1,739,919
Total general revenues, excluding transfers	<u>73,894,762</u>	<u>144,777</u>	<u>74,039,539</u>
Transfers	<u>(1,000,000)</u>	<u>1,000,000</u>	<u>-</u>
Total general revenues and transfers	<u>72,894,762</u>	<u>1,144,777</u>	<u>74,039,539</u>
Change in net position	<u>18,475,229</u>	<u>1,580,949</u>	<u>20,056,178</u>
Net Position:			
Net position - beginning, as previously reported	14,562,664	26,626,954	41,189,618
Restatement	<u>9,894,393</u>	<u>-</u>	<u>9,894,393</u>
Beginning of year - July 1	<u>24,457,057</u>	<u>26,626,954</u>	<u>51,084,011</u>
End of year - June 30	<u>\$ 42,932,286</u>	<u>\$ 28,207,903</u>	<u>\$ 71,140,189</u>

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

WILKES COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	American Rescue Plan Fund	Motorsports Relief Fund	EMS and Vaccine Center Capital Project Fund	Opioid Settlement Fund	Other Governmental Funds	Total
Assets:							
Cash and cash equivalents	\$ 42,713,105	\$ -	\$ -	\$ -	\$ -	\$ 1,278,653	\$ 43,991,758
Restricted cash	56,304	8,287,978	546,402	4,551,596	1,667,506	496,770	15,606,556
Receivables, net	1,236,330	-	-	-	17,259,593	-	18,495,923
Taxes receivable, net	1,900,691	-	-	-	-	247,831	2,148,522
Lease receivable	31,673	-	-	-	-	-	31,673
Due from other governments	4,877,739	-	228,771	154,265	-	92,146	5,352,921
Due from other funds	599,247	-	-	-	-	8,318	607,565
Total assets	<u>\$ 51,415,089</u>	<u>\$ 8,287,978</u>	<u>\$ 775,173</u>	<u>\$ 4,705,861</u>	<u>\$ 18,927,099</u>	<u>\$ 2,123,718</u>	<u>\$ 86,234,918</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Accounts payable and accrued expenses	\$ 1,683,187	\$ -	\$ -	\$ -	\$ -	\$ 103,150	\$ 1,786,337
Accounts payable from restricted assets	-	59,547	775,173	660,014	-	-	1,494,734
Due to other funds	8,318	-	-	-	-	199,247	207,565
Advance from grantors	56,304	8,228,431	-	-	-	496,770	8,781,505
Unearned revenues	821,446	-	-	-	-	-	821,446
Total liabilities	<u>2,569,255</u>	<u>8,287,978</u>	<u>775,173</u>	<u>660,014</u>	<u>-</u>	<u>799,167</u>	<u>13,091,587</u>
Deferred Inflows of Resources	<u>2,765,707</u>	<u>-</u>	<u>228,771</u>	<u>-</u>	<u>17,259,593</u>	<u>247,831</u>	<u>20,501,902</u>
Fund Balances:							
Non-spendable:							
Lease receivables	231	-	-	-	-	-	231
Restricted:							
Stabilization by state statute	5,944,652	-	-	-	-	84,127	6,028,779
Restricted, all other	528,418	-	-	4,045,847	1,667,506	1,175,227	7,416,998
Committed	2,714,701	-	-	-	-	-	2,714,701
Assigned:							
Subsequent year's expenditures	7,532,275	-	-	-	-	-	7,532,275
Assigned, all other	-	-	-	-	-	276	276
Unassigned	29,359,850	-	(228,771)	-	-	(182,910)	28,948,169
Total fund balances	<u>46,080,127</u>	<u>-</u>	<u>(228,771)</u>	<u>4,045,847</u>	<u>1,667,506</u>	<u>1,076,720</u>	<u>52,641,429</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 51,415,089</u>	<u>\$ 8,287,978</u>	<u>\$ 775,173</u>	<u>\$ 4,705,861</u>	<u>\$ 18,927,099</u>	<u>\$ 2,123,718</u>	<u>\$ 86,234,918</u>

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

WILKES COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>Total</u>
Total fund balances from Page 1 of 2	\$ 52,641,429
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.	(1,354,666)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	49,943,752
Net pension asset	72,142
Net pension liability - LGERS	(16,476,258)
Total pension liability - LEOSSA	(2,714,701)
Total OPEB Liability	(34,699,914)
Deferred outflows of resources related to pensions are not reported in the funds.	11,376,469
Deferred outflows of resources related to OPEB are not reported in the funds.	7,987,550
Deferred inflows of resources related to pensions are not reported in the funds.	(739,714)
Deferred inflows of resources related to OPEB are not reported in the funds.	(11,545,954)
Charges related to refunding	189,252
Accrued interest expense	(371,702)
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(31,780,949)
Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.	<u>20,405,550</u>
Net position of governmental activities (Exhibit A)	<u>\$ 42,932,286</u>

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

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	American Rescue Plan Fund	Motorsports Relief Fund	EMS and Vaccine Center Capital Project Fund
Revenues:				
Ad valorem taxes	\$ 41,370,655	\$ -	\$ -	\$ -
Local option sales taxes	25,718,555	-	-	-
Other taxes and licenses	317,257	-	-	-
Unrestricted intergovernmental revenues	293,084	-	-	-
Restricted intergovernmental revenues	14,918,240	4,232,549	13,943,870	-
Permits and fees	477,511	-	-	-
Sales and services	7,133,781	-	-	-
Interest earned on investments	1,476,676	-	-	130,492
Miscellaneous	1,793,479	-	-	-
Total revenues	<u>93,499,238</u>	<u>4,232,549</u>	<u>13,943,870</u>	<u>130,492</u>
Expenditures:				
Current:				
General government	10,803,779	-	-	-
Public safety	23,982,267	4,232,549	-	5,745,420
Environmental protection	131,685	-	-	-
Economic and physical development	1,821,147	-	14,172,641	-
Human services	22,466,229	-	-	-
Cultural and recreation	1,767,326	-	-	-
Education	25,114,487	-	-	-
Debt service:				
Principal repayments	7,756,516	-	-	-
Interest	896,051	-	-	-
Total expenditures	<u>94,739,487</u>	<u>4,232,549</u>	<u>14,172,641</u>	<u>5,745,420</u>
Revenues over (under) expenditures	<u>(1,240,249)</u>	<u>-</u>	<u>(228,771)</u>	<u>(5,614,928)</u>
Other Financing Sources (Uses):				
Transfers (out)	(1,000,000)	-	-	-
Sale of capital assets	70,388	-	-	-
Subscription liability issued	75,425	-	-	-
Lease liability issued	2,206,951	-	-	-
Total other financing sources (uses)	<u>1,352,764</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>112,515</u>	<u>-</u>	<u>(228,771)</u>	<u>(5,614,928)</u>
Fund Balances:				
Fund balance - beginning, as previously reported	45,967,612	-	-	9,660,775
Restatement	-	-	-	-
Beginning of year - July 1	<u>45,967,612</u>	<u>-</u>	<u>-</u>	<u>9,660,775</u>
End of year - June 30	<u>\$ 46,080,127</u>	<u>\$ -</u>	<u>\$ (228,771)</u>	<u>\$ 4,045,847</u>

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

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Opioid Settlement Fund	Other Governmental Funds	Total
Revenues:			
Ad valorem taxes	\$ -	\$ 4,750,600	\$ 46,121,255
Local option sales taxes	-	-	25,718,555
Other taxes and licenses	-	-	317,257
Unrestricted intergovernmental revenues	-	-	293,084
Restricted intergovernmental revenues	1,173,348	191,194	34,459,201
Permits and fees	-	-	477,511
Sales and services	-	566,427	7,700,208
Interest earned on investments	-	3,421	1,610,589
Miscellaneous	-	-	1,793,479
Total revenues	<u>1,173,348</u>	<u>5,511,642</u>	<u>118,491,139</u>
Expenditures:			
Current:			
General government	-	-	10,803,779
Public safety	-	5,392,334	39,352,570
Environmental protection	-	-	131,685
Economic and physical development	-	-	15,993,788
Human services	-	-	22,466,229
Cultural and recreation	-	-	1,767,326
Education	-	-	25,114,487
Debt service:			
Principal repayments	-	-	7,756,516
Interest	-	-	896,051
Total expenditures	<u>-</u>	<u>5,392,334</u>	<u>124,282,431</u>
Revenues over (under) expenditures	<u>1,173,348</u>	<u>119,308</u>	<u>(5,791,292)</u>
Other Financing Sources (Uses):			
Transfers (out)	-	-	(1,000,000)
Sale of capital assets	-	-	70,388
Subscription liability issued	-	-	75,425
Lease liability issued	-	-	2,206,951
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,352,764</u>
Net change in fund balances	<u>1,173,348</u>	<u>119,308</u>	<u>(4,438,528)</u>
Fund Balances:			
Fund balance - beginning, as previously reported	-	957,412	56,585,799
Restatement	494,158	-	494,158
Beginning of year - July 1	<u>494,158</u>	<u>957,412</u>	<u>57,079,957</u>
End of year - June 30	<u>\$ 1,667,506</u>	<u>\$ 1,076,720</u>	<u>\$ 52,641,429</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, 2023**

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)	\$ (4,438,528)
<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	127,106
Sales and services	(187,362)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement	8,088,129
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.	15,159,253
Depreciation and amortization expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(3,688,795)
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.	(96,749)
Change in deferred outflows - pension	3,951,386
Change in deferred inflows - pension	6,238,175
Change in net pension asset and liability	(12,028,660)
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	(168,200)
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.	7,756,516
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.	(2,282,376)
Amortization of premiums received on debt issuance reduces the interest cost over the same life. Amortization is not reported as an expenditure or revenue in the governmental funds statement.	104,205
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Accrued interest expense.	574,822
Amortization of deferred charges on refunding	(63,083)
OPEB plan expense	<u>(570,610)</u>
Total changes in net position of governmental activities	<u>\$ 18,475,229</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, 2023

	Budgeted Amounts		Actual	Final Budget Over/(Under)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 40,685,630	\$ 40,685,630	\$ 41,370,655	\$ 685,025
Local option sales tax	23,033,918	24,533,918	25,718,555	1,184,637
Other taxes and licenses	230,000	230,000	317,257	87,257
Unrestricted intergovernmental revenues	310,000	310,000	293,084	(16,916)
Restricted intergovernmental revenues	13,668,633	16,914,114	14,918,240	(1,995,874)
Permits and fees	448,900	448,900	477,511	28,611
Sales and services	6,858,764	7,561,126	7,133,781	(427,345)
Investment earnings	22,200	522,200	1,476,676	954,476
Miscellaneous	2,043,932	2,079,302	1,793,479	(285,823)
Total revenues	<u>87,301,977</u>	<u>93,285,190</u>	<u>93,499,238</u>	<u>214,048</u>
Expenditures:				
General government	10,996,875	13,236,157	10,803,779	2,432,378
Public safety	22,681,276	26,689,897	23,982,267	2,707,630
Environmental protection	160,000	160,000	131,685	28,315
Economic and physical development	2,136,307	2,278,450	1,821,147	457,303
Human services	26,082,353	27,437,062	22,466,229	4,970,833
Cultural and recreation	1,789,132	1,824,132	1,767,326	56,806
Education	23,816,996	25,114,996	25,114,487	509
Debt service:				
Principal repayments	4,020,000	8,010,189	7,756,516	253,673
Interest	782,118	896,072	896,051	21
Total expenditures	<u>92,465,057</u>	<u>105,646,955</u>	<u>94,739,487</u>	<u>10,907,468</u>
Revenues over (under) expenditures	<u>(5,163,080)</u>	<u>(12,361,765)</u>	<u>(1,240,249)</u>	<u>11,121,516</u>
Other Financing Sources (Uses):				
Transfers (out)	(1,000,000)	(1,008,289)	(1,000,000)	8,289
Sale of capital assets	70,000	105,305	70,388	(34,917)
Lease liability issued	-	2,206,951	2,206,951	-
Subscription liability issued	-	-	75,425	75,425
Appropriated fund balance	6,093,080	11,057,798	-	(11,057,798)
Total other financing sources (uses)	<u>5,163,080</u>	<u>12,361,765</u>	<u>1,352,764</u>	<u>(11,009,001)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	112,515	<u>\$ 112,515</u>
Fund Balance:				
Beginning of year - July 1			<u>45,967,612</u>	
End of year - June 30			<u>\$ 46,080,127</u>	

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

WILKES COUNTY, NORTH CAROLINA

**OPIOID SETTLEMENT FUND - ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Over/(Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Restricted intergovernmental	\$ -	\$ -	\$ 1,173,348	\$ 1,173,348
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,173,348</u>	<u>\$ 1,173,348</u>
Fund Balances:				
Beginning of year - July 1			-	
Prior period adjustment			494,158	
Beginning of year - July 1, as restated			<u>494,158</u>	
End of year - June 30			<u>\$ 1,667,506</u>	

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Major Enterprise Funds		Total
	Landfill Fund	Airport Fund	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 159,855	\$ 919,591	\$ 1,079,446
Receivables, net	328,949	117,796	446,745
Lease receivables, current	-	15,219	15,219
Inventories	-	66,073	66,073
Due from other governments	85,455	12,461	97,916
Total current assets	574,259	1,131,140	1,705,399
Non-current assets:			
Restricted cash and cash equivalents	6,012,792	-	6,012,792
Lease receivables, non-current	-	175,924	175,924
Capital assets:			
Land, improvements, and construction in progress	4,717,632	2,843,877	7,561,509
Other capital assets, net	6,683,880	16,818,995	23,502,875
Total capital assets	11,401,512	19,662,872	31,064,384
Total non-current assets	17,414,304	19,838,796	37,253,100
Total assets	17,988,563	20,969,936	38,958,499
Deferred Outflows of Resources:			
OPEB deferrals	249,611	83,205	332,816
Pension deferrals	337,436	94,548	431,984
Total deferred outflows of resources	587,047	177,753	764,800
Liabilities:			
Current liabilities:			
Accounts payable	206,708	152,433	359,141
Due to other funds	-	400,000	400,000
Current portion of compensated absences	82,111	10,852	92,963
Net pension liability	522,181	153,195	675,376
Current portion of long-term debt	-	16,583	16,583
Total current liabilities	811,000	733,063	1,544,063

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

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Major Enterprise Funds		Total
	Landfill Fund	Airport Fund	
Non-current liabilities:			
Accrued landfill closure and post-closure care costs	7,805,000	-	7,805,000
Compensated absences - non-current	23,947	3,259	27,206
Non-current portion of long-term debt	-	15,331	15,331
Total OPEB liability	<u>1,084,373</u>	<u>361,458</u>	<u>1,445,831</u>
Total non-current liabilities	<u>8,913,320</u>	<u>380,048</u>	<u>9,293,368</u>
Total liabilities	<u>9,724,320</u>	<u>1,113,111</u>	<u>10,837,431</u>
Deferred Inflows of Resources:			
OPEB deferrals	360,811	120,270	481,081
Lease deferrals	2,424	182,975	185,399
Pension deferrals	8,837	2,648	11,485
Total deferred inflows of resources	<u>372,072</u>	<u>305,893</u>	<u>677,965</u>
Net Position:			
Net investment in capital assets	11,401,512	19,630,958	31,032,470
Unrestricted	<u>(2,922,294)</u>	<u>97,727</u>	<u>(2,824,567)</u>
Total net position	<u>\$ 8,479,218</u>	<u>\$ 19,728,685</u>	<u>\$ 28,207,903</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, 2023

	Major Enterprise Funds		Total
	Landfill Fund	Airport Fund	
Operating Revenues:			
Charges for services	\$ 3,639,022	\$ 1,735,114	\$ 5,374,136
Rents	-	119,782	119,782
Scrap tire disposal grant	3,160	-	3,160
Other operating revenues	250,916	9,435	260,351
Total operating revenues	<u>3,893,098</u>	<u>1,864,331</u>	<u>5,757,429</u>
Operating Expenses:			
Airport operations	-	1,733,430	1,733,430
Landfill operations	2,760,402	-	2,760,402
Landfill closure and post-closure care costs	(1,170,000)	-	(1,170,000)
Depreciation and amortization	950,287	1,177,875	2,128,162
Total operating expenses	<u>2,540,689</u>	<u>2,911,305</u>	<u>5,451,994</u>
Operating income (loss)	<u>1,352,409</u>	<u>(1,046,974)</u>	<u>305,435</u>
Non-Operating Revenues (Expenses):			
Miscellaneous non-operating revenues	15,447	-	15,447
Interest earned on investments	129,330	-	129,330
Interest expense	-	(891)	(891)
Total non-operating revenues (expenses)	<u>144,777</u>	<u>(891)</u>	<u>143,886</u>
Income (loss) before capital contributions	1,497,186	(1,047,865)	449,321
Capital contributions	-	131,628	131,628
Income (loss) before transfers	1,497,186	(916,237)	580,949
Transfers:			
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>1,000,000</u>
Change in net position	1,997,186	(416,237)	1,580,949
Net Position:			
Beginning of year - July 1	<u>6,482,032</u>	<u>20,144,922</u>	<u>26,626,954</u>
End of year - June 30	<u>\$ 8,479,218</u>	<u>\$ 19,728,685</u>	<u>\$ 28,207,903</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, 2023**

	Major Enterprise Funds		Total
	Landfill Fund	Airport Fund	
Cash Flows from Operating Activities:			
Cash received from customers	\$ 3,930,531	\$ 1,910,018	\$ 5,840,549
Cash paid for goods and services	(2,096,324)	(1,702,085)	(3,798,409)
Cash paid to employees for services	(580,567)	(89,174)	(669,741)
Net cash provided (used) by operating activities	<u>1,253,640</u>	<u>118,759</u>	<u>1,372,399</u>
Cash Flows from Non-Capital Financing Activities:			
Other non-operating revenues	15,447	-	15,447
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>1,000,000</u>
Net cash provided (used) by non-capital financing activities	<u>515,447</u>	<u>500,000</u>	<u>1,015,447</u>
Cash Flows from Capital and Related Financing Activities:			
Capital grants received	-	146,342	146,342
Acquisition and construction of capital assets	(3,173,057)	(1,445,064)	(4,618,121)
Principal paid on long-term debt	(925)	(17,124)	(18,049)
Interest and fees	<u>-</u>	<u>(891)</u>	<u>(891)</u>
Net cash provided (used) by capital and related financing activities	<u>(3,173,982)</u>	<u>(1,316,737)</u>	<u>(4,490,719)</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>129,330</u>	<u>-</u>	<u>129,330</u>
Net increase (decrease) in cash and cash equivalents	(1,275,565)	(697,978)	(1,973,543)
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>7,448,212</u>	<u>1,617,569</u>	<u>9,065,781</u>
End of year - June 30	<u>\$ 6,172,647</u>	<u>\$ 919,591</u>	<u>\$ 7,092,238</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, 2023

	Major Enterprise Funds		Total
	Landfill Fund	Airport Fund	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 1,352,409	\$ (1,046,974)	\$ 305,435
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	950,287	1,177,875	2,128,162
Landfill closure and post-closure care costs	(1,170,000)	-	(1,170,000)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	16,645	49,581	66,226
(Increase) decrease in deferred outflows of resources - pension	(122,827)	(40,942)	(163,769)
(Increase) decrease in deferred outflows of resources - OPEB	41,444	13,813	55,257
Increase (decrease) in net pension liability	375,062	125,021	500,083
Increase (decrease) in deferred inflows of resources - pension	(195,057)	(65,019)	(260,076)
Increase (decrease) in deferred inflows of resources - OPEB	231,024	77,008	308,032
(Increase) decrease in lease receivable	6,061	42,524	48,585
(Increase) decrease in lease deferrals	(6,681)	(46,418)	(53,099)
(Increase) decrease in inventory	-	(31,412)	(31,412)
Increase (decrease) in accounts payable and accrued liabilities	19,639	(52,492)	(32,853)
Increase (decrease) in OPEB liability	(254,636)	(84,879)	(339,515)
Increase (decrease) in accrued vacation pay	10,270	1,073	11,343
Total adjustments	<u>(98,769)</u>	<u>1,165,733</u>	<u>1,066,964</u>
Net cash provided (used) by operating activities	<u>\$ 1,253,640</u>	<u>\$ 118,759</u>	<u>\$ 1,372,399</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, 2023

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 117,130
Receivables, net	<u>201,575</u>
Total assets	<u>318,705</u>
Liabilities:	
Accounts payable and accrued liabilities	<u>50,307</u>
Net Position:	
Restricted for:	<u>268,398</u>
Individuals, organizations and other governments	<u><u>\$ 268,398</u></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, 2023**

	<u>Custodial Funds</u>
Additions:	
Ad valorem taxes for other governments	\$ 2,930,686
Investment earnings	<u>19,630</u>
Total additions	<u>2,950,316</u>
Deductions:	
Tax distributions to other governments	<u>2,927,518</u>
Net increase (decrease) in fiduciary net position	22,798
Net Position:	
Net position - beginning	<u>245,600</u>
Net position - ending	<u>\$ 268,398</u>

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

This page left blank intentionally.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023

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.

Special Revenue Fund – Motorsports Relief Fund. This fund is used to account for all the revenues received from the NC Department of Commerce for the infrastructure improvements at the North Wilkesboro Motor Speedway.

Special Revenue Fund – Opioid Settlement Fund. This fund is used to account for all the revenues received by the Opioid Settlement which are restricted for opioid abatement and remediation activities.

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, Local Assistance and Tribal Fund, SCIF Sheriff Fund, and SCIF County Fund are reported as nonmajor special revenue funds.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Measurement Focus, Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases and IT subscriptions 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

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows or resources.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the state at year-end on behalf of the County are recognized as revenue. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds (except for the Community Development Block Grants Fund, Parks and Recreation Trust Fund, American Rescue Plan Fund, and the Motorsports Relief 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] 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

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The County's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Government Portfolio, an SEC-registered (2a-7) government money market mutual fund, are measured at fair market value.

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

Cash and Cash Equivalents

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

Restricted Assets

The unspent grant proceeds in the General Fund, SCIF Fund, Motorsports Relief 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.

Governmental Activities:

General Fund:

Unspent grant proceeds	\$	56,304
------------------------	----	--------

American Rescue Plan Fund:

Unspent grant proceeds		8,287,978
------------------------	--	-----------

Motorsports Relief Fund:

Unspent grant proceeds		546,402
------------------------	--	---------

Opioid Settlement Fund:

Unexpended opioid settlement proceeds		1,667,506
---------------------------------------	--	-----------

EMS and Vaccine Center Capital Project Fund:

Unspent debt proceeds		4,551,596
-----------------------	--	-----------

Other Governmental Funds:

Unspent grant proceeds		496,770
Total governmental activities		<u>15,606,556</u>

Business-Type Activities:

Landfill Fund:

Landfill closure		6,012,792
Total business-type activities		<u>6,012,792</u>

Total restricted cash	\$	<u>21,619,348</u>
-----------------------	----	-------------------

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2022. 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, 2023

The County's capital assets also include certain right-to-use assets. These right-to-use assets arise in association with agreements where the County reports a lease (only applies when the County is the lessee) or agreements where the County reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, plus ancillary charges necessary to place the lease asset into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

The right-to-use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right-to-use subscription assets should be amortized on a straight-line basis over the subscription term.

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

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

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

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 several items that meet the criteria, charge on refunding, 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 several items that meet the criteria for this category – prepaid taxes, other receivables, lease deferrals, taxes receivable, OPEB deferrals and pension related deferrals.

Long-Term Obligations

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

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

Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide 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.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 \$1,667,506 as part of this settlement as of Fiscal Year 2023. 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, 2023. 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. The County has recognized a receivable net of allowance for doubtful accounts in the Opioid Settlement Fund.

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, 2023, is as follows:

	Governmental Activities
Stabilization by state statute	\$ 6,028,779
Crime prevention	118,961
Register of Deeds	409,457
Register of Deeds pension plan	106,186
Public safety	669,478
Human services	1,667,506
Total	<u>\$ 9,000,367</u>

Unrestricted Net Position

The County has \$16,254,666 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.

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023 is \$231 for the General Fund.

Restricted Fund Balance

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

	<u>General Fund</u>	<u>EMS and Vaccine Center Capital Project Fund</u>	<u>Opioid Settlement Fund</u>	<u>Other Governmental Funds</u>
<i>Restricted for Stabilization by State Statute –</i>				
North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by state statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by state statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventions 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.	\$ 5,944,652	\$ -	\$ -	\$ 84,127

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	EMS and Vaccine Center Capital Project Fund	Opioid Settlement Fund	Other Governmental Funds
<i>Restricted for Public Safety - Crime Prevention</i> – portion of fund balance that is restricted by revenue source for crime prevention expenditures.	118,961	-	-	-
<i>Restricted for Register of Deeds</i> - portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds' office.	409,457	-	-	-
<i>Restricted for Public Safety - Law Enforcement</i> – portion of fund balance that is restricted by revenue source for law enforcement expenditures.	-	-	-	8,852
<i>Restricted for Public Safety - Fire Districts</i> – portion of fund balance that is restricted by revenue source for fire district expenditures.	-	-	-	834,907
<i>Restricted for Public Safety - E-911</i> – portion of fund balance that is restricted by revenue source for E911 expenditures.	-	-	-	331,468
<i>Restricted for Public Safety - EMS</i> – portion of fund balance that is restricted by revenue source for EMS expenditures.	-	4,045,847	-	-
<i>Restricted for Human Services</i> – portion of fund balance restricted by the revenue source for opioid abatement and remediation activities.	-	-	1,667,506	-
	\$ 6,473,070	\$ 4,045,847	\$ 1,667,506	\$ 1,259,354

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$4,551,596 and restricted for Register of Deeds pension plan of \$106,186, for a net difference of \$4,445,410, as of June 30, 2023.

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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:

	General Fund
	<u> </u>
Committed for LEO pension obligation - portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance obligations	\$ 2,714,701
	<u> </u>

Assigned Fund Balance

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

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

Economic and Physical Development – portion of fund balance budgeted by the board for future community development projects.

	General Fund	Other Governmental Funds
	<u> </u>	<u> </u>
Subsequent year's expenditures	\$ 7,532,275	\$ -
Economic and physical development	-	276
	<u> </u>	<u> </u>
	\$ 7,532,275	\$ 276
	<u> </u>	<u> </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.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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)	\$ 46,080,127
Less:	
Non-spendable	(231)
Stabilization by state statute	<u>(5,944,652)</u>
Available for appropriation	<u>\$ 40,135,244</u>

Use of Estimates

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

Defined Benefit Cost-Sharing Plans

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

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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	\$ (8,217)
Motorsports Relief Fund	\$ (228,771)
Parks & Recreation Trust Fund	\$ (174,693)

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.

The deficit in the Motorsports Relief Fund is the result of grant receivables in this for reimbursement from the NC Department of Commerce. The reimbursement is expected in subsequent year.

The deficit in the Parks & Recreation Trust Fund is the result of the County waiting until the recreation project is complete. A transfer will be made in the subsequent year when the project is complete.

3. Detail Notes on All Funds

A. Assets

Deposits

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

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, the County's deposits had a carrying amount of \$35,203,937 and a bank balance of \$37,036,703 of the bank balance, \$1,043,919 was covered by federal depository insurance and \$35,992,784 was covered by collateral held under the Pooling Method.

At June 30, 2023, Wilkes County had \$6,355 cash on hand.

Investments

As of June 30, 2023, the County had the following investments and maturities.

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>Greater than 12 Months</u>
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 29,011,162	\$ 29,011,162	\$ -	\$ -
First Citizens Wealth Management US Treasuries	Fair Value - Level 1	2,468,039	419,229	436,650	1,612,160
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	118,189	118,189	-	-
		<u>\$ 31,597,390</u>	<u>\$ 29,548,580</u>	<u>\$ 436,650</u>	<u>\$ 1,612,160</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, 2023, the County's investments in NC Capital Management Trust Government Portfolio carried a credit rating of AA⁺ 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.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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>
2020	4,176,376	\$ 991,889	\$ 5,168,265
2021	4,190,165	618,049	4,808,214
2022	4,192,644	241,077	4,433,721
2023	4,190,831	-	4,190,831
Total	<u>\$ 16,750,016</u>	<u>\$ 1,851,015</u>	<u>\$ 18,601,031</u>

Receivables

Receivables at the government-wide level at June 30, 2023 were as follows:

	<u>Governmental</u>	<u>Business-Type Activities</u>	
	<u>Activities</u>	<u>Landfill</u>	<u>Airport</u>
Taxes Receivable:			
Taxes receivable	\$ 2,963,607	\$ -	\$ -
Allowance for doubtful accounts	(815,085)	-	-
Total taxes receivable	<u>\$ 2,148,522</u>	<u>\$ -</u>	<u>\$ -</u>
Accounts Receivable:			
Other	\$ 467,665	\$ -	\$ -
Opioid settlement	21,574,491	-	-
EMS/Landfill/Airport sales	1,105,095	346,713	123,088
Allowance for doubtful accounts	(4,651,328)	(17,764)	(5,292)
Total accounts receivable	<u>\$ 18,495,923</u>	<u>\$ 328,949</u>	<u>\$ 117,796</u>
Due from Other Governments:			
Local option sales tax distribution	\$ 4,061,494	\$ -	\$ -
Sales tax refund	510,666	85,455	12,461
Motor vehicle tax	551,990	-	-
Grants	228,771	-	-
Total due from other governments	<u>\$ 5,352,921</u>	<u>\$ 85,455</u>	<u>\$ 12,461</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

Lease Receivable

The County's financial statements include lease receivables due to reporting in accordance with 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, North Carolina, 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, 2023, the value of the lease receivable is \$366. 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, 2023, was \$400, 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, North Carolina, 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, 2023, the value of the lease receivable is \$0. 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, 2023, was \$2,424, and Wilkes County recognized lease revenue of \$4,849 during the fiscal year.

On November 1, 2021, Wilkes County, North Carolina, 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, 2023, the value of the lease receivable is \$31,673. 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, 2023, was \$31,442, and Wilkes County recognized lease revenue of \$23,582 during the fiscal year.

On August 15, 1990, Wilkes County, North Carolina, 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, 2023, the value of the lease receivable is \$479. 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, 2023, was \$410, 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.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On March 1, 2015, Wilkes County, North Carolina, 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, 2023, the value of the lease receivable is \$36,403. 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, 2023, was \$34,739, 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, North Carolina, 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, 2023, the value of the lease receivable is \$0. 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, 2023, was \$0, and Wilkes County recognized lease revenue of \$3,983 during the fiscal year. The lessee has 3 extension option(s), each for 24-months.

On February 1, 2011, Wilkes County, North Carolina, 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, 2023, the value of the lease receivable is \$27,229. 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, 2023, was \$26,060, 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, North Carolina, 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, 2023, the value of the lease receivable is \$24,193. 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, 2023, was \$23,154, 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, North Carolina, 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, 2023, the value of the lease receivable is \$87,678. 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, 2023, was \$84,000, and Wilkes County recognized lease revenue of \$4,917 during the fiscal year. The lessee has 3 extension option(s), each for 60-months.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On April 1, 2007, Wilkes County, North Carolina, 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, 2023, the value of the lease receivable is \$14,795. 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, 2023, was \$14,212, and Wilkes County recognized lease revenue of \$3,790 during the fiscal year. The lessee has 3 extension option(s), each for 60-months.

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 23,716	\$ 204	\$ 23,920
2025	7,957	16	7,973
Total	\$ 31,673	\$ 220	\$ 31,893

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2024	\$ 15,219	\$ 3,611	\$ 18,830
2025	15,881	3,350	19,231
2026	16,523	3,076	19,599
2027	16,145	2,791	18,936
2028	13,727	2,526	16,253
2029-2033	59,871	8,774	68,645
2034-2038	37,967	3,846	41,813
2039-2041	15,810	400	16,210
Total	\$ 191,143	\$ 28,374	\$ 219,517

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Increases	Decreases	Transfers	Balance June 30, 2023
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 1,958,649	\$ -	\$ -	\$ -	\$ 1,958,649
Construction in progress	<u>1,204,264</u>	<u>9,186,835</u>	<u>-</u>	<u>(1,163,263)</u>	<u>9,227,836</u>
Total non-depreciable capital assets	<u>3,162,913</u>	<u>9,186,835</u>	<u>-</u>	<u>(1,163,263)</u>	<u>11,186,485</u>
Depreciable Capital Assets:					
Buildings	31,079,565	728,941		1,131,062	32,939,568
Other improvements	10,775,124	261,721	-	32,201	11,069,046
Equipment	<u>16,285,381</u>	<u>2,344,607</u>	<u>326,912</u>	<u>17,986</u>	<u>18,321,062</u>
Total depreciable capital assets	<u>58,140,070</u>	<u>3,335,269</u>	<u>326,912</u>	<u>1,181,249</u>	<u>62,329,676</u>
Right-to-Use Assets:					
Leased vehicles and equipment	3,182,307	2,558,224	111,323	-	5,629,208
Leased buildings and infrastructure	97,811	-	97,811	-	-
IT subscriptions	<u>-</u>	<u>78,925</u>	<u>-</u>	<u>-</u>	<u>78,925</u>
Total right-to-use assets	<u>3,280,118</u>	<u>2,637,149</u>	<u>209,134</u>	<u>-</u>	<u>5,708,133</u>
Less Accumulated Depreciation:					
Buildings	11,398,989	818,468	-	-	12,217,457
Other improvements	4,113,244	537,213	-	-	4,650,457
Equipment	<u>10,234,159</u>	<u>1,006,142</u>	<u>326,912</u>	<u>17,986</u>	<u>10,931,375</u>
Total accumulated depreciation	<u>25,746,392</u>	<u>2,361,823</u>	<u>326,912</u>	<u>17,986</u>	<u>27,799,289</u>
Less Accumulated Amortization:					
Leased vehicles and equipment	280,201	1,290,324	111,323	-	1,459,202
Leased buildings and infrastructure	83,214	14,597	97,811	-	-
IT subscriptions	<u>-</u>	<u>22,051</u>	<u>-</u>	<u>-</u>	<u>22,051</u>
Total accumulated amortization	<u>363,415</u>	<u>1,326,972</u>	<u>209,134</u>	<u>-</u>	<u>1,481,253</u>
Total depreciable capital assets, net	<u>35,310,381</u>				<u>38,757,267</u>
Governmental activities capital assets, net	<u>\$ 38,473,294</u>				<u>\$ 49,943,752</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

General government	\$ 1,031,464
Public safety	2,279,096
Environmental protection	23,968
Human services	139,352
Social Services	108,139
Cultural and recreational	106,776
Total	<u>\$ 3,688,795</u>

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2023</u>
Business-Type Activities:					
Landfill:					
Non-Depreciable Capital Assets:					
Land	\$ 2,557,068	\$ 2,135,564	\$ -	\$ -	\$ 4,692,632
Construction in progress	25,000	-	-	-	25,000
Total non-depreciable assets	<u>2,582,068</u>	<u>2,135,564</u>	<u>-</u>	<u>-</u>	<u>4,717,632</u>
Depreciable Capital Assets:					
Buildings	1,145,395	381,281	-	-	1,526,676
Other improvements	8,286,975	78,761	-	-	8,365,736
Equipment	7,770,281	577,451	17,986	-	8,329,746
Total depreciable capital assets	<u>17,202,651</u>	<u>1,037,493</u>	<u>17,986</u>	<u>-</u>	<u>18,222,158</u>
Right-to-Use Assets:					
Leased vehicles and equipment	<u>1,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,855</u>
Less Accumulated Depreciation:					
Buildings	406,318	40,312	-	-	446,630
Other improvements	5,367,722	464,753	-	-	5,832,475
Equipment	4,832,887	444,317	17,986	-	5,259,218
Total accumulated depreciation	<u>10,606,927</u>	<u>949,382</u>	<u>17,986</u>	<u>-</u>	<u>11,538,323</u>
Less Accumulated Amortization:					
Leased vehicles and equipment	<u>905</u>	<u>905</u>	<u>-</u>	<u>-</u>	<u>1,810</u>
Total depreciable capital assets, net	<u>6,596,674</u>				<u>6,683,880</u>
Landfill capital assets, net	<u>9,178,742</u>				<u>11,401,512</u>

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Balance</u>				<u>Balance</u>
	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2023</u>
Airport:					
Non-Depreciable Capital Assets:					
Land	2,843,877	-	-	-	2,843,877
Construction in progress	<u>4,116,794</u>	<u>1,404,359</u>	-	<u>(5,521,153)</u>	-
Total non-depreciable capital assets	<u>6,960,671</u>	<u>1,404,359</u>	-	<u>(5,521,153)</u>	<u>2,843,877</u>
Depreciable Capital Assets:					
Buildings	4,684,495	-	-	4,885,873	9,570,368
Other improvements	21,036,993	40,705	-	635,280	21,712,978
Equipment	<u>387,313</u>	-	-	-	<u>387,313</u>
Total depreciable capital assets	<u>26,108,801</u>	<u>40,705</u>	-	<u>5,521,153</u>	<u>31,670,659</u>
Right-to-Use Assets:					
Leased vehicles and equipment	<u>66,058</u>	-	-	-	<u>66,058</u>
Less Accumulated Depreciation:					
Buildings	225,561	105,632	-	-	331,193
Other improvements	13,229,702	1,038,684	-	-	14,268,386
Equipment	<u>267,579</u>	<u>16,554</u>	-	-	<u>284,133</u>
Total accumulated depreciation	<u>13,722,842</u>	<u>1,160,870</u>	-	-	<u>14,883,712</u>
Less Accumulated Amortization:					
Leased vehicles and equipment	<u>17,005</u>	<u>17,005</u>	-	-	<u>34,010</u>
Total depreciable capital assets, net	<u>12,435,012</u>				<u>16,818,995</u>
Airport capital assets, net	<u>19,395,683</u>				<u>19,662,872</u>
Business-type activities capital assets, net	<u>\$ 28,574,425</u>				<u>\$ 31,064,384</u>

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2023, is composed of the following elements:

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets	\$ 49,943,752	\$ 31,064,384
Long-term debt	(29,588,611)	(31,914)
Long-term debt for assets not owned by the County	16,254,666	-
Unspent debt proceeds	<u>4,551,596</u>	-
Net investment in capital assets	<u>\$ 41,161,403</u>	<u>\$ 31,032,470</u>

The \$189,252 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, 2023

Construction Commitments

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

Project	Spent-to-Date	Remaining Commitment
Eastside	\$ 127,442	\$ 9,396

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2023, were as follows:

	Governmental Activities	Business-Type Activities	Total
Vendors	\$ 2,836,376	\$ 335,657	\$ 3,172,033
Accrued interest	371,702	-	371,702
Retainage payable	444,695	23,484	468,179
Total accounts payable	\$ 3,652,773	\$ 359,141	\$ 4,011,914

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.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, was 13.04% of compensation for law enforcement officers and 12.14% 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 \$2,892,768 for the year ended June 30, 2023.

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, 2023**

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

At June 30, 2023, the County reported a liability of \$17,151,634 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, 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, 2023, the County's proportion was .304%, (measured as of June 30, 2022) which was an increase of .00085% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023, the County recognized pension expense of \$4,798,696. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 739,048	\$ 72,459
Changes of assumptions	1,711,348	-
Net difference between projected and actual earnings on pension plan investments	5,668,794	-
Changes in proportion and differences between County contributions and proportionate share of contributions	17,246	212,398
County contributions subsequent to the measurement date	2,892,768	-
Total	<u>\$ 11,029,204</u>	<u>\$ 284,857</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

\$2,892,768 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, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Total
2024	\$ 2,465,940
2025	2,086,789
2026	598,130
2027	2,700,720
Total	<u>\$ 7,851,579</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021, 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 and methods used in the December 31, 2021 actuarial valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

Future and ad hoc cost of living adjustment 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 returns projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic fixed income	7.0%	5.0%
Inflation sensitive	6.0%	2.7%
Total	100.0%	

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, 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 2.25%. 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 %. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 benefits 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)	\$ 30,956,490	\$ 17,151,634	\$ 5,775,631

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

Law Enforcement Officers' Special Separation Allowance

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2021, the Separation Allowance's membership consisted of:

Retirees receiving benefits	15
Active plan members	<u>77</u>
Total	<u><u>92</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, 2021, 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	4.31 percent

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

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

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

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

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

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefit payments and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$200,990 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, 2023, the County reported a total pension liability of \$2,714,701. The total pension liability was measured as of December 31, 2022, based on a December 31, 2021, actuarial valuation. The total pension liability was rolled forward to December 31, 2022, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the County recognized pension expense of \$376,125.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 265,825	\$ 15,619
Changes of assumptions	383,892	444,886
County benefit payments and plan administrative expense made subsequent to the measurement date	89,651	-
Total	\$ 739,368	\$ 460,505

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The County paid \$89,651 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, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2024	\$ 137,503
2025	116,109
2026	48,948
2027	(75,080)
2028	<u>(38,268)</u>
Total	<u>\$ 189,212</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 4.31 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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	<u>1% Decrease (3.31%)</u>	<u>Discount Rate (4.31%)</u>	<u>1% Increase (5.31%)</u>
Total pension liability	<u>\$ 2,933,656</u>	<u>\$ 2,714,701</u>	<u>\$ 2,515,840</u>

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

	<u>2023</u>
Beginning balance	\$ 3,179,391
Service cost	160,873
Interest on the total pension liability	69,275
Differences between expected and actual	(19,153)
Changes of assumptions or other inputs	(474,695)
Benefit payments	<u>(200,990)</u>
Ending balance of the total pension liability	<u>\$ 2,714,701</u>

Changes of Assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.25 percent at June 30, 2022 to 4.31 percent at June 30, 2023.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2021, 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 \$204,739 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.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$5,520 for the year ended June 30, 2023.

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

At June 30, 2023, the County reported an asset of \$72,142 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, 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, 2023, the County's proportion was .545% (measured as of June 30, 2022), which was an increase of .031% from its proportion as of June 30, 2022 (measured at June 30, 2021).

For the year ended June 30, 2023, the County recognized pension expense of \$14,926. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 556	\$ 1,308
Changes of assumptions	3,820	-
Net difference between projected and actual earnings on pension plan investments	29,985	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	4,529
County contributions subsequent to the measurement date	5,520	-
Total	\$ 39,881	\$ 5,837

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

\$5,520 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, 2024. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2024	\$ 6,452
2025	4,548
2026	9,982
2027	<u>7,542</u>
Total	<u>\$ 28,524</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021, 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, 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, 2021, valuation were based on the results of an actuarial experience study as of December 31, 2019.

Future ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

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

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 99% 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, 2022, is 1.1%.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in early 2022, 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 2.25%. 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)	\$ (83,154)	\$ (72,142)	\$ (122,783)

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

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

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

	LGERS	ROD	LEOSSA	Total
Proportionate share of net pension liability (asset)	\$ 17,151,634	\$ (72,142)	\$ -	\$ 17,079,492
Proportion of the net pension liability (asset)	0.30403%	0.54488%	n/a	0.84891%
Total pension liability	-	-	2,714,701	2,714,701
Pension expense	4,798,696	14,926	376,125	5,189,747

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

At June 30, 2023, 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	\$ 739,048	\$ 556	\$ 265,825	\$ 1,005,429
Changes of assumptions	1,711,348	3,820	383,892	2,099,060
Net difference between projected and actual earnings on pension plan investments	5,668,794	29,985	-	5,698,779
Changes in proportion and differences between County contributions and proportionate share of contributions	17,246	-	-	17,246
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	2,892,768	5,520	89,651	2,987,939
Total deferred outflows of resources	<u>\$ 11,029,204</u>	<u>\$ 39,881</u>	<u>\$ 739,368</u>	<u>\$ 11,808,453</u>

<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ 72,459	\$ 1,308	\$ 15,619	\$ 89,386
Changes of assumptions	-	-	444,886	444,886
Changes in proportion and differences between County contributions and proportionate share of contributions	212,398	4,529	-	216,927
Total deferred inflows of resources	<u>\$ 284,857</u>	<u>\$ 5,837</u>	<u>\$ 460,505</u>	<u>\$ 751,199</u>

Other Post-Employment Benefits

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

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

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

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

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Total OPEB Liability

The County's total OPEB liability of \$36,145,745 was measured as of June 30, 2022 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	3.54 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 total OPEB liability.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2021	<u>\$ 44,633,635</u>
Changes for the year:	
Service cost	1,718,535
Interest	991,363
Differences between expected and actual experience	(133,095)
Changes of assumptions or other inputs	(10,148,312)
Benefit payments	<u>(916,381)</u>
Net changes	<u>(8,487,890)</u>
Balance at June 30, 2022 (measurement date)	<u><u>\$ 36,145,745</u></u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.16% to 3.54%.

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

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increase 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 (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	<u>\$ 43,118,717</u>	<u>\$ 36,145,745</u>	<u>\$ 30,737,444</u>

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

	1% Decrease	Current	1% Increase
Total OPEB liability	<u>\$ 30,071,371</u>	<u>\$ 36,145,745</u>	<u>\$ 44,168,177</u>

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

For the year ended June 30, 2023, the County recognized OPEB expense of \$1,641,774. At June 30, 2023, 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	\$ 565,852	\$ 1,767,673
Changes of assumptions or other inputs	6,697,106	10,259,362
County contributions subsequent to the measurement date	<u>1,057,408</u>	<u>-</u>
Total	<u>\$ 8,320,366</u>	<u>\$ 12,027,035</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

\$1,057,408 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, 2024. 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
2024	\$ (1,068,124)
2025	(868,533)
2026	(520,757)
2027	(267,689)
2028	(195,568)
Thereafter	<u>(1,843,406)</u>
Total	<u>\$ (4,764,077)</u>

Other Employment Benefits

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

Closure and Post-Closure Care Costs - Landfill Facility

Federal and state laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 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 \$7,805,000 reported as landfill closure and post-closure care liability at June 30, 2023, represents a cumulative amount reported to date based on the use of 5 cells. The County has approximately 515,733 cubic yards remaining for waste disposal and cover soil. Assuming the annual tonnage remains constant and an average airspace utilization factor of 1,140 lbs./cy the remaining life of the landfill is approximately 3.6

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

years. Amounts are based on what it would cost to perform all closure and post-closure care in 2023. 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 \$6,012,792 (market value \$6,012,792) at year-end. The County expects that future inflation costs will be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding	\$ 189,252	\$ -
(OPEB) - Differences between expected and actual experience	565,852	1,767,673
(OPEB) - Changes of assumptions	6,697,106	10,259,362
Benefit payments for the OPEB plan paid subsequent to measurement date	1,057,408	-
(Pensions) - Differences between expected and actual experience	1,005,429	89,386
(Pensions) - Changes of assumptions	2,099,060	444,886
(Pensions) - Net difference between projected and actual earnings on pension plan investments	5,698,779	-
(Pensions) - Changes in proportion and differences between County contributions and proportionate share of contributions	17,246	216,927
Contributions to pension plan subsequent to measurement date (LGERS, ROD)	2,898,288	-
Benefit payments and admin costs paid subsequent to the measurement date (LEOSSA)	89,651	-
Prepaid taxes not yet earned (General)	-	64,910
Taxes receivable, net (General)	-	1,900,691
Taxes receivable, net (Fire District Fund)	-	247,831
Lease deferrals	-	216,841
Other receivables, net (Opioid Settlement Fund)	-	17,259,593
Other receivables, net Motorsports Relief Fund	-	228,771
Other receivables, net General Fund	-	768,664
Total	\$ 20,318,071	\$ 33,465,535

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 \$76,227,212.

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 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. The Finance Officer was bonded for \$1,000,000 to be in accordance with G.S. 159-29.

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:

	2022	2023
Balance, beginning of year	\$ 798,558	\$ 833,992
Incurred claims (including IBNRs) and changes in estimates	5,142,068	6,100,727
Less claims payments	(5,106,634)	(6,111,000)
Balance, end of year	\$ 833,992	\$ 823,719

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Contingent Liabilities

At June 30, 2023, the County was a defendant to various lawsuits. In the opinion of the County’s Management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

Long-Term Obligations

Direct Placement – Installment Purchase Agreements

\$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. \$ 9,060,000

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, 2023, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 650,000	\$ 336,551	\$ 986,551
2025	650,000	301,893	951,893
2026	650,000	267,235	917,235
2027	650,000	232,577	882,577
2028	650,000	197,919	847,919
2029-2033	3,250,000	633,655	3,883,655
2034-2037	2,560,000	179,840	2,739,840
Total	<u>\$ 9,060,000</u>	<u>\$ 2,149,670</u>	<u>\$ 11,209,670</u>

Certificate of Participation

\$24,425,000 Refunding of Certificates of Participation Series 2006, issued November 2015, interest rates ranging from 4.00% - 5.00%; payable in annual installments ranging from \$1,215,000 to \$5,890,000 plus interest; issued for renovation of four schools for Wilkes County Board of Education \$ 14,900,000

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
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	1,195,000	268,950	1,463,950
2029-2033	3,430,000	1,012,950	4,442,950
2034-2037	3,205,000	238,450	3,443,450
Total	\$ 14,900,000	\$ 3,244,150	\$ 18,144,150

Leases

The County has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On February 14, 2020, Wilkes County, North Carolina, 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, 2023, the value of the lease liability is \$0. 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, 2023, is \$1,376 with accumulated amortization of \$1,050.

On June 4, 2020, Wilkes County, North Carolina, 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, 2023, the value of the lease liability is \$31,914. 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, 2023, is \$64,682 with accumulated amortization of \$32,959.

On October 2, 2019, Wilkes County, North Carolina 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, 2023, the value of the lease liability is \$0. 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, 2023, is \$2,273 with accumulated amortization of \$2,018.

On January 1, 2022, Wilkes County, North Carolina, 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, 2023, the value of the lease liability is \$4,092. 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, 2023, is \$8,185 with accumulated amortization of \$3,070.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On July 19, 2019, Wilkes County, North Carolina, 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, 2023, the value of the lease liability is \$0. 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, 2023, is \$2,009 with accumulated amortization of \$1,960.

On September 20, 2019, Wilkes County, North Carolina, 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, 2023, the value of the lease liability is \$0. 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, 2023, is \$2,445 with accumulated amortization of \$2,203.

On July 24, 2019, Wilkes County, North Carolina, 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, 2023, the value of the lease liability is \$0. 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, 2023, is \$2,598 with accumulated amortization of \$2,518.

On December 20, 2019, Wilkes County, North Carolina, 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 \$1,040. 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, 2023, is \$8,270 with accumulated amortization of \$6,698.

On December 17, 2021, Wilkes County, North Carolina, 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, 2023, the value of the lease liability is \$2,494,391. 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, 2023, is \$2,994,843 with accumulated amortization of \$468,687.

On August 21, 2020, Wilkes County, North Carolina, 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, 2023, the value of the lease liability is \$3,406. 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, 2023, is \$6,758 with accumulated amortization of \$3,265.

On July 19, 2019, Wilkes County, North Carolina, 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, 2023, the value of the lease liability is \$0. 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, 2023, is \$1,855 with accumulated amortization of \$1,810.

On February 15, 2022, Wilkes County, North Carolina, 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, 2023, the value of the lease liability is \$1,736. 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, 2023, is \$3,473 with accumulated amortization of \$1,196.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On November 14, 2020, Wilkes County, North Carolina, 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, 2023, the value of the lease liability is \$2,322. 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, 2023, is \$6,950 with accumulated amortization of \$4,125.

On September 22, 2020, Wilkes County, North Carolina, 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, 2023, the value of the lease liability is \$8,919. 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, 2023, is \$24,039 with accumulated amortization of \$14,908.

On October 4, 2021, Wilkes County, North Carolina, 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, 2023, the value of the lease liability is \$5,180. 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, 2023, is \$9,141 with accumulated amortization of \$3,980.

On July 1, 2021, Wilkes County, North Carolina, entered into a 65-month lease as Lessee for the use of Equipment - Sherriff's Office. An initial lease liability was recorded in the amount of \$2,558,224. As of June 30, 2023, the value of the lease liability is \$1,716,262. Wilkes County, North Carolina, is required to make monthly fixed payments of \$15,267. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of June 30, 2023, is \$2,558,224 with accumulated amortization of \$944,575. Wilkes County, North Carolina, has 1 extension option(s), each for 60-months.

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 799,148	\$ 53,694	\$ 852,842
2025	799,310	43,751	843,061
2026	801,600	33,746	835,346
2027	511,816	24,465	536,281
2028	303,932	19,148	323,080
2029-2032	1,021,542	28,468	1,050,010
Total	<u>\$ 4,237,348</u>	<u>\$ 203,272</u>	<u>\$ 4,440,620</u>

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2024	\$ 16,583	\$ 217	\$ 16,800
2025	15,331	69	15,400
Total	<u>\$ 31,914</u>	<u>\$ 286</u>	<u>\$ 32,200</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Subscriptions

For the year ended June 30, 2023, the County implemented the requirements of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements.

The SBITAs qualify as other than short-term SBITAs under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception. Subscriptions in affect at the end of the prior fiscal year had their assets and liabilities initially measured at the present value of the subscription payments expected over the remaining term of the Subscription after July 1, 2022.

On July 1, 2022, Wilkes County, North Carolina, entered into a 13-month subscription for the use of iWorq Community Development. An initial subscription liability was recorded in the amount of \$8,487.90. As of June 30, 2023, the value of the subscription liability is \$0.00. Wilkes County is required to make annual fixed payments of \$8,500.00. The subscription has an interest rate of 1.7100%. The value of the right-to-use asset as of June 30, 2023, is \$11,988 with accumulated amortization of \$11,066.

On March 31, 2023, Wilkes County, North Carolina, entered into a 36-month subscription for the use of Sophos Central Intercept X Advanced. An initial subscription liability was recorded in the amount of \$55,628. As of June 30, 2023, the value of the subscription liability is \$36,597. Wilkes County is required to make annual fixed payments of \$20,363. The subscription has an interest rate of 2.6560%. The value of the right-to-use asset as of June 30, 2023, is \$55,628 with accumulated amortization of \$4,817.

On July 1, 2022, Wilkes County, North Carolina, entered into a 22-month subscription for the use of iWorq GIS Map. An initial subscription liability was recorded in the amount of \$11,309. As of June 30, 2023, the value of the subscription liability is \$0.00. Wilkes County is required to make annual fixed payments of \$11,500. The subscription has an interest rate of 2.0240%. The value of the right-to-use asset as of June 30, 2023, is \$11,309 with accumulated amortization of \$6,168.

The future minimum lease obligations and the net present value of these minimum subscription payments as of June 30, 2023, were as follows for IT subscriptions:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 18,059	\$ 972	\$ 19,031
2025	18,538	492	19,030
Total	\$ 36,597	\$ 1,464	\$ 38,061

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental Activities:					
Direct placement installment purchases	\$ 14,780,000	\$ -	\$ 5,720,000	\$ 9,060,000	\$ 650,000
Certificate of participation	16,075,000	-	1,175,000	14,900,000	1,180,000
Compensated absences	2,616,263	2,069,219	1,962,197	2,723,285	1,962,197
Incurred, but not reported, health claims	833,992	6,100,727	6,111,000	823,719	-
Total pension liability (LEOSSA)	3,179,391	-	464,690	2,714,701	-
Net pension liability (LGERS)	4,474,263	12,001,995	-	16,476,258	-
Total OPEB liability	42,848,289	-	8,148,375	34,699,914	-
Unamortized premiums	1,458,871	-	104,205	1,354,666	-
Lease liabilities	2,853,085	2,206,951	822,688	4,237,348	799,148
Subscription liabilities	-	75,425	38,828	36,597	18,059
Total governmental activities	<u>\$ 89,119,154</u>	<u>\$ 22,454,317</u>	<u>\$ 24,546,983</u>	<u>\$ 87,026,488</u>	<u>\$ 4,609,404</u>
Business-Type Activities:					
Landfill Fund:					
Lease liabilities	\$ 925	\$ -	\$ 925	\$ -	\$ -
Accrued landfill closure and post-closure care costs	8,975,000	-	1,170,000	7,805,000	-
Compensated absences	95,788	82,111	71,841	106,058	82,111
Net pension liability (LGERS)	147,119	375,062	-	522,181	-
Total OPEB liability	1,339,009	-	254,636	1,084,373	-
Total Landfill Fund	<u>\$ 10,557,841</u>	<u>\$ 457,173</u>	<u>\$ 1,497,402</u>	<u>\$ 9,517,612</u>	<u>\$ 82,111</u>
Airport Fund:					
Lease liabilities	\$ 49,038	\$ -	\$ 17,124	\$ 31,914	\$ 16,583
Compensated absences	13,038	10,852	9,779	14,111	10,852
Net pension liability (LGERS)	28,174	125,021	-	153,195	-
Total OPEB liability	446,337	-	84,879	361,458	-
Total Airport Fund	<u>\$ 536,587</u>	<u>\$ 135,873</u>	<u>\$ 111,782</u>	<u>\$ 560,678</u>	<u>\$ 27,435</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, 2023, Wilkes County had a legal debt margin of approximately \$476,400,000.

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Advance Refunding

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, 2023, \$13,720,000 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, 2023, there were no industrial revenue bonds outstanding.

Due to/from Other Funds

Balances due to/from other funds at June 30, 2023, 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.	191,030
Due to the Fire District Fund from the General Fund for timing difference discovered on billing.	8,318
Total	<u>\$ 607,565</u>

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Transfers to/from Other Funds

Transfers in (out) for the year ended June 30, 2023, are summarized below:

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

4. Related Organization

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

5. Joint Ventures

The County, in conjunction with the state of North Carolina and the Wilkes County Board of Education, participates in a joint venture to operate the Wilkes Campus of Wilkes Community College (Community College). Wilkes County appoints four members of the seventeen-member Board of Trustees of the Community College. The Community College is included as a component unit of the state. The County provides financial support for the Community College’s operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Wilkes Campus of Wilkes Community College’s facilities. The County contributed \$4,153,877 and \$150,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2023. 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, 2023. 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, 2023. 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, 2023

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, 2023. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$721,265 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, 2023. The County appropriated \$250,952 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 \$73,563 to the Council during the fiscal year ended June 30, 2023.

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, 2023

8. 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 the full award. The County has elected to use \$288,933 for salaries and benefits for various departments, \$2,020 for operating expenditures, and \$4,768,845 for capital outlay for the EMS Base and Vaccine Center as well as a Fire training facility. The remaining funds will be transferred to the appropriate funds once the intended use of the funds is determined.

9. Restatement

For the year ended June 30, 2023, the financial statements included a prior period adjustment to beginning net position of the governmental activities on the Statement of Activities (full accrual statements) in the amount of \$9,894,393. The adjustment relates to new information on how to account for Opioid Settlement Fund receivable and allowance recognition.

This page left blank intentionally.

WILKES COUNTY, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2023	2022	2021	2020	2019
Wilkes' proportion of the net pension liability (asset) (%)	0.30403%	0.30318%	0.30582%	0.29931%	0.29659%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ 17,151,634	\$ 4,649,556	\$ 10,928,251	\$ 8,173,923	\$ 7,036,129
Wilkes' covered payroll*	\$ 21,794,642	\$ 20,918,611	\$ 20,740,830	\$ 19,751,765	\$ 18,343,058
Wilkes' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	78.70%	22.23%	52.69%	41.38%	38.36%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%

* 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.

WILKES COUNTY, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2018	2017	2016	2015	2014
Wilkes' proportion of the net pension liability (asset) (%)	0.29190%	0.28774%	0.27742%	0.27346%	0.27346%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ 4,459,423	\$ 6,106,807	\$ 1,245,044	\$ (1,612,722)	\$ 3,360,611
Wilkes' covered payroll*	\$ 17,627,739	\$ 16,786,999	\$ 15,873,019	\$ 15,404,189	\$ 14,773,299
Wilkes' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	25.30%	36.38%	7.84%	(10.47%)	22.75%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

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

	Local Governmental Employees' Retirement System				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 2,892,768	\$ 2,500,168	\$ 2,150,562	\$ 1,885,001	\$ 1,553,171
Contributions in relation to the contractually required contribution	<u>2,892,768</u>	<u>2,500,168</u>	<u>2,150,562</u>	<u>1,885,001</u>	<u>1,553,171</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wilkes' covered payroll	\$ 23,623,561	\$ 21,794,642	\$ 20,918,611	\$ 20,740,830	\$ 19,751,765
Contributions as a percentage of covered payroll	12.25%	11.47%	10.28%	9.09%	7.86%

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

	Local Governmental Employees' Retirement System				
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,403,879	\$ 1,307,592	\$ 1,147,444	\$ 1,131,485	\$ 1,094,518
Contributions in relation to the contractually required contribution	<u>1,403,879</u>	<u>1,307,592</u>	<u>1,147,444</u>	<u>1,131,485</u>	<u>1,094,518</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wilkes' covered payroll	\$ 18,343,058	\$ 17,627,739	\$ 16,786,999	\$ 15,873,019	\$ 15,404,189
Contributions as a percentage of covered payroll	7.65%	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 SEVEN FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 3,179,391	\$ 2,960,203	\$ 2,066,891	\$ 1,971,335
Service cost	160,873	170,147	101,241	88,264
Interest on the total pension liability	69,275	55,305	63,929	68,408
Differences between expected and actual actual experience in the measurement of the total pension liability	(19,153)	264,730	149,491	66,418
Changes of assumptions or other inputs	(474,695)	(81,649)	790,379	56,455
Benefit payments	(200,990)	(189,345)	(211,728)	(183,989)
Ending balance of the total pension liability	<u>\$ 2,714,701</u>	<u>\$ 3,179,391</u>	<u>\$ 2,960,203</u>	<u>\$ 2,066,891</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 CHANGES IN TOTAL PENSION LIABILITY
 LAST SEVEN FISCAL YEARS**

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

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 SEVEN FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 2,714,701	\$ 3,179,391	\$ 2,960,203	\$ 2,066,891
Covered-employee payroll	\$ 3,931,252	\$ 3,945,012	\$ 3,778,916	\$ 3,477,333
Total pension liability as a percentage of covered-employee payroll	69.05%	80.59%	78.33%	59.44%

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

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

Law Enforcement Officers' Special Separation Allowance

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,971,335	\$ 1,919,108	\$ 1,907,407
Covered-employee payroll	\$ 3,239,268	\$ 3,088,792	\$ 3,064,964
Total pension liability as a percentage of covered-employee payroll	60.86%	62.13%	62.23%

WILKES COUNTY, NORTH CAROLINA

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Service cost	\$ 1,718,535	\$ 1,547,323	\$ 972,754
Interest on the total pension liability	991,363	918,052	1,103,659
Differences between expected and actual experience	(133,095)	591,954	64,030
Changes of assumptions	(10,148,312)	2,145,075	8,365,298
Benefit payments	<u>(916,381)</u>	<u>(1,118,381)</u>	<u>(1,024,170)</u>
Net change in total OPEB liability	(8,487,890)	4,084,023	9,481,571
Total OPEB liability - beginning	44,633,635	40,549,612	31,068,041
Total OPEB liability - ending	<u>\$ 36,145,745</u>	<u>\$ 44,633,635</u>	<u>\$ 40,549,612</u>
Covered-employee payroll	\$ 19,774,104	\$ 19,774,104	\$ 18,673,305
Total OPEB liability as a percentage of covered-employee payroll	182.79%	225.72%	217.15%

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>
2023	3.54%
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.

WILKES COUNTY, NORTH CAROLINA

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

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

WILKES COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund				
	2023	2022	2021	2020	2019
Wilkes' proportion of the net pension liability (asset) (%)	0.54488%	0.51427%	0.50927%	0.52542%	0.59653%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ (72,142)	\$ (98,807)	\$ (116,714)	\$ (103,728)	\$ (98,803)
Plan fiduciary net position as a percentage of the total pension liability**	139.04%	156.53%	173.62%	164.11%	153.31%

* 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.

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

	Register of Deeds' Supplemental Pension Fund				
	2018	2017	2016	2015	2014
Wilkes' proportion of the net pension liability (asset) (%)	0.58377%	0.61932%	0.63542%	0.62699%	0.58181%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ (99,644)	\$ (115,788)	\$ (147,252)	\$ (142,114)	\$ (124,275)
Plan fiduciary net position as a percentage of the total pension liability	153.77%	160.17%	197.29%	193.88%	190.50%

WILKES COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 5,520	\$ 6,246	\$ 6,172	\$ 5,260	\$ 5,260
Contributions in relation to the contractually required contribution	<u>5,520</u>	<u>6,246</u>	<u>6,172</u>	<u>5,260</u>	<u>5,260</u>
Contribution deficiency (excess)	<u>\$ -</u>				

WILKES COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,921	\$ 3,962	\$ 3,962	\$ 2,928	\$ 5,119
Contributions in relation to the contractually required contribution	<u>3,921</u>	<u>3,962</u>	<u>3,962</u>	<u>2,928</u>	<u>5,119</u>
Contribution deficiency (excess)	<u>\$ -</u>				

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023			2022
	Budget	Actual	Variance Over /Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 40,235,580	\$ 41,001,647	\$ 766,067	\$ 40,355,152
Penalties and interest	450,050	369,008	(81,042)	528,442
Total	40,685,630	41,370,655	685,025	40,883,594
Local Option Sales Taxes:				
Article 39 one percent	8,846,856	9,524,799	677,943	9,428,613
Article 40 one-half of one percent	6,590,238	6,659,179	68,941	6,242,950
Article 42 one-half of one percent	4,851,486	5,062,844	211,358	5,000,060
Article 44 one-half of one percent	1,765,358	1,913,494	148,136	1,653,879
Article 46 one-fourth of one percent	2,479,980	2,558,239	78,259	2,553,053
Total	24,533,918	25,718,555	1,184,637	24,878,555
Other Taxes and Licenses:				
Real estate transfer taxes	230,000	317,257	87,257	340,238
Unrestricted Intergovernmental:				
Payments in lieu of taxes	30,000	34,169	4,169	32,580
Beer and wine tax	280,000	258,915	(21,085)	226,724
Total	310,000	293,084	(16,916)	259,304
Restricted Intergovernmental:				
Federal and state grants	15,459,732	13,638,037	(1,821,695)	11,040,212
Lottery proceeds	700,000	625,000	(75,000)	625,000
Court facility fees	95,000	79,695	(15,305)	79,186
Fines and forfeitures	50,000	63,197	13,197	77,873
Other	609,382	512,311	(97,071)	610,718
Total	16,914,114	14,918,240	(1,995,874)	12,432,989
Permits and Fees:				
Building permits	219,000	271,554	52,554	249,002
Register of Deeds	229,900	205,957	(23,943)	267,050
Total	448,900	477,511	28,611	516,052

WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	2023			2022
	Budget	Actual	Variance Over /Under	Actual
Sales and Services:				
Ambulance and rescue squad fees	2,790,000	3,548,192	758,192	3,155,012
Jail fees	300,000	90,406	(209,594)	121,468
Rents and fees	4,395,126	3,409,076	(986,050)	4,495,293
Recreation fees	76,000	86,107	10,107	72,058
Total	<u>7,561,126</u>	<u>7,133,781</u>	<u>(427,345)</u>	<u>7,843,831</u>
Investment Earnings:				
Investment earnings	<u>522,200</u>	<u>1,476,676</u>	<u>954,476</u>	<u>16,080</u>
Miscellaneous:				
Fines and forfeitures	100,000	306,332	206,332	318,096
Representative payee revenues	-	274,137	274,137	196,848
Other	1,979,302	1,213,010	(766,292)	2,077,989
Total	<u>2,079,302</u>	<u>1,793,479</u>	<u>(285,823)</u>	<u>2,592,933</u>
Total revenues	<u>93,285,190</u>	<u>93,499,238</u>	<u>214,048</u>	<u>89,763,576</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	125,837	125,305		130,830
Other operating expenditures	<u>357,672</u>	<u>369,517</u>		<u>358,976</u>
Total	<u>483,509</u>	<u>494,822</u>	<u>(11,313)</u>	<u>489,806</u>
Administration:				
Salaries and employee benefits	476,173	425,777		405,793
Other operating expenditures	<u>51,800</u>	<u>42,493</u>		<u>34,284</u>
Total	<u>527,973</u>	<u>468,270</u>	<u>59,703</u>	<u>440,077</u>
Elections:				
Salaries and employee benefits	303,289	256,213		237,633
Other operating expenditures	<u>126,810</u>	<u>96,156</u>		<u>90,680</u>
Total	<u>430,099</u>	<u>352,369</u>	<u>77,730</u>	<u>328,313</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, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023		Variance Over /Under	2022
	Budget	Actual		Actual
Finance:				
Salaries and employee benefits	539,335	464,675		462,804
Other operating expenditures	28,000	24,056		14,346
Total	<u>567,335</u>	<u>488,731</u>	78,604	<u>477,150</u>
Tax Administration:				
Salaries and employee benefits	1,148,057	1,065,107		971,146
Other operating expenditures	347,000	210,100		199,260
Capital outlay	-	-		64,029
Total	<u>1,495,057</u>	<u>1,275,207</u>	219,850	<u>1,234,435</u>
Legal:				
Salaries and employee benefits	164,674	164,609		103,132
Professional services	302,000	299,450		248,394
Other operating expenditures	11,500	9,373		3,614
Total	<u>478,174</u>	<u>473,432</u>	4,742	<u>355,140</u>
Register of Deeds:				
Salaries and employee benefits	388,043	380,024		330,908
Other operating expenditures	95,086	73,702		68,400
Capital outlay	1,328	-		-
Total	<u>484,457</u>	<u>453,726</u>	30,731	<u>399,308</u>
Public Buildings:				
Salaries and employee benefits	135,655	127,007		119,488
Other operating expenditures	1,749,473	1,521,927		262,658
Capital outlay	440,000	293,067		534,526
Total	<u>2,325,128</u>	<u>1,942,001</u>	383,127	<u>916,672</u>
Court Facilities:				
Salaries and employee benefits	148,452	147,804		128,094
Other operating expenditures	311,126	302,637		260,134
Capital outlay	353,172	335,615		224,383
Total	<u>812,750</u>	<u>786,056</u>	26,694	<u>612,611</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, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2023</u>		<u>Variance Over /Under</u>	<u>2022</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Central Services:				
Data Processing:				
Salaries and employee benefits	248,857	236,290		232,338
Other operating expenditures	308,600	256,783		284,629
Capital outlay	-	78,925		-
Total	<u>557,457</u>	<u>571,998</u>	<u>(14,541)</u>	<u>516,967</u>
Central Garage:				
Salaries and employee benefits	401,090	400,032		370,089
Other operating expenditures	1,039,648	866,491		742,492
Capital outlay	52,249	52,249		-
Total	<u>1,492,987</u>	<u>1,318,772</u>	<u>174,215</u>	<u>1,112,581</u>
Purchasing:				
Salaries and employee benefits	62,832	62,751		72,605
Other operating expenditures	3,850	3,345		2,651
Total	<u>66,682</u>	<u>66,096</u>	<u>586</u>	<u>75,256</u>
Other Central Services:				
Other expenditures	1,034,417	949,513		406,117
Group insurance	2,480,132	1,162,786		954,373
Total	<u>3,514,549</u>	<u>2,112,299</u>	<u>1,402,250</u>	<u>1,360,490</u>
Total general government	<u>13,236,157</u>	<u>10,803,779</u>	<u>2,432,378</u>	<u>8,318,806</u>
Public Safety:				
Sheriff:				
Salaries and employee benefits	6,574,209	6,528,686		5,804,974
Other operating expenditures	535,800	496,952		489,152
Capital outlay	2,809,124	2,806,134		31,274
Total	<u>9,919,133</u>	<u>9,831,772</u>	<u>87,361</u>	<u>6,325,400</u>
Drug Crime Prevention:				
Other operating expenditures	120,000	57,684		121,345
Total	<u>120,000</u>	<u>57,684</u>	<u>62,316</u>	<u>121,345</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, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	2023		Variance Over /Under	2022
	Budget	Actual		Actual
Animal Control:				
Salaries and employee benefits	606,213	529,275		519,606
Other operating expenditures	125,700	96,142		80,917
Capital outlay	52,000	47,528		43,956
Total	<u>783,913</u>	<u>672,945</u>	110,968	<u>644,479</u>
Jail:				
Salaries and employee benefits	2,690,860	2,576,363		2,365,575
Other operating expenditures	4,045,205	2,222,063		2,006,558
Capital outlay	85,101	82,808		29,064
Total	<u>6,821,166</u>	<u>4,881,234</u>	1,939,932	<u>4,401,197</u>
Emergency Management:				
Salaries and employee benefits	90,151	81,652		76,363
Other operating expenditures	22,100	13,641		11,132
Total	<u>112,251</u>	<u>95,293</u>	16,958	<u>87,495</u>
Fire:				
Salaries and employee benefits	180,572	143,174		185,000
Other operating expenditures	102,030	50,253		43,338
Capital outlay	900	-		-
Assistance to local fire departments	1,700	1,322		800
Total	<u>285,202</u>	<u>194,749</u>	90,453	<u>229,138</u>
Inspections:				
Salaries and employee benefits	652,943	534,406		529,719
Other operating expenditures	32,000	19,515		13,924
Capital outlay	-	-		29,980
Total	<u>684,943</u>	<u>553,921</u>	131,022	<u>573,623</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, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	2023			2022
	Budget	Actual	Variance Over /Under	Actual
Medical Examiner:				
Other operating expenditures	115,000	74,395		79,835
Total	115,000	74,395	40,605	79,835
Emergency Medical Services:				
Salaries and employee benefits	4,678,997	4,591,556		4,211,599
Other operating expenditures	981,927	896,995		805,621
Capital outlay	500,000	482,856		-
Total	6,160,924	5,971,407	189,517	5,017,220
Emergency Communications Center:				
Salaries and employee benefits	1,310,893	1,295,305		1,144,976
Other operating expenditures	362,256	339,476		332,886
Capital outlay	14,216	14,086		34,731
Total	1,687,365	1,648,867	38,498	1,512,593
Total public safety	26,689,897	23,982,267	2,707,630	18,992,325
Environmental Protection:				
Reservoir expenditures	160,000	131,685	28,315	131,772
Economic and Physical Development:				
Economic Development:				
Other operating expenditures	762,330	504,828		2,452,210
Total	762,330	504,828	257,502	2,452,210
Planning and Zoning:				
Salaries and employee benefits	249,923	221,983		210,143
Other operating expenditures	60,800	44,216		11,317
Capital outlay	-	-		26,000
Total	310,723	266,199	44,524	247,460

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023		Variance Over /Under	2022
	Budget	Actual		Actual
Agricultural Extension:				
Salaries and employee benefits	223,837	194,469		173,433
Other operating expenditures	60,450	50,734		48,865
Total	284,287	245,203	39,084	222,298
Extension Local:				
Other operating expenditures	78,000	26,978		23,230
Total	78,000	26,978	51,022	23,230
Forestry:				
Salaries and employee benefits	10,864	10,851		9,981
Other operating expenditures	108,652	98,804		101,910
Total	119,516	109,655	9,861	111,891
Soil Conservation:				
Salaries and employee benefits	300,962	300,346		274,570
Other operating expenditures	164,500	124,340		98,775
Capital outlay	40,689	40,685		-
Total	506,151	465,371	40,780	373,345
Community Development:				
Other operating expenditures	217,443	202,913	-	172,033
Total	217,443	202,913	14,530	172,033
Total economic and physical development	2,278,450	1,821,147	457,303	3,602,467
Human Services:				
Health:				
Administration:				
Salaries and employee benefits	1,911,027	1,487,922		1,092,960
Other operating expenditures	359,337	264,778		459,065
Capital outlay	134,354	132,630		88,298
Total	2,404,718	1,885,330	519,388	1,640,323

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023		Variance Over /Under	2022
	Budget	Actual		Actual
Environmental Health:				
Salaries and employee benefits	4,111	-		5,206
Other operating expenditures	28,050	21,634		20,947
Total	32,161	21,634	10,527	26,153
Food and Lodging:				
Other operating expenditures	20,657	12,371	8,286	14,033
Tuberculosis:				
Salaries and employee benefits	19,383	18,662		18,628
Other operating expenditures	5,355	1,105		1,891
Total	24,738	19,767	4,971	20,519
Bioterrorism:				
Salaries and employee benefits	21,289	20,929		25,854
Other operating expenditures	1,300	984		655
Total	22,589	21,913	676	26,509
Health Case Management:				
Salaries and employee benefits	129,847	141,125		116,976
Total	129,847	141,125	(11,278)	116,976
Adult Health:				
Salaries and employee benefits	865,598	400,680		346,523
Other operating expenditures	309,092	224,208		250,196
Capital outlay	20,000	19,985		13,655
Total	1,194,690	644,873	549,817	610,374
Health Care Connection:				
Salaries and employee benefits	74,894	61,040		53,715
Other operating expenditures	-	-		22,068
Total	74,894	61,040	13,854	75,783

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023		Variance Over /Under	2022
	Budget	Actual		Actual
Communicable Disease:				
Salaries and employee benefits	32,288	10,899		11,648
Other operating expenditures	2,293	2,093		2,293
Total	34,581	12,992	21,589	13,941
Comprehensive Cancer Control:				
Salaries and employee benefits	5,368	8,455		4,574
Other operating expenditures	31,850	19,412		15,323
Total	37,218	27,867	9,351	19,897
Family Planning:				
Salaries and employee benefits	301,543	104,382		116,743
Other operating expenditures	110,046	42,814		58,928
Total	411,589	147,196	264,393	175,671
Health Diabetes Grant:				
Salaries and employee benefits	45,682	29,022		22,743
Other operating expenditures	2,500	-		-
Total	48,182	29,022	19,160	22,743
Health Promotion:				
Other operating expenditures	10,550	9,355		30,415
Total	10,550	9,355	1,195	30,415
Mesh Units - Schools:				
Salaries and employee benefits	236,365	75,999		130,737
Other operating expenditures	98,120	90,592		121,666
Total	334,485	166,591	167,894	252,403
Wilkes Dental Clinic:				
Other operating expenditures	1,700,945	903,990	796,955	1,610,204

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023		Variance Over /Under	2022
	Budget	Actual		Actual
Maternal Clinic:				
Salaries and employee benefits	12,300	6,273		10,832
Other operating expenditures	516	516		1,250
Total	12,816	6,789	6,027	12,082
Infant Mortality Reduction:				
Salaries and employee benefits	40,552	21,894		19,870
Other operating expenditures	36,039	33,371		19,272
Total	76,591	55,265	21,326	39,142
MCC and MOW:				
Other operating expenditures	14,700	10,081		21,742
Total	14,700	10,081	4,619	21,742
Child Health:				
Salaries and employee benefits	368,781	202,255		88,572
Other operating expenditures	89,467	73,023		34,899
Total	458,248	275,278	182,970	123,471
CSC and MOW:				
Salaries and employee benefits	-	-		65,804
Other operating expenditures	200	199		3,595
Total	200	199	1	69,399
Women, Infants, and Children:				
Other operating expenditures	55,600	23,750		37,761
Total	55,600	23,750	31,850	37,761
School Nurse Funding:				
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, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	2023		Variance Over /Under	2022
	Budget	Actual		Actual
Wilkes County Health Center:				
Salaries	699,975	699,975		574,141
Total	699,975	699,975	-	574,141
HIV & STD:				
Salaries and employee benefits	80,009	69,322		64,513
Other operating expenditures	1,305	1,320		350
Total	81,314	70,642	10,672	64,863
WIC/BPCP:				
Salaries and employee benefits	330,774	290,228		227,472
Other operating expenditures	8,602	222		373
Total	339,376	290,450	48,926	227,845
Mental Health & Substance Abuse Services:				
Salaries and employee benefits	-	-		34,698
Other operating expenditures	21,350	19,550		37,856
Total	21,350	19,550	1,800	72,554
Substance Use Disorder:				
Salaries and employee benefits	-	-		106,582
Other operating expenditures	21,375	19,550		37,991
Total	21,375	19,550	1,825	144,573
CARES-ARPA Health DHHS:				
Salaries and employee benefits	90,394	599,727		798,328
Other operating expenditures	910,454	469,323		506,217
Capital outlay	91,926	91,926		10,800
Total	1,092,774	1,160,976	(68,202)	1,315,345
Immunization Action Plan:				
Salaries and employee benefits	68,712	49,612	-	69,310
Other operating expenditures	500	214	286	500
Total	69,212	49,826	19,386	69,810

WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2023</u>			<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>	<u>Actual</u>
School Liason and Team Workforce:				
Salaries and employee benefits	105,200	55,392	49,808	-
Other operating expenditures	9,800	8,872	928	34,527
Total	<u>115,000</u>	<u>64,264</u>	<u>50,736</u>	<u>34,527</u>
Total health	<u>9,690,375</u>	<u>7,001,661</u>	<u>2,688,714</u>	<u>7,613,199</u>
Mental Health:				
Contribution to other agencies	467,768	469,262	(1,494)	466,199
Total mental health	<u>467,768</u>	<u>469,262</u>	<u>(1,494)</u>	<u>466,199</u>
Social Services:				
Administration:				
Salaries and employee benefits	8,138,446	7,839,445		7,400,082
Other operating expenditures	512,155	597,199		670,659
Capital outlay	278,404	275,158		181,523
Total	<u>8,929,005</u>	<u>8,711,802</u>	<u>217,203</u>	<u>8,252,264</u>
Medicaid Program:				
County participation only	654,500	296,810		307,337
Total	<u>654,500</u>	<u>296,810</u>	<u>357,690</u>	<u>307,337</u>
Food Stamps Program:				
Other operating expenditures	364,509	298,871		1,221,278
Total	<u>364,509</u>	<u>298,871</u>	<u>65,638</u>	<u>1,221,278</u>
Low Income Energy Assistance Program:				
Other operating expenditures	371,065.00	167,343	203,722	318,298
Work First:				
Contract services	35,000	25,714		21,115
Total	<u>35,000</u>	<u>25,714</u>	<u>9,286</u>	<u>21,115</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, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2023</u>		<u>Variance Over /Under</u>	<u>2022</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Daycare Operations:				
Contract services	27,558	17,200		17,558
Total	<u>27,558</u>	<u>17,200</u>	10,358	<u>17,558</u>
In-Home Service:				
Other operating expenditures	83,139	55,838		219,863
Total	<u>83,139</u>	<u>55,838</u>	27,301	<u>219,863</u>
Foster Care:				
Salaries and employee benefits	5,383	4,323		1,226
Other operating expenditures	4,701,069	3,551,764		3,603,036
Total	<u>4,706,452</u>	<u>3,556,087</u>	1,150,365	<u>3,604,262</u>
Other Assistance:				
Other operating expenditures	194,177	145,641		85,824
Total	<u>194,177</u>	<u>145,641</u>	48,536	<u>85,824</u>
Total social services	<u>15,365,405</u>	<u>13,275,306</u>	2,090,099	<u>14,047,799</u>
Other Human Services:				
Veterans Service Officer:				
Salaries and employee benefits	120,925	119,753		110,221
Other operating expenditures	10,145	6,232		14,070
Total	<u>131,070</u>	<u>125,985</u>	5,085	<u>124,291</u>
Youth Services:				
Contributions to other agencies	359,662	339,150		363,000
Total	<u>359,662</u>	<u>339,150</u>	20,512	<u>363,000</u>
Senior Citizens Services:				
Contributions to other services	660,000	553,589	106,411	580,906

WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2023</u>			<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>	<u>Actual</u>
Other Services:				
Contributions to other agencies	762,782	701,276	61,506	548,157
Total other human services	1,913,514	1,720,000	193,514	1,616,354
Total human services	27,437,062	22,466,229	4,970,833	23,743,551
Cultural and Recreation:				
Recreation:				
Salaries and employee benefits	617,862	613,444		585,445
Other operating expenditures	332,259	297,355		264,603
Capital outlay	123,000	105,996		142,700
Total	1,073,121	1,016,795	56,326	992,748
Libraries:				
Contribution to regional library	721,265	721,265	-	693,525
Museums and Art				
	29,746	29,266	480	29,746
Total cultural and recreation	1,824,132	1,767,326	56,806	1,716,019
Education:				
Public schools - current expenses	14,474,484	14,474,484		13,917,773
Public schools - capital outlay	5,329,635	5,404,794		6,108,345
Public schools - (lottery) capital outlay	700,000	625,000		625,000
Community colleges - current	3,951,877	3,951,877		4,015,715
Community colleges - capital outlay	352,000	352,000		150,000
Fines and forfeitures disbursements	307,000	306,332		318,096
Total education	25,114,996	25,114,487	509	25,134,929
Debt Service:				
Principal retirement	8,010,189	7,756,516		2,447,033
Interest and fees	896,072	896,051		856,689
Total debt service	8,906,261	8,652,567	253,694	3,303,722
Total expenditures	105,646,955	94,739,487	10,907,468	84,943,591

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023			2022
	Budget	Actual	Variance Over /Under	Actual
Revenues over (under) expenditures	(12,361,765)	(1,240,249)	11,121,516	4,819,985
Other Financing Sources (Uses):				
Transfers out	(1,008,289)	(1,000,000)	8,289	(1,750,000)
Sale of capital assets	105,305	70,388	(34,917)	88,011
Lease liability issued	2,206,951	2,206,951	-	-
Subscription liability issued	-	75,425	75,425	-
Appropriated fund balance	11,057,798	-	(11,057,798)	-
Total other financing sources (uses)	12,361,765	1,352,764	(11,009,001)	(1,661,989)
Net change in fund balance	\$ -	112,515	\$ 112,515	3,157,996
Fund Balance:				
Fund balance - beginning, as previously reported		45,967,612		42,809,616
Reconciliation from Budgetary Basis to Modified Accrual Basis:				
Initial implementation of lease standard:				
Lease liability issued		-		3,280,118
Capital outlay		-		(3,280,118)
End of year - June 30		\$ 46,080,127		\$ 45,967,612

WILKES COUNTY, NORTH CAROLINA

AMERICAN RESCUE PLAN FUND - MAJOR SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<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>	
Revenues:					
Restricted intergovernmental:					
American Rescue Plan Act	\$ 13,288,299	\$ 827,249	\$ 4,232,549	\$ 5,059,798	\$ (8,228,501)
Expenditures:					
Public safety:					
Salaries and employee benefits	288,933	288,933	-	288,933	-
Operating expenditures	2,020	2,020	-	2,020	-
Capital outlay	12,997,346	536,296	4,232,549	4,768,845	8,228,501
Total expenditures	13,288,299	827,249	4,232,549	5,059,798	8,228,501
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

WILKES COUNTY, NORTH CAROLINA

MOTORSPORTS RELIEF FUND - MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Prior Years	Actual		Variance Over/Under
			Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 18,000,000	\$ -	\$ 13,943,870	\$ 13,943,870	\$ (4,056,130)
Expenditures:					
Economic and physical development:					
North Wilkesboro Speedway project	18,000,000	-	14,172,641	14,172,641	3,827,359
Net change in fund balance	\$ -	\$ -	(228,771)	\$ (228,771)	\$ (228,771)
Fund Balances:					
Beginning of year - July 1			-		
End of year - June 30			\$ (228,771)		

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, 2023

	<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>		
Revenues:					
Restricted Intergovernmental					
Investment earnings	\$ -	\$ 5,275	\$ 130,492	\$ 135,767	\$ 135,767
Expenditures:					
Public safety:					
Capital outlay	12,810,107	54,500	5,745,420	5,799,920	7,010,187
Revenues over (under) expenditures	(12,810,107)	(49,225)	(5,614,928)	(5,664,153)	7,145,954
Other Financing Sources (Uses):					
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	\$ -	\$ 9,660,775	(5,614,928)	\$ 4,045,847	\$ 4,045,847
Fund Balances:					
Beginning of year - July 1			9,660,775		
End of year - June 30			\$ 4,045,847		

WILKES COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	<u>Fire District Fund</u>	<u>Law Enforcement Restricted Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Community Development Block Grants Fund</u>	<u>COVID Recovery Act Fund</u>
Assets:					
Cash and cash equivalents	\$ 938,057	\$ 8,852	\$ 331,468	\$ 276	\$ -
Restricted cash	-	-	-	-	-
Due from other funds	8,318	-	-	-	-
Taxes receivable, net	247,831	-	-	-	-
Due from other governments	<u>58,732</u>	<u>-</u>	<u>17,077</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,252,938</u>	<u>\$ 8,852</u>	<u>\$ 348,545</u>	<u>\$ 276</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 103,150	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	8,217
Advanced from grantor	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>103,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,217</u>
Deferred Inflows of Resources	<u>247,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted:					
Stabilization by state statute	67,050	-	17,077	-	-
Restricted, all other	834,907	8,852	331,468	-	-
Assigned	-	-	-	276	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,217)</u>
Total fund balances	<u>901,957</u>	<u>8,852</u>	<u>348,545</u>	<u>276</u>	<u>(8,217)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,252,938</u>	<u>\$ 8,852</u>	<u>\$ 348,545</u>	<u>\$ 276</u>	<u>\$ -</u>

WILKES COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	<u>SCIF - Sheriff Fund</u>	<u>SCIF - County Fund</u>	<u>Parks & Recreation Trust Fund</u>	<u>Local Assistance and Tribal Fund</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,278,653
Restricted cash	84,270	362,500	-	50,000	496,770
Due from other funds	-	-	-	-	8,318
Taxes receivable, net	-	-	-	-	247,831
Due from other governments	-	-	16,337	-	92,146
	<u>-</u>	<u>-</u>	<u>16,337</u>	<u>-</u>	<u>92,146</u>
Total assets	<u>\$ 84,270</u>	<u>\$ 362,500</u>	<u>\$ 16,337</u>	<u>\$ 50,000</u>	<u>\$ 2,123,718</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 103,150
Due to other funds	-	-	191,030	-	199,247
Advanced from grantor	84,270	362,500	-	50,000	496,770
Total liabilities	<u>84,270</u>	<u>362,500</u>	<u>191,030</u>	<u>50,000</u>	<u>799,167</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,831</u>
Fund Balances:					
Restricted:					
Stabilization by state statute	-	-	-	-	84,127
Restricted, all other	-	-	-	-	1,175,227
Assigned	-	-	-	-	276
Unassigned	-	-	(174,693)	-	(182,910)
Total fund balances	<u>-</u>	<u>-</u>	<u>(174,693)</u>	<u>-</u>	<u>1,076,720</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 84,270</u>	<u>\$ 362,500</u>	<u>\$ 16,337</u>	<u>\$ 50,000</u>	<u>\$ 2,123,718</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, 2023**

	Fire District Fund	Law Enforcement Restricted Fund	Emergency Telephone System Fund	Community Development Block Grants Fund	COVID Recovery Act Fund
Revenues:					
Ad valorem taxes	\$ 4,750,600	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	-	-	-
Sales and services	-	-	566,427	-	-
Investment earnings	-	185	3,236	-	-
Total revenues	<u>4,750,600</u>	<u>185</u>	<u>569,663</u>	<u>-</u>	<u>-</u>
Expenditures:					
Public safety	4,714,604	-	311,843	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>4,714,604</u>	<u>-</u>	<u>311,843</u>	<u>-</u>	<u>-</u>
Net change in fund balances	35,996	185	257,820	-	-
Fund Balances:					
Beginning of year - July 1	<u>865,961</u>	<u>8,667</u>	<u>90,725</u>	<u>276</u>	<u>(8,217)</u>
End of year - June 30	<u>\$ 901,957</u>	<u>\$ 8,852</u>	<u>\$ 348,545</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, 2023

	<u>SCIF - Sheriff Fund</u>	<u>SCIF - County Fund</u>	<u>Parks & Recreation Trust Fund</u>	<u>Local Assistance and Tribal Fund</u>	<u>Total</u>
Revenues:					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ 4,750,600
Restricted intergovernmental	-	-	191,194	-	191,194
Sales and services	-	-	-	-	566,427
Investment earnings	-	-	-	-	3,421
Total revenues	<u>-</u>	<u>-</u>	<u>191,194</u>	<u>-</u>	<u>5,511,642</u>
Expenditures:					
Public safety	-	-	-	-	5,026,447
Capital outlay	-	-	365,887	-	365,887
Total expenditures	<u>-</u>	<u>-</u>	<u>365,887</u>	<u>-</u>	<u>5,392,334</u>
Net change in fund balances	-	-	(174,693)	-	119,308
Fund Balances:					
Beginning of year - July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>957,412</u>
End of year - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (174,693)</u>	<u>\$ -</u>	<u>\$ 1,076,720</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, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>2023</u>			<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Ad valorem taxes	\$ 5,570,111	\$ 4,750,600	\$ (819,511)	\$ 4,692,002
Expenditures:				
Public safety:				
Tax collection fees	17,770	19,571	(1,801)	19,446
Distribution to fire districts	5,552,341	4,695,033	857,308	4,381,960
Total expenditures	<u>5,570,111</u>	<u>4,714,604</u>	<u>855,507</u>	<u>4,401,406</u>
Net change in fund balance	<u>\$ -</u>	35,996	<u>\$ 35,996</u>	290,596
Fund Balance:				
Beginning of year - July 1		<u>865,961</u>		<u>575,365</u>
End of year - June 30		<u>\$ 901,957</u>		<u>\$ 865,961</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, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2023</u>			<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Restricted intergovernmental:				
Investment earnings	\$ -	\$ 185	\$ 185	\$ 11
Expenditures:				
Public safety:				
Law enforcement restricted	5,000	-	5,000	-
Revenues over (under) expenditures	(5,000)	185	5,185	11
Other Financing Sources (Uses):				
Appropriated fund balance	5,000	-	(5,000)	-
Net change in fund balance	\$ -	185	\$ 185	11
Fund Balance:				
Beginning of year - July 1		8,667		8,656
End of year - June 30		<u>\$ 8,852</u>		<u>\$ 8,667</u>

WILKES COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	2023			2022
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>	<u>Actual</u>
Revenues:				
E-911 telephone surcharge	\$ 566,427	\$ 566,427	\$ -	\$ 547,226
Investment earnings	200	3,236	3,036	34
Total revenues	<u>566,627</u>	<u>569,663</u>	<u>3,036</u>	<u>547,260</u>
Expenditures:				
Public safety:				
Other operating expenditures	<u>676,627</u>	<u>311,843</u>	<u>364,784</u>	<u>661,641</u>
Revenues over (under) expenditures	(110,000)	257,820	367,820	(114,381)
Other Financing Sources (Uses):				
Transfers in	19,275	-	(19,275)	-
Appropriated fund balance	<u>90,725</u>	<u>-</u>	<u>(90,725)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>257,820</u>	<u>\$ 257,820</u>	<u>(114,381)</u>
Fund Balance:				
Beginning of year - July 1		<u>90,725</u>		<u>205,106</u>
End of year - June 30		<u>\$ 348,545</u>		<u>\$ 90,725</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, 2023**

	<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>	
Revenues:					
Restricted intergovernmental	\$ 1,828,114	\$ 1,832,956	\$ -	\$ 1,832,956	\$ 4,842
Expenditures:					
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>594,052</u>	-	<u>594,052</u>	<u>40,948</u>
Total expenditures	<u>1,915,614</u>	<u>1,920,180</u>	-	<u>1,920,180</u>	<u>(4,566)</u>
Revenues over (under) expenditures	(87,500)	(87,224)	-	(87,224)	276
Other Financing Sources (Uses):					
Transfers from other funds	<u>87,500</u>	<u>87,500</u>	-	<u>87,500</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 276</u>	-	<u>\$ 276</u>	<u>\$ 276</u>
Fund Balances:					
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, 2023**

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

	<u>2023</u>			<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund Balance:				
Beginning of year - July 1		<u>(8,217)</u>		<u>(8,217)</u>
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, 2023

	<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>		
Revenues:					
Restricted intergovernmental	\$ 191,194	\$ -	\$ 191,194	\$ 191,194	\$ -
Expenditures:					
Cultural and recreation:					
Advertising	521	-	521	521	-
Construction	381,867	-	365,366	365,366	16,501
Total expenditures	<u>382,388</u>	<u>-</u>	<u>365,887</u>	<u>365,887</u>	<u>16,501</u>
Revenues over (under) expenditures	(191,194)	-	(174,693)	(174,693)	(365,887)
Other Financing Sources (Uses):					
Transfers from other funds	<u>191,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,194</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(174,693)	<u>\$ (174,693)</u>	<u>\$ (174,693)</u>
Fund Balances:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ (174,693)</u>		

WILKES COUNTY, NORTH CAROLINA

AIRPORT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2023

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

	2023			2022
	Budget	Actual	Variance Over/(Under)	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Sales	\$ 1,788,074	\$ 1,735,114	\$ (52,960)	\$ 1,478,957
Rents	120,000	119,782	(218)	118,042
Other operating revenues	5,050	9,435	4,385	5,219
Total operating revenues	<u>1,913,124</u>	<u>1,864,331</u>	<u>(48,793)</u>	<u>1,602,218</u>
Non-operating revenues:				
Restricted intergovernmental	<u>671,828</u>	<u>131,628</u>	<u>(540,200)</u>	<u>718,743</u>
Total revenues	<u>2,584,952</u>	<u>1,995,959</u>	<u>(588,993)</u>	<u>2,320,961</u>
Expenditures:				
Airport operations:				
Salaries and employee benefits	207,219	200,128	7,091	240,823
Fuel and oil purchases	1,574,900	1,252,464	322,436	1,018,063
Other operating expenditures	336,750	254,763	81,987	226,222
Capital outlay	1,298,040	40,705	1,257,335	1,342,265
Airport capital projects:				
Construction	1,510,000	1,404,359	105,641	123,055
Debt service:				
Debt principal	-	17,124	(17,124)	17,020
Interest and fees	-	891	(891)	-
Total expenditures	<u>4,926,909</u>	<u>3,170,434</u>	<u>1,756,475</u>	<u>2,967,448</u>
Revenues over (under) expenditures	<u>(2,341,957)</u>	<u>(1,174,475)</u>	<u>1,167,482</u>	<u>(646,487)</u>
Other Financing Sources (Uses):				
Transfers in	500,000	500,000	-	1,250,000
Appropriated fund balance	<u>1,841,957</u>	-	<u>(1,841,957)</u>	-
Total other financing sources (uses)	<u>2,341,957</u>	<u>500,000</u>	<u>(1,841,957)</u>	<u>1,250,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (674,475)</u>	<u>\$ (674,475)</u>	<u>\$ 603,513</u>

WILKES COUNTY, NORTH CAROLINA

AIRPORT FUND

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

FOR THE YEAR ENDED JUNE 30, 2023

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

	2023		2022
	Budget	Actual	Variance Over/(Under) Actual
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (674,475)	
Reconciling items:			
Depreciation and amortization		(1,177,875)	
Capital outlay		40,705	
Construction project expenditures		1,404,359	
Change in deferred outflows of resources - pensions		40,942	
Change in net pension liability		(125,021)	
Change in deferred inflows of resources - pensions		65,019	
Change in deferred outflows of resources - OPEB		(13,813)	
Change in deferred inflows of resources - OPEB		(77,008)	
Change in accrual for unfunded OPEB		84,879	
Change in accrual for compensated absences		(1,073)	
Long-term debt principal repayments		17,124	
Total reconciling items		258,238	
Change in net position		\$ (416,237)	

WILKES COUNTY, NORTH CAROLINA

LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023			2022
	Budget	Actual	Variance Over/(Under)	Actual
Revenues:				
Operating revenues:				
Solid waste charges	\$ 2,920,942	\$ 3,639,022	\$ 718,080	\$ 2,986,914
Scrap tire disposal tax	-	3,160	3,160	5,430
Other operating revenues	171,000	250,916	79,916	205,074
Total operating revenues	<u>3,091,942</u>	<u>3,893,098</u>	<u>801,156</u>	<u>3,197,418</u>
Non-operating revenues:				
Interest earnings	5,000	12,542	7,542	2,627
Insurance reimbursements	26,752	-	(26,752)	1,500
Lease revenue	-	15,447	15,447	-
Total non-operating revenues	<u>31,752</u>	<u>27,989</u>	<u>(3,763)</u>	<u>4,127</u>
Total revenues	<u>3,123,694</u>	<u>3,921,087</u>	<u>797,393</u>	<u>3,201,545</u>
Expenditures:				
Landfill operations:				
Salaries and employee benefits	1,217,359	920,483	296,876	1,013,932
Other operating expenditures	1,709,317	1,500,003	209,314	1,544,918
Capital outlay	<u>3,259,364</u>	<u>3,173,057</u>	<u>86,307</u>	<u>869,729</u>
Total landfill operations	<u>6,186,040</u>	<u>5,593,543</u>	<u>592,497</u>	<u>3,428,579</u>
Debt service:				
Principal retirement	-	925	925	930
Interest and fees	-	-	-	2,400
Total debt service	<u>-</u>	<u>925</u>	<u>925</u>	<u>3,330</u>
Total expenditures	<u>6,186,040</u>	<u>5,594,468</u>	<u>593,422</u>	<u>3,431,909</u>
Revenues over (under) expenditures	<u>(3,062,346)</u>	<u>(1,673,381)</u>	<u>1,388,965</u>	<u>(230,364)</u>
Other Financing Sources (Uses):				
Transfer out - Landfill Reserve Fund	(500,000)	(500,000)	-	(500,000)
Transfer in - General Fund	500,000	500,000	-	500,000
Transfer in - Landfill Reserve Fund	2,135,564	-	(2,135,564)	25,000
Lease liability issued	-	-	-	1,855
Appropriated fund balance	<u>926,782</u>	<u>-</u>	<u>(926,782)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,062,346</u>	<u>-</u>	<u>(3,062,346)</u>	<u>26,855</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (1,673,381)</u>	<u>\$ (1,673,381)</u>	<u>\$ (203,509)</u>

WILKES COUNTY, NORTH CAROLINA

LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023		2022
	Budget	Actual	Variance Over/(Under) Actual
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (1,673,381)	
Reconciling items:			
Capital outlay		3,173,057	
Long-term debt principal repayments		925	
Depreciation and amortization		(950,287)	
Change in accrued landfill closure/post-closure costs		1,170,000	
Change in deferred outflows of resources - pension		122,827	
Change in net pension liability		(375,062)	
Change in deferred inflows of resources - pensions		195,057	
Change in deferred outflows of resources - OPEB		(41,444)	
Change in deferred inflows of resources - OPEB		(231,024)	
Change in accrual for compensated absences		(10,270)	
Intrafund net transfer out (in) - Landfill Closure and Post-Closure Reserve Fund		500,000	
Interest from Landfill Closure and Post-Closure Reserve Fund		116,788	
Total reconciling items		<u>3,670,567</u>	
Change in net position		<u>\$ 1,997,186</u>	

WILKES COUNTY, NORTH CAROLINA

LANDFILL CLOSURE AND POSTCLOSURE RESERVE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2023

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

	<u>2023</u>			<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Interest earnings	\$ 25,000	\$ 116,788	\$ (91,788)	\$ 6,050
Other Financing Sources (Uses):				
Sinking reserve	(525,000)	-	525,000	-
Transfers in	500,000	500,000	-	500,000
Transfers out	(2,135,564)	-	2,135,564	(25,000)
Appropriated fund balance	2,135,564	-	(2,135,564)	-
Total other financing sources (uses)	<u>(25,000)</u>	<u>500,000</u>	<u>525,000</u>	<u>475,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 616,788</u>	<u>\$ 616,788</u>	<u>\$ 481,050</u>

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2023

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2022</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022-2023	\$ -	\$ 41,450,949	\$ (40,352,184)	\$ 1,098,765
2021-2022	1,016,224	-	(524,198)	492,026
2020-2021	348,752	-	(96,771)	251,981
2019-2020	284,058	-	(52,634)	231,424
2018-2019	206,773	-	(41,722)	165,051
2017-2018	158,565	-	(29,301)	129,264
2016-2017	135,127	-	(27,882)	107,245
2015-2016	106,790	-	(21,416)	85,374
2014-2015	82,380	-	(16,062)	66,318
2013-2014	103,590	-	(15,262)	88,328
2012-2013	112,784	-	(112,784)	-
Total	<u>\$ 2,555,043</u>	<u>\$ 41,450,949</u>	<u>\$ (41,290,216)</u>	<u>2,715,776</u>
Less: Allowance for uncollectible accounts - General Fund				<u>815,085</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 1,900,691</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				<u>\$ 41,370,655</u>
Reconciling items:				
Penalties and interest collected				(369,008)
Discounts taken				311,267
Prior year releases and write offs				136,642
Miscellaneous				<u>(159,340)</u>
Total reconciling items				<u>(80,439)</u>
Total collections and credits				<u>\$ 41,290,216</u>

WILKES COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2023

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 6,189,610,938	\$ 0.66	\$ 40,851,432	\$ 35,307,447	\$ 5,543,985
Motor vehicles taxed at prior year's rate	-	0.66	25,152	4,774	20,378
Total	<u>6,189,610,938</u>		<u>40,876,584</u>	<u>35,312,221</u>	<u>5,564,363</u>
Discoveries:					
Current year taxes	96,797,036	0.66	638,860	638,860	-
Penalties	-		36,558	36,558	-
Total	<u>96,797,036</u>		<u>675,418</u>	<u>675,418</u>	<u>-</u>
Abatements	<u>(15,311,061)</u>	0.66	<u>(101,053)</u>	<u>(101,053)</u>	<u>-</u>
Total property valuation	<u>\$ 6,271,096,913</u>				
Net Levy			41,450,949	35,886,586	5,564,363
Less: Uncollected tax at June 30, 2023			<u>1,098,765</u>	<u>1,098,765</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 40,352,184</u>	<u>\$ 34,787,821</u>	<u>\$ 5,564,363</u>
Current Levy Collection Percentage			<u>97.35%</u>	<u>96.94%</u>	<u>100.00%</u>

WILKES COUNTY, NORTH CAROLINA

**SECONDARY MARKET DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2023**

Assessed Valuation:

Assessment ratio		100%
Real property	\$	5,429,409,064
Personal property		576,758,184
Public service companies		<u>264,929,665</u>
Total assessed valuation	\$	<u>6,271,096,913</u>
Tax rate per \$100		0.66
Levy (includes discoveries, releases, and abatements)	\$	<u>41,450,949</u>

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2023:

Fire protection districts	\$	<u>4,088,824</u>
---------------------------	----	------------------

WILKES COUNTY, NORTH CAROLINA

TEN LARGEST TAXPAYERS FOR THE YEAR ENDED JUNE 30, 2023

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2023 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Duke Energy Carolinas, LLC	Utility company	\$ 173,111,761	2.76%
Tyson Farms, Inc.	Food processor	87,668,995	1.40%
Lowes Home Center, Inc. #1	Retail sales	46,998,477	0.75%
Jeld-Wen, Inc.	Building products manufacturing	25,357,652	0.40%
Carolina West Wireless Inc.	Phone company	32,559,334	0.52%
Louisiana Pacific	Building products manufacturing	33,701,296	0.54%
Elementia USA/Plycem USA	Construction company	23,773,412	0.38%
Surry Yadkin Electric Memb Corp	Building products manufacturing	14,312,969	0.23%
Carolina Precision Fibers ACP LLC	Utility company	13,462,658	0.21%
Tyson Foods, Inc.	Food processor	14,279,431	0.23%
Total		<u>\$ 465,225,985</u>	<u>7.42%</u>

WILKES COUNTY, NORTH CAROLINA**EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE
JUNE 30, 2023**

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	\$ 348,545
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>163</u>
Ending balance, PSAP revenue - expenditure report	<u><u>\$ 348,708</u></u>

This page left blank intentionally.

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, 2023, and the related notes to the financial statements, which collectively comprise Wilkes County's basic financial statements, and have issued our report thereon dated November 29, 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 or significant deficiencies 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
November 29, 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, 2023. 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, 2023.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

Hickory, North Carolina

November 29, 2023

This page left blank intentionally.

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, 2023. 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, 2023.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be

prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 29, 2023

This page left blank intentionally.

WILKES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

1. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiency identified? None reported

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>Program Name</u>	<u>AL#</u>
Medicaid Cluster	93.778
Coronavirus State and Local Fiscal Recovery Funds	21.027
Epidemiology & Laboratory Capacity for Infectious Diseases	93.323

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, 2023**

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

State Awards

Internal control over major state programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? No

Identification of major state programs:

Program Name

Medicaid Cluster
Special Appropriations – Motorsports Relief Fund

Auditee qualified as low-risk auditee? No

2. Financial Statement Findings

None reported.

3. Federal Award Findings and Questioned Costs

None reported.

4. State Award Findings and Questioned Costs

None reported.

WILKES COUNTY, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

Finding 2022-001

Status: Corrected

Finding 2022-002

Status: Corrected

WILKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
Federal Awards:					
<u>U.S. Dept. of Agriculture</u>					
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	\$ 496,721	\$ -	\$ -
Total Supplemental Nutrition Assistance Program (SNAP) Cluster			<u>496,721</u>	<u>-</u>	<u>-</u>
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children (WIC)	10.557	13A25403/5404/5405/5409/ 570A/570B/570K	357,200	-	-
Total U.S. Department of Agriculture			<u>853,921</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Justice</u>					
Passed-through the N.C. Dept. of Public Safety:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0830	23,790	-	-
Total U.S. Dept. of Justice			<u>23,790</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Transportation</u>					
Passed-through the N.C. Department of Transportation:					
Airport Improvement Program, Covid 19 Airports Programs, and Infrastructure Investment and Jobs Act Programs					
	20.106	36237.49.21.1; 36237.49.21.2	109,800	-	-
COVID-19 - Airport Improvement Program, Covid 19 Airports Programs, and Infrastructure Investment and Jobs Act Programs					
	20.106	36237.49.19.1	21,828	-	-
Total U.S. Dept. of Transportation			<u>131,628</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Treasury</u>					
Passed-through the Office of State Budget and Management:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (SLFRF)					
	21.027		4,232,549	-	-
Total U.S. Department of Treasury			<u>4,232,549</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Public Safety:					
Division of Emergency Management:					
Emergency Management Performance Grant	97.042	NA	18,407	-	-
Emergency Management Performance Grant	97.042	NA	20,625	-	-
Total U.S. Department of Homeland Security			<u>39,032</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Health & Human Services</u>					
Passed-through High Country Council of Governments:					
Division of Aging and Adult Services:					
Aging Cluster:					
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers, CARES Act for Supportive Services under Title III-B of the Older Americans Act, and American Rescue Plan for Supportive Services Under Title III-B of the Older Americans Act					
	93.044	536331	24,165	1,421	-
In-Home Services:					
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers, CARES Act for Supportive Services under Title III-B of the Older Americans Act, and American Rescue Plan for Supportive Services Under Title III-B of the Older Americans Act					
	93.044	536332	208,748	12,279	-
Congregate Nutrition:					
Nutrition Services and CARES Act for Nutrition Services Under Title III-C of the Older Americans Act, CARES Act for Nutrition Services Under Title III-C of the Older Americans Act, and American Rescue Plan for Nutrition Services Under Title III-C of the Older Americans Act					
	93.045	536333	39,143	2,303	-
Home Delivered Meals:					
Nutrition Services and CARES Act for Nutrition Services Under Title III-C of the Older Americans Act, CARES Act for Nutrition Services Under Title III-C of the Older Americans Act, and American Rescue Plan for Nutrition Services Under Title III-C of the Older Americans Act					
	93.045	536334	250,788	14,752	-
Total Aging Cluster			<u>522,844</u>	<u>30,755</u>	<u>-</u>

WILKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
Passed-through N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Temporary Assistance for Needy Families - Work First	93.558	2001NCTANF	289,427	-	-
Division of Public Health:					
Temporary Assistance for Needy Families - Work First	93.558	2001NCTANF	6,841	-	-
Total Temporary Assistance for Needy Families - Work First			<u>296,268</u>	<u>-</u>	<u>-</u>
Division of Social Services:					
Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4):					
Foster Care - Title IV-E	93.658	2001NCFOST	1,022,133	182,888	-
Adoption Assistance	93.659	2001NCADPT	38,166	-	-
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4)			<u>1,060,299</u>	<u>182,888</u>	<u>-</u>
Child Support Enforcement	93.563	2004NC4005	445,052	-	-
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	3,620	-	-
			<u>3,620</u>	<u>-</u>	<u>-</u>
Low-Income Home Energy Assistance:					
Administration	93.568	G20BINCLIEA	47,755	-	-
Energy Assistance Payments	93.568	G20BINCLIEA	165,521	-	-
Crisis Intervention Program	93.568	G20BINCLIEA	244,595	-	-
COVID-19 - Water Assistance Payments ARPA	93.568	G20BINCLIEA	571	-	-
COVID-19 - Water Assistance Payments - Administration ARPA	93.568	G20BINCLIEA	198	-	-
Water Assistance Payments - Administration	93.568	G20BINCLIEA	662	-	-
Water Assistance Payments - Consolidated Appropriations Act	93.568	G20BINCLIEA	1,285	-	-
Total Low-Income Home Energy Assistance			<u>460,587</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	49,683	-	-
Permanency Planning - Families for kids	93.645	G2001NCCWSS	9,411	-	-
Total Special Children Adoption Fund Cluster (Note 4)			<u>59,094</u>	<u>-</u>	<u>-</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001NC1420	82,967	8,577	-
Social Services Block Grant - Other Service and Training	93.667	G2001NCSOSR	312,756	-	-
Division of Aging and Adult Services:					
Division of Social Services:					
Social Services Block Grant:					
Social Services Block Grant - State In Home Service Fund	93.667	G2001NCSOSR	12,694	-	-
Social Services Block Grant - State Adult Day Care	93.667	G2001NCSOSR	6,002	9,711	-
CPS TANF TO Social Services Block Grant	93.667	G2001NCSOSR	41,882	-	-
Social Services Block Grant - Adult Protective Services	93.667	G2001NCSOSR	58,162	-	-
Passed-through Red Bird Council of Governments:					
Social Service Block Grant - In Home Services	93.667	G2001NCSOSR	9,064	-	-
Total Social Service Block Grant			<u>440,560</u>	<u>9,711</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	89,070	-	-
			<u>89,070</u>	<u>-</u>	<u>-</u>
Medicaid Cluster:					
Medical Assistance Program	93.778	XIX-MAP 21	1,571,817	198,153	-
Total Medicaid Cluster			<u>1,571,817</u>	<u>198,153</u>	<u>-</u>
Children's Health Insurance Program - N.C. Health Choice	93.767	CHIP 20	44,344	4,126	-

WILKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	1175 870A WT, 1175 878A HH	388,749	-	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	1175 901A 8X	2,766	-	-
Public Health Emergency Preparedness	93.069	1264 2680 EN, 1264 1680 EQ	37,518	-	-
COVID-19 - Public Health Emergency Response:					
Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	1264 2680 CP	24,909	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1460 272C NF, 1460 272D NF	2,050	-	-
Family Planning Services	93.217	13A1 592C FP	43,099	-	-
Immunization Cooperative Agreements	93.268	13331 631E EJ	20,426	-	-
COVID-19 -Immunization Cooperation Agreements	93.268	1331 629B 4Q; 1331 6315 LD; 1331639B P7	137,417	-	-
Preventive Health and Health Services Block Grant	93.991	1261 5503 00, 1261 5503 PF	30,608	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	NA	23,820	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311 462D NB, 1311 462E NB	100	-	-
Health Center Program Cluster:					
Direct Program:					
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		1,271,237	-	-
Total Health Center Program Cluster			1,271,237	-	-
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	102,327	7,669	-
Total Maternal and Child Health Services Block Grant to States			102,327	7,669	-
Total U.S. Dept. of Health and Human Services			7,161,548	441,879	-
Total federal awards			12,442,468	441,879	-
State Awards:					
<u>N.C. Dept. of Administration</u>					
Veterans Service		DMVA 19/20		2,083	-
Total N.C. Dept. of Administration				2,083	-
<u>N.C. Dept. of Cultural and Natural Resources</u>					
PARTF Grant - Community Park				191,194	-
Total N.C. Dept. of Cultural and Natural Resources				191,194	-
<u>N.C. Dept. of Commerce</u>					
Special Appropriation - Motorsports Relief Fund		MGF-003		14,172,640	-
State Rural Grants - Building Reuse				125,000	-
Total N.C. Dept. of Commerce				14,297,640	-
<u>N.C. Department of Environmental Quality</u>					
Division of Waste Management					
Soil & Water Conservation		G40100296115SWC		30,000	-
EVT Grant		DEQ 7830		8,255	-
Total N.C. Dept. Environmental Quality				38,255	-
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services					
Administration					
Smart Start				20,000	-
State Child Welfare/CPS/CS LD				72,882	-
AFDC Incent/Prog-Integrit				375	-
Direct Benefit Payments					
State Foster Home				341,233	-
State Foster Home Fund (SFHF) Maximization				802,828	-
Foster Care at Risk Maximization				33,270	-
Extended Foster Care Maximization Non IV-E programs				104,203	-
Special Children Adoption Fund				107,279	-
Total Division of Social Service				1,482,070	-

WILKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2023

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Provided to Subrecipients</u>
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				20,657	-
School Health Center				44,440	-
School Nurse Funding Initiative				150,000	-
Maternal Health				10,678	-
Breast and Cervical Cancer Control				8,020	-
Healthy Community Activities				3,746	-
HIV/STD State				1,705	-
Tuberculosis Control				3,305	-
ARPA - Communicable Disease Pandemic Recovery				230,566	-
Total Division of Public Health				615,684	-
Total N. C. Department of Health and Human Services				2,097,754	-
<u>N.C. Dept. of Public Instruction</u>					
Public School Building Capital Fund - Lottery Proceeds		7002996		625,000	-
School Safety Grant		PRC 039		182,436	-
Total N.C. Dept. of Public Instruction				807,436	-
<u>N.C. Dept. of Public Safety</u>					
JCPC/Youth Grants For Agencies		DPS / JPC 298		230,699	-
Juvenile Crime Prevention Assistance		DPS / JCPC 301		6,733	-
Total N.C. Dept. of Public Safety				237,432	-
<u>N.C. Dept. of Transportation</u>					
Rural Operating Assistance Program					
- 1 State Maintenance Assistance for Urban and Small Urban Program (SMAP)		36234.1.19.2		-	-
ROAP Elderly and Disabled Transportation Assistance Program (E & DTAP)		36220.10.11.1		98,764	-
ROAP Rural General Public Program (RGP)		36228.22.11.1		122,864	-
ROAP Work First Transitional - Employment		36236.11.10.1		20,439	-
Total Rural Operating Assistance Program				242,067	-
Special Registration Plate - Visitors Center		WBS Element 42931		110,000	-
Total N.C. Dept. of Transportation				352,067	-
Total state awards				18,023,861	-
Total federal and state awards			<u>\$ 12,442,468</u>	<u>\$ 18,465,740</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 the Wilkes County under the programs of the federal government and the state of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the 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.

This page left blank intentionally.