

**WILKES COUNTY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

WILKES COUNTY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Financial Section:	
	Independent Auditor's Report	1-4
	Management's Discussion and Analysis	5-13
	Basic Financial Statements:	
A	Statement of Net Position	14-15
B	Statement of Activities	16-17
C	Balance Sheet - Governmental Funds	18-19
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20-21
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22
F	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	23
G	Opioid Settlement Fund - Annually Budgeted Major Special Revenue Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	24
H	Statement of Net Position - Proprietary Funds	25-26
I	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	27
J	Statement of Cash Flows - Proprietary Funds	28-29
K	Statement of Fiduciary Net Position - Fiduciary Funds	30
L	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	31
	Notes to the Financial Statements	32-83

WILKES COUNTY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2024

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)	84-85
A-2	Local Governmental Employees' Retirement System - Wilkes County's Contributions	86-87
A-3	Law Enforcement Officers' Special Separation Allowance - Schedule of Changes in Total Pension Liability	88-89
A-4	Law Enforcement Officers' Special Separation Allowance - Schedule of Total Pension Liability as a Percentage of a Covered-Employee Payroll	90-91
A-5	Other Post-Employment Benefits - Schedule of Changes in the Total OPEB Liability and Related Ratios	92-93
A-6	Register of Deeds' Supplemental Pension Fund - Wilkes County's Proportionate Share of Net Pension Liability (Asset)	94-95
A-7	Register of Deeds' Supplemental Pension Fund - Wilkes County's Contributions	96-97
	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	98-111
	Major Special Revenue Funds:	
2	American Rescue Plan Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	112
3	Motorsports Relief Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	113
	Major Capital Project Funds:	
4	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - EMS Base and Vaccine Center Fund	114

WILKES COUNTY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
5	Wilkes County Administration Building - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	115
	Nonmajor Special Revenue Funds:	
6	Combining Balance Sheet	116-117
7	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	118-119
8	Fire District Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	120
9	Law Enforcement Restricted Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	121
10	Emergency Telephone System Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	122
11	Community Development Block Grants Fund - Schedule of Revenues Expenditures, and Changes in Fund Balance - Budget and Actual	123
12	COVID Recovery Act Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	124
13	SCIF - County Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	125
14	PARTF Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	126
	Enterprise Funds:	
15	Airport Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	127-128
16	Landfill Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	129-130
17	Landfill Closure and Post-Closure Reserve Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	131

WILKES COUNTY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Component Unit Funds:	
18	Combining Balance Sheet	132
19	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	133
	Other Schedules:	
20	Schedule of Ad Valorem Taxes Receivable - General Fund	134
21	Analysis of Current Tax Levy - County-Wide Levy	135
22	Secondary Market Disclosures	136
23	Ten Largest Taxpayers	137
24	Emergency Telephone System Unspent Balance	138
	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>	139-140
	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	141-143
	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	144-146
	Schedule of Findings and Questioned Costs	147-148
	Schedule of Prior Year Audit Findings	149
	Schedule of Expenditures of Federal and State Awards	150-153

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wilkes County, North Carolina, as of and for the year ended June 30, 2024, 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, based on our audit and the reports of the other auditors, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wilkes County, North Carolina, as of June 30, 2024, 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.

We did not audit the financial statements of the Wilkes County District K Tourism Development Authority, which represents 34%, 37%, and 30%, respectively, of the assets, net position, and revenues of the discretely presented components units as of June 30, 2024. We did not audit the financial statements of the Wilkes County District W Tourism Development Authority, which represents 66%, 63%, and 70%, respectively, of the assets, net position, and revenues of the discretely presented components units as of June 30, 2024. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Wilkes County District K Tourism Development Authority and Wilkes County District W Tourism Development Authority, is based solely on the reports of the other auditors.

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. The financial statements of the Wilkes County District K Tourism Development Authority and Wilkes County District W Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

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 and the other auditors 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 by us and the other auditors. In our opinion, based on our audit and the reports of the other auditors, 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 December 5, 2024, on our consideration of Wilkes County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over

financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of Wilkes County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering Wilkes County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 5, 2024

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, 2024. 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.

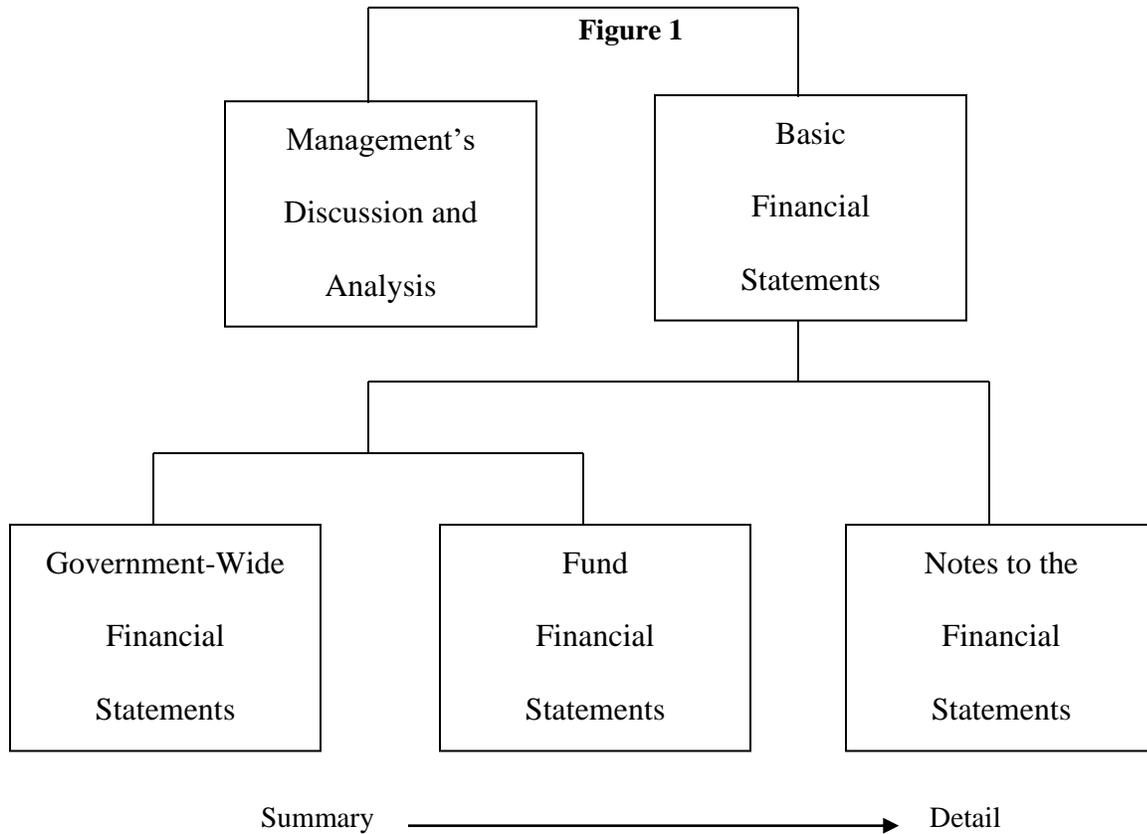
Financial Highlights

- 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 \$75,188,124 (*net position*).
- The government's total net position increased by \$4,047,935.
- As of the close of the current fiscal year, Wilkes County's governmental funds reported combined ending fund balances of \$78,243,696. Approximately 41 percent of this total amount, or \$32,389,069, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$34,167,641, or 38 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	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 102,358,437	\$ 86,099,495	\$ 10,774,754	\$ 7,494,115	\$ 113,133,191	\$ 93,593,610
Capital assets, net	<u>53,911,894</u>	<u>49,943,752</u>	<u>30,050,097</u>	<u>31,064,384</u>	<u>83,961,991</u>	<u>81,008,136</u>
Total assets	<u>156,270,331</u>	<u>136,043,247</u>	<u>40,824,851</u>	<u>38,558,499</u>	<u>197,095,182</u>	<u>174,601,746</u>
Deferred Outflows of Resources	<u>19,141,193</u>	<u>19,553,271</u>	<u>752,024</u>	<u>764,800</u>	<u>19,893,217</u>	<u>20,318,071</u>
Liabilities:						
Long-term liabilities	99,646,751	82,417,084	10,840,414	9,968,744	110,487,165	92,385,828
Other liabilities	<u>18,212,663</u>	<u>17,865,128</u>	<u>2,190,524</u>	<u>468,687</u>	<u>20,403,187</u>	<u>18,333,815</u>
Total liabilities	<u>117,859,414</u>	<u>100,282,212</u>	<u>13,030,938</u>	<u>10,437,431</u>	<u>130,890,352</u>	<u>110,719,643</u>
Deferred Inflows of Resources	<u>10,104,800</u>	<u>12,382,020</u>	<u>805,123</u>	<u>677,965</u>	<u>10,909,923</u>	<u>13,059,985</u>
Net Position:						
Net investment in capital assets	43,078,363	41,161,403	30,034,766	31,032,470	73,113,129	72,193,873
Restricted	11,462,370	9,000,367	-	-	11,462,370	9,000,367
Unrestricted	<u>(7,093,423)</u>	<u>(7,229,484)</u>	<u>(2,293,952)</u>	<u>(2,824,567)</u>	<u>(9,387,375)</u>	<u>(10,054,051)</u>
Total net position	<u>\$ 47,447,310</u>	<u>\$ 42,932,286</u>	<u>\$ 27,740,814</u>	<u>\$ 28,207,903</u>	<u>\$ 75,188,124</u>	<u>\$ 71,140,189</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Wilkes County exceeded liabilities and deferred inflows of resources by \$75,188,124 as of June 30, 2024. The County's net position increased by \$4,047,935 for the fiscal year ended June 30, 2024. 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, \$11,462,370, represents resources that are subject to external restrictions on how they may be used. The remaining balance is an unrestricted deficit of \$9,387,375. This deficit is a presentation of the fact that Wilkes County carries \$14,970,461 of debt for the Wilkes County Board of Education for the construction of four new middle schools and renovations to four high schools and one elementary school. The Wilkes County Board of Education and Wilkes Community College show the assets associated with this debt on their books.

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 96.85%
- Sustained operating budgets at minimal costs and estimated revenues conservatively.
- Increase in local options sales received from the state.

Wilkes County's Changes in Net Position
Figure 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges from services	\$ 9,182,828	\$ 8,289,818	\$ 6,130,729	\$ 5,757,429	\$ 15,313,557	\$ 14,047,247
Operating grants and contributions	14,945,322	24,864,628	-	-	14,945,322	24,864,628
Capital grants and contributions	9,970,871	19,469,804	45,223	131,628	10,016,094	19,601,432
General revenues:						
Property taxes	47,353,430	46,248,361	-	-	47,353,430	46,248,361
Local option sales tax	25,276,718	25,718,555	-	-	25,276,718	25,718,555
Other	3,157,431	1,927,846	179,360	144,777	3,336,791	2,072,623
Total revenues	<u>109,886,600</u>	<u>126,519,012</u>	<u>6,355,312</u>	<u>6,033,834</u>	<u>116,241,912</u>	<u>132,552,846</u>
Expenses:						
General government	13,544,486	11,281,921	-	-	13,544,486	11,281,921
Public safety	28,131,211	29,221,564	-	-	28,131,211	29,221,564
Economic and physical development	8,331,745	16,068,699	-	-	8,331,745	16,068,699
Environmental protection	178,716	114,968	-	-	178,716	114,968
Human services	25,101,100	23,125,175	-	-	25,101,100	23,125,175
Cultural and recreation	2,040,552	1,836,862	-	-	2,040,552	1,836,862
Education	25,296,576	25,114,487	-	-	25,296,576	25,114,487
Interest on long-term debt	1,647,190	280,107	-	-	1,647,190	280,107
Airport	-	-	3,229,785	2,912,196	3,229,785	2,912,196
Landfill	-	-	4,692,616	2,540,689	4,692,616	2,540,689
Total expenses	<u>104,271,576</u>	<u>107,043,783</u>	<u>7,922,401</u>	<u>5,452,885</u>	<u>112,193,977</u>	<u>112,496,668</u>
Change in net position before transfers	5,615,024	19,475,229	(1,567,089)	580,949	4,047,935	20,056,178
Transfers in (out)	<u>(1,100,000)</u>	<u>(1,000,000)</u>	<u>1,100,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Change in net position	<u>4,515,024</u>	<u>18,475,229</u>	<u>(467,089)</u>	<u>1,580,949</u>	<u>4,047,935</u>	<u>20,056,178</u>
Net Position:						
Net position, beginning	42,932,286	14,562,664	28,207,903	26,626,954	71,140,189	41,189,618
Restatement	-	9,894,393	-	-	-	9,894,393
Net position, beginning, restated	<u>42,932,286</u>	<u>24,457,057</u>	<u>28,207,903</u>	<u>26,626,954</u>	<u>71,140,189</u>	<u>51,084,011</u>
End of year - June 30	<u>\$ 47,447,310</u>	<u>\$ 42,932,286</u>	<u>\$ 27,740,814</u>	<u>\$ 28,207,903</u>	<u>\$ 75,188,124</u>	<u>\$ 71,140,189</u>

Governmental Activities. Governmental activities increased the County’s net position by \$4,515,024. Key elements of this increase are as follows:

- Maintaining a collection percentage of 96.85% in the collection of property taxes
- Increase in Federal and State grants
- Conservative budgeting in operating expenses and revenue estimates

Business-Type Activities. Business-type activities decreased Wilkes County’s net position by \$467,089. Key elements of this decrease 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 \$46,328,574 while total fund balance reached \$51,841,122. 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 51% of total General Fund expenditures and transfers to other funds, while total fund balance represents 57% of that same amount.

At June 30, 2024, the American Rescue Plan Fund reported a liability of \$3,149,905 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.

At June 30, 2024, 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 \$1,060,507. This project was completed in November 2023 and the remaining funds will be applied to debt service payments of the project.

At June 30, 2024, the Motorsports Relief Fund was awarded a grant of \$18,000,000 under the North Carolina Special Appropriations – Motorsports Relief Fund for the speedway. All of the improvements were completed by year end and the County received \$228,771 on reimbursement basis during the year.

At June 30, 2024, the Opioid Settlement Fund has received a total of \$5,198,257 as part of the nationwide opioid settlement. The County has recognized \$14,448,664 as receivable, net of an allowance for doubtful accounts. The fund balance of \$4,187,044 is restricted for opioid abatement and remediation activities.

At June 30, 2024, the governmental funds of Wilkes County reported a combined fund balance of \$78,243,696, an increase from last year. The primary reason for this increase to fund balance was the funding received for the County Administration Building Project.

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 \$6,124,108 (6.63%). 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 (\$152,631). Unrestricted net position of the Landfill Fund at the end of the fiscal year totaled (\$2,141,321).

Capital Asset and Debt Administration

Capital Assets. Wilkes County’s capital assets for its governmental and business–type activities as of June 30, 2024, totaled \$83,961,991 (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 County Administration Building
- Construction of new cell at landfill
- Capital projects at the airport

Wilkes County’s Capital Assets

Figure 4

	Governmental		Business-Type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Land	\$ 1,958,649	\$ 1,958,649	\$ 7,536,509	\$ 7,536,509	\$ 9,495,158	\$ 9,495,158
Buildings	45,610,916	32,939,568	11,146,205	11,097,044	56,757,121	44,036,612
Improvements	11,512,461	11,069,046	30,202,784	30,078,714	41,715,245	41,147,760
Machinery and equipment	17,834,013	18,321,062	7,607,654	8,717,059	25,441,667	27,038,121
Right-to-use assets	3,179,160	5,708,133	64,682	67,913	3,243,842	5,776,046
Construction in progress	<u>3,151,624</u>	<u>9,227,836</u>	<u>621,207</u>	<u>25,000</u>	<u>3,772,831</u>	<u>9,252,836</u>
Total	83,246,823	79,224,294	57,179,041	57,522,239	140,425,864	136,746,533
Accumulated depreciation/amortization	<u>(29,334,929)</u>	<u>(29,280,542)</u>	<u>(27,128,944)</u>	<u>(26,457,855)</u>	<u>(56,463,873)</u>	<u>(55,738,397)</u>
Capital assets, net	<u>\$ 53,911,894</u>	<u>\$ 49,943,752</u>	<u>\$ 30,050,097</u>	<u>\$ 31,064,384</u>	<u>\$ 83,961,991</u>	<u>\$ 81,008,136</u>

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

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

Figure 5

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Direct placement -						
installment purchase	\$ 8,410,000	\$ 9,060,000	\$ -	\$ -	\$ 8,410,000	\$ 9,060,000
Limited obligation bonds	21,550,000	-	-	-	21,550,000	-
Certificate of participation	13,720,000	14,900,000	-	-	13,720,000	14,900,000
Lease liability	2,230,810	4,237,348	15,331	31,914	2,246,141	4,269,262
Subscription liability	39,185	36,597	-	-	39,185	36,597
Total	<u>\$45,949,995</u>	<u>\$28,233,945</u>	<u>\$ 15,331</u>	<u>\$ 31,914</u>	<u>\$45,965,326</u>	<u>\$28,265,859</u>

The state of North Carolina limits the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Wilkes County is \$468,100,000.

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

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities. The General Fund's original adopted revenue budget totals \$101,835,505 which is \$1.96 million more than the FY 2023-2024 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 to remain flat from the 2023-2024 budget. The County will receive Federal and state ARPA funds in 2023-2024, these funds will be used to address the needs in Wilkes County. There is an appropriation of \$8,756,000 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.

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, 2024**

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 49,527,529	\$ 1,851,886	\$ 51,379,415	\$ 442,122
Taxes receivable, net	2,376,000	-	2,376,000	-
Accounts receivable, net	2,203,605	451,945	2,655,550	-
Lease receivable, current	7,957	62,449	70,406	-
Due from other governments	5,190,078	107,718	5,297,796	74,107
Inventories	-	57,185	57,185	-
Internal balances	400,000	(400,000)	-	-
Cash and cash equivalents, restricted	29,472,003	8,295,116	37,767,119	-
Total current assets	<u>89,177,172</u>	<u>10,426,299</u>	<u>99,603,471</u>	<u>516,229</u>
Non-current assets:				
Pension asset, restricted	74,328	-	74,328	-
Accounts receivable, net, non-current	13,106,937	-	13,106,937	-
Lease receivable, non-current	-	348,455	348,455	-
Capital assets:				
Land, improvements, and construction in progress	5,110,273	8,157,716	13,267,989	-
Other capital assets, net	48,801,621	21,892,381	70,694,002	-
Total non-current assets	<u>67,093,159</u>	<u>30,398,552</u>	<u>97,491,711</u>	<u>-</u>
Total assets	<u>156,270,331</u>	<u>40,824,851</u>	<u>197,095,182</u>	<u>516,229</u>
Deferred Outflows of Resources:				
Charge on refunding	126,169	-	126,169	-
OPEB deferrals	7,223,434	300,976	7,524,410	-
Pension deferrals	11,791,590	451,048	12,242,638	-
Total deferred outflows of resources	<u>19,141,193</u>	<u>752,024</u>	<u>19,893,217</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued expenses	2,643,423	468,980	3,112,403	52,731
Accounts payable from restricted assets	749,316	-	749,316	-
Advances from grantors	3,390,479	1,600,000	4,990,479	-
Unearned revenue	326,149	-	326,149	-
Due within one year	11,103,296	121,544	11,224,840	-
Total current liabilities	<u>18,212,663</u>	<u>2,190,524</u>	<u>20,403,187</u>	<u>52,731</u>

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

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Long-term liabilities:				
Total pension liability - LEOSSA	2,930,102	-	2,930,102	-
Net pension liability - LGERS	18,404,539	755,721	19,160,260	-
Total OPEB liability	36,917,616	1,499,651	38,417,267	-
Due in more than one year	41,394,494	8,585,042	49,979,536	-
Total long-term liabilities	99,646,751	10,840,414	110,487,165	-
Total liabilities	117,859,414	13,030,938	130,890,352	52,731
Deferred Inflows of Resources:				
OPEB deferrals	9,068,576	377,857	9,446,433	-
Pension deferrals	962,340	25,049	987,389	-
Lease deferrals	7,861	402,217	410,078	-
Prepaid taxes	66,023	-	66,023	-
Total deferred inflows of resources	10,104,800	805,123	10,909,923	-
Net Position:				
Net investment in capital assets	43,078,363	30,034,766	73,113,129	-
Restricted for:				
Stabilization by state statute	5,630,420	-	5,630,420	74,107
Tourism promotion	-	-	-	389,391
Crime prevention	64,490	-	64,490	-
Register of Deeds	409,457	-	409,457	-
Register of Deeds' pension plan	74,328	-	74,328	-
Public safety	1,096,631	-	1,096,631	-
Human services	4,187,044	-	4,187,044	-
Unrestricted	(7,093,423)	(2,293,952)	(9,387,375)	-
Total net position	\$ 47,447,310	\$ 27,740,814	\$ 75,188,124	\$ 463,498

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, 2024

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 13,544,486	\$ 1,408,223	\$ 1,287,676	\$ 3,276,994
Public safety	28,131,211	4,908,299	376,862	5,078,527
Environmental protection	178,716	263,351	165,000	-
Economic and physical development	8,331,745	200	-	110,000
Human services	25,101,100	2,513,764	12,569,991	-
Cultural and recreational	2,040,552	88,991	-	-
Education	25,296,576	-	545,793	1,505,350
Interest on long-term debt	1,647,190	-	-	-
Total governmental activities	<u>104,271,576</u>	<u>9,182,828</u>	<u>14,945,322</u>	<u>9,970,871</u>
Business-Type Activities:				
Landfill	4,692,616	4,277,518	-	-
Airport	3,229,785	1,853,211	-	45,223
Total business-type activities	<u>7,922,401</u>	<u>6,130,729</u>	<u>-</u>	<u>45,223</u>
Total primary government	<u>\$ 112,193,977</u>	<u>\$ 15,313,557</u>	<u>\$ 14,945,322</u>	<u>\$ 10,016,094</u>
Component Units:				
Tourism Development Authority	<u>\$ 123,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2024

	<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ (7,571,593)	\$ -	\$ (7,571,593)	
Public safety	(17,767,523)	-	(17,767,523)	
Environmental protection	249,635	-	249,635	
Economic and physical development	(8,221,545)	-	(8,221,545)	
Human services	(10,017,345)	-	(10,017,345)	
Cultural and recreational	(1,951,561)	-	(1,951,561)	
Education	(23,245,433)	-	(23,245,433)	
Interest on long-term debt	(1,647,190)	-	(1,647,190)	
Total governmental activities	<u>(70,172,555)</u>	<u>-</u>	<u>(70,172,555)</u>	
Business-Type Activities:				
Landfill	-	(415,098)	(415,098)	
Airport	-	(1,331,351)	(1,331,351)	
Total business-type activities	<u>-</u>	<u>(1,746,449)</u>	<u>(1,746,449)</u>	
Total primary government	<u>(70,172,555)</u>	<u>(1,746,449)</u>	<u>(71,919,004)</u>	
Component Units:				
Tourism Development Authority				\$ <u>(123,169)</u>
General Revenues:				
Ad valorem taxes	47,353,430	-	47,353,430	-
Local option sales tax	25,276,718	-	25,276,718	-
Other taxes and licenses	311,589	-	311,589	564,927
Miscellaneous, unrestricted	-	17,039	17,039	9,035
Investment earnings	2,845,842	162,321	3,008,163	-
Total general revenues, excluding transfers	<u>75,787,579</u>	<u>179,360</u>	<u>75,966,939</u>	<u>573,962</u>
Transfers	<u>(1,100,000)</u>	<u>1,100,000</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>74,687,579</u>	<u>1,279,360</u>	<u>75,966,939</u>	<u>573,962</u>
Change in net position	<u>4,515,024</u>	<u>(467,089)</u>	<u>4,047,935</u>	<u>450,793</u>
Net Position:				
Net position - July 1, as previously reported	42,932,286	28,207,903	71,140,189	-
Error correction	-	-	-	12,705
Beginning of year - July 1, restated	<u>42,932,286</u>	<u>28,207,903</u>	<u>71,140,189</u>	<u>12,705</u>
End of year - June 30	<u>\$ 47,447,310</u>	<u>\$ 27,740,814</u>	<u>\$ 75,188,124</u>	<u>\$ 463,498</u>

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

WILKES COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	American Rescue Plan Fund	Motorsports Relief Fund	EMS and Vaccine Center Capital Project Fund	Opioid Settlement Fund	Wilkes County Administration Building	Other Governmental Funds	Total
Assets:								
Cash and cash equivalents	\$ 48,381,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,146,160	\$ 49,527,529
Restricted cash	56,304	3,165,831	-	1,028,622	4,669,134	20,367,842	184,270	29,472,003
Receivables, net	861,878	-	-	-	14,448,664	-	-	15,310,542
Taxes receivable, net	2,110,281	-	-	-	-	-	265,719	2,376,000
Lease receivable	7,957	-	-	-	-	-	-	7,957
Due from other governments	5,058,536	410	-	31,885	-	-	99,247	5,190,078
Due from other funds	400,000	-	-	-	-	-	18,721	418,721
Total assets	<u>\$ 56,876,325</u>	<u>\$ 3,166,241</u>	<u>\$ -</u>	<u>\$ 1,060,507</u>	<u>\$ 19,117,798</u>	<u>\$ 20,367,842</u>	<u>\$ 1,714,117</u>	<u>\$ 102,302,830</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:								
Liabilities:								
Accounts payable and accrued expenses	\$ 1,641,902	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,414	\$ 1,723,316
Accounts payable from restricted assets	-	16,336	-	-	482,090	250,890	-	749,316
Retainage payable	-	-	-	-	-	144,643	-	144,643
Due to other funds	18,721	-	-	-	-	-	-	18,721
Advance from grantors	56,304	3,149,905	-	-	-	-	184,270	3,390,479
Unearned revenues	326,149	-	-	-	-	-	-	326,149
Total liabilities	<u>2,043,076</u>	<u>3,166,241</u>	<u>-</u>	<u>-</u>	<u>482,090</u>	<u>395,533</u>	<u>265,684</u>	<u>6,352,624</u>
Deferred Inflows of Resources	<u>2,992,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,448,664</u>	<u>-</u>	<u>265,719</u>	<u>17,706,510</u>
Fund Balances:								
Non-spendable:								
Lease receivables	96	-	-	-	-	-	-	96
Restricted:								
Stabilization by state statute	5,512,452	-	-	-	-	-	117,968	5,630,420
Restricted, all other	473,947	-	-	1,060,507	4,187,044	19,972,309	1,064,746	26,758,553
Committed	2,930,102	-	-	-	-	-	-	2,930,102
Assigned:								
Subsequent year's expenditures	8,756,884	-	-	-	-	-	-	8,756,884
Unassigned	34,167,641	-	-	-	-	-	-	34,167,641
Total fund balances	<u>51,841,122</u>	<u>-</u>	<u>-</u>	<u>1,060,507</u>	<u>4,187,044</u>	<u>19,972,309</u>	<u>1,182,714</u>	<u>78,243,696</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,876,325</u>	<u>\$ 3,166,241</u>	<u>\$ -</u>	<u>\$ 1,060,507</u>	<u>\$ 19,117,798</u>	<u>\$ 20,367,842</u>	<u>\$ 1,714,117</u>	<u>\$ 102,302,830</u>

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

WILKES COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>Total</u>
Total fund balances from Page 1 of 2	\$ 78,243,696
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.	(2,248,777)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	53,911,894
Net pension asset	74,328
Net pension liability - LGERS	(18,404,539)
Total pension liability - LEOSSA	(2,930,102)
Total OPEB Liability	(36,917,616)
Deferred outflows of resources related to pensions are not reported in the funds.	11,791,590
Deferred outflows of resources related to OPEB are not reported in the funds.	7,223,434
Deferred inflows of resources related to pensions are not reported in the funds.	(962,340)
Deferred inflows of resources related to OPEB are not reported in the funds.	(9,068,576)
Charges related to refunding	126,169
Accrued interest expense	(775,464)
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(50,249,013)
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>17,632,626</u>
Net position of governmental activities (Exhibit A)	<u>\$ 47,447,310</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, 2024

	General Fund	American Rescue Plan Fund	Motorsports Relief Fund	EMS and Vaccine Center Capital Project Fund
Revenues:				
Ad valorem taxes	\$ 42,258,057	\$ -	\$ -	\$ -
Local option sales taxes	25,276,718	-	-	-
Other taxes and licenses	311,589	-	-	-
Unrestricted intergovernmental revenues	310,383	-	-	-
Restricted intergovernmental revenues	16,920,809	5,078,527	228,771	-
Permits and fees	550,572	-	-	-
Sales and services	7,324,339	-	-	-
Interest earned on investments	2,124,003	-	-	75,950
Miscellaneous	2,473,530	-	-	-
Total revenues	<u>97,550,000</u>	<u>5,078,527</u>	<u>228,771</u>	<u>75,950</u>
Expenditures:				
Current:				
General government	9,893,985	-	-	-
Public safety	19,824,381	5,078,527	-	3,061,290
Environmental protection	169,562	-	-	-
Economic and physical development	5,347,299	-	-	-
Human services	23,092,632	-	-	-
Cultural and recreation	2,113,266	-	-	-
Education	25,296,576	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayments	3,892,163	-	-	-
Interest	1,284,550	-	-	-
Total expenditures	<u>90,914,414</u>	<u>5,078,527</u>	<u>-</u>	<u>3,061,290</u>
Revenues over (under) expenditures	<u>6,635,586</u>	<u>-</u>	<u>228,771</u>	<u>(2,985,340)</u>
Other Financing Sources (Uses):				
Transfers in	270,600	-	-	-
Transfers (out)	(1,282,984)	-	-	-
Sale of capital assets	79,580	-	-	-
Subscription liability issued	40,933	-	-	-
Lease liability issued	17,280	-	-	-
Limited obligation bonds issued	-	-	-	-
Premium on debt issued	-	-	-	-
Total other financing sources (uses)	<u>(874,591)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	5,760,995	-	228,771	(2,985,340)
Fund Balances:				
Beginning of year - July 1	<u>46,080,127</u>	<u>-</u>	<u>(228,771)</u>	<u>4,045,847</u>
End of year - June 30	<u>\$ 51,841,122</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,060,507</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, 2024**

	Opioid Settlement Fund	Wilkes County Administration Building	Other Governmental Funds	Total
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ 4,867,895	\$ 47,125,952
Local option sales taxes	-	-	-	25,276,718
Other taxes and licenses	-	-	-	311,589
Unrestricted intergovernmental revenues	-	-	-	310,383
Restricted intergovernmental revenues	3,530,751	-	362,500	26,121,358
Permits and fees	-	-	-	550,572
Sales and services	-	-	319,241	7,643,580
Interest earned on investments	-	637,443	8,446	2,845,842
Miscellaneous	-	-	-	2,473,530
Total revenues	3,530,751	637,443	5,558,082	112,659,524
Expenditures:				
Current:				
General government	-	320,586	-	10,214,571
Public safety	-	-	5,634,722	33,598,920
Environmental protection	-	-	-	169,562
Economic and physical development	-	-	-	5,347,299
Human services	740,963	-	-	23,833,595
Cultural and recreation	-	-	-	2,113,266
Education	-	-	-	25,296,576
Capital outlay	-	2,892,864	-	2,892,864
Debt service:				
Principal repayments	-	-	-	3,892,163
Interest	-	-	-	1,284,550
Total expenditures	740,963	3,213,450	5,634,722	108,643,366
 Revenues over (under) expenditures	 2,789,788	 (2,576,007)	 (76,640)	 4,016,158
Other Financing Sources (Uses):				
Transfers in	-	-	182,984	453,584
Transfers (out)	(270,250)	-	(350)	(1,553,584)
Sale of capital assets	-	-	-	79,580
Subscription liability issued	-	-	-	40,933
Lease liability issued	-	-	-	17,280
Limited obligation bonds issued	-	21,550,000	-	21,550,000
Premium on debt issued	-	998,316	-	998,316
Total other financing sources (uses)	(270,250)	22,548,316	182,634	21,586,109
 Net change in fund balances	 2,519,538	 19,972,309	 105,994	 25,602,267
Fund Balances:				
Beginning of year - July 1	1,667,506	-	1,076,720	52,641,429
End of year - June 30	\$ 4,187,044	\$ 19,972,309	\$ 1,182,714	\$ 78,243,696

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, 2024

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)	\$ 25,602,267
<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	227,478
Sales and services	39,298
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	(3,039,700)
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.	9,030,974
The sale/disposal of capital assets is reported as a revenue in the governmental funds statement without subtracting the net book value of the capital assets sold.	(1,903,959)
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.	(3,158,873)
Expenses related to compensated absences and non-current health claims payable that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(752,014)
Change in deferred outflows - pension	460,459
Change in deferred inflows - pension	(334,563)
Change in net pension asset and liability	(1,926,095)
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	(148,802)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	3,892,163
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.	(21,608,213)
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.	(894,111)
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.	(403,762)
Amortization of deferred charges on refunding	(63,083)
OPEB plan expense	<u>(504,440)</u>
Total changes in net position of governmental activities	<u>\$ 4,515,024</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, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Over/(Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes	\$ 41,540,545	\$ 41,540,545	\$ 42,258,057	\$ 717,512
Local option sales tax	25,475,936	25,475,936	25,276,718	(199,218)
Other taxes and licenses	250,000	250,000	311,589	61,589
Unrestricted intergovernmental revenues	310,000	310,000	310,383	383
Restricted intergovernmental revenues	14,311,607	19,373,941	16,920,809	(2,453,132)
Permits and fees	443,400	443,400	550,572	107,172
Sales and services	7,055,090	8,026,191	7,324,339	(701,852)
Investment earnings	401,500	401,500	2,124,003	1,722,503
Miscellaneous	2,573,586	2,664,259	2,473,530	(190,729)
Total revenues	<u>92,361,664</u>	<u>98,485,772</u>	<u>97,550,000</u>	<u>(935,772)</u>
Expenditures:				
General government	12,079,344	11,482,912	9,893,985	1,588,927
Public safety	25,239,260	26,325,510	19,824,381	6,501,129
Environmental protection	160,000	169,563	169,562	1
Economic and physical development	3,213,807	6,545,460	5,347,299	1,198,161
Human services	26,928,607	27,780,784	23,092,632	4,688,152
Cultural and recreation	1,955,380	2,178,584	2,113,266	65,318
Education	24,983,165	26,019,845	25,296,576	723,269
Debt service:				
Principal repayments	3,917,375	4,792,648	3,892,163	900,485
Interest	962,001	1,292,232	1,284,550	7,682
Total expenditures	<u>99,438,939</u>	<u>106,587,538</u>	<u>90,914,414</u>	<u>15,673,124</u>
Revenues over (under) expenditures	<u>(7,077,275)</u>	<u>(8,101,766)</u>	<u>6,635,586</u>	<u>14,737,352</u>
Other Financing Sources (Uses):				
Transfers in	-	354	270,600	270,246
Transfers (out)	(500,000)	(1,294,482)	(1,282,984)	11,498
Sale of capital assets	70,000	70,000	79,580	9,580
Lease liability issued	-	-	17,280	17,280
Subscription liability issued	-	-	40,933	40,933
Appropriated fund balance	7,507,275	9,325,894	-	(9,325,894)
Total other financing sources (uses)	<u>7,077,275</u>	<u>8,101,766</u>	<u>(874,591)</u>	<u>(8,976,357)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>5,760,995</u>	<u>\$ 5,760,995</u>
Fund Balance:				
Beginning of year - July 1			<u>46,080,127</u>	
End of year - June 30			<u>\$ 51,841,122</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, 2024**

	<u>Budgeted Amounts</u>			<u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Over/(Under)</u>
Revenues:				
Restricted intergovernmental	\$ 1,178,989	\$ 1,178,989	\$ 3,530,751	\$ 2,351,762
Expenditures:				
Public safety:				
Grants to other agencies	<u>908,739</u>	<u>908,739</u>	<u>740,963</u>	<u>167,776</u>
Revenues over (under) expenditures	270,250	270,250	2,789,788	2,519,538
Other Financing Sources (Uses):				
Transfers out	<u>(270,250)</u>	<u>(270,250)</u>	<u>(270,250)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,519,538	<u>\$ 2,519,538</u>
Fund Balances:				
Beginning of year - July 1			<u>1,667,506</u>	
End of year - June 30			<u>\$ 4,187,044</u>	

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Major Enterprise Funds		Total
	Landfill Fund	Airport Fund	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,114,675	\$ 737,211	\$ 1,851,886
Receivables, net	343,235	108,710	451,945
Lease receivables, current	7,931	54,518	62,449
Inventories	-	57,185	57,185
Due from other governments	67,502	40,216	107,718
Total current assets	<u>1,533,343</u>	<u>997,840</u>	<u>2,531,183</u>
Non-current assets:			
Restricted cash and cash equivalents	6,695,116	1,600,000	8,295,116
Lease receivables, non-current	<u>16,035</u>	<u>332,420</u>	<u>348,455</u>
Capital assets:			
Land, improvements, and construction in progress	5,117,602	3,040,114	8,157,716
Other capital assets, net	<u>6,367,199</u>	<u>15,525,182</u>	<u>21,892,381</u>
Total capital assets	<u>11,484,801</u>	<u>18,565,296</u>	<u>30,050,097</u>
Total non-current assets	<u>18,195,952</u>	<u>20,497,716</u>	<u>38,693,668</u>
Total assets	<u>19,729,295</u>	<u>21,495,556</u>	<u>41,224,851</u>
Deferred Outflows of Resources:			
OPEB deferrals	225,732	75,244	300,976
Pension deferrals	<u>351,734</u>	<u>99,314</u>	<u>451,048</u>
Total deferred outflows of resources	<u>577,466</u>	<u>174,558</u>	<u>752,024</u>

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

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Major Enterprise Funds		Total
	Landfill Fund	Airport Fund	
Liabilities:			
Current liabilities:			
Accounts payable	261,956	207,024	468,980
Due to other funds	-	400,000	400,000
Current portion of compensated absences	53,230	14,399	67,629
Advance from grantor	-	1,600,000	1,600,000
Net pension liability	582,440	173,281	755,721
Current portion of long-term debt	-	15,331	15,331
Current portion of OPEB liability	28,938	9,646	38,584
Total current liabilities	<u>926,564</u>	<u>2,419,681</u>	<u>3,346,245</u>
Non-current liabilities:			
Accrued landfill closure and post-closure care costs	8,555,000	-	8,555,000
Compensated absences - non-current	26,514	3,528	30,042
Total OPEB liability	<u>1,124,738</u>	<u>374,913</u>	<u>1,499,651</u>
Total non-current liabilities	<u>9,706,252</u>	<u>378,441</u>	<u>10,084,693</u>
Total liabilities	<u>10,632,816</u>	<u>2,798,122</u>	<u>13,430,938</u>
Deferred Inflows of Resources:			
OPEB deferrals	283,393	94,464	377,857
Lease deferrals	28,062	374,155	402,217
Pension deferrals	<u>19,010</u>	<u>6,039</u>	<u>25,049</u>
Total deferred inflows of resources	<u>330,465</u>	<u>474,658</u>	<u>805,123</u>
Net Position:			
Net investment in capital assets	11,484,801	18,549,965	30,034,766
Unrestricted	<u>(2,141,321)</u>	<u>(152,631)</u>	<u>(2,293,952)</u>
Total net position	<u>\$ 9,343,480</u>	<u>\$ 18,397,334</u>	<u>\$ 27,740,814</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, 2024

	Major Enterprise Funds		Total
	Landfill Fund	Airport Fund	
Operating Revenues:			
Charges for services	\$ 3,993,906	\$ 1,662,923	\$ 5,656,829
Rents	-	164,283	164,283
Scrap tire disposal grant	23,851	-	23,851
Other operating revenues	<u>259,761</u>	<u>26,005</u>	<u>285,766</u>
Total operating revenues	<u>4,277,518</u>	<u>1,853,211</u>	<u>6,130,729</u>
Operating Expenses:			
Airport operations	-	1,792,270	1,792,270
Landfill operations	2,902,601	-	2,902,601
Landfill closure and post-closure care costs	750,000	-	750,000
Depreciation and amortization	<u>1,040,015</u>	<u>1,437,515</u>	<u>2,477,530</u>
Total operating expenses	<u>4,692,616</u>	<u>3,229,785</u>	<u>7,922,401</u>
Operating income (loss)	<u>(415,098)</u>	<u>(1,376,574)</u>	<u>(1,791,672)</u>
Non-Operating Revenues (Expenses):			
Miscellaneous non-operating revenues	17,039	-	17,039
Interest earned on investments	197,653	-	197,653
Gain/(loss) on sale of capital assets	<u>(35,332)</u>	<u>-</u>	<u>(35,332)</u>
Total non-operating revenues (expenses)	<u>179,360</u>	<u>-</u>	<u>179,360</u>
Income (loss) before capital contributions	(235,738)	(1,376,574)	(1,612,312)
Capital contributions	<u>-</u>	<u>45,223</u>	<u>45,223</u>
Income (loss) before transfers	(235,738)	(1,331,351)	(1,567,089)
Transfers:			
Transfers in	<u>1,100,000</u>	<u>-</u>	<u>1,100,000</u>
Change in net position	864,262	(1,331,351)	(467,089)
Net Position:			
Beginning of year - July 1	<u>8,479,218</u>	<u>19,728,685</u>	<u>28,207,903</u>
End of year - June 30	<u>\$ 9,343,480</u>	<u>\$ 18,397,334</u>	<u>\$ 27,740,814</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, 2024**

	Major Enterprise Funds		
	Landfill Fund	Airport Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 4,264,904	\$ 1,857,682	\$ 6,122,586
Cash paid for goods and services	(1,486,943)	(1,454,819)	(2,941,762)
Cash paid to employees for services	(1,296,873)	(246,189)	(1,543,062)
Net cash provided (used) by operating activities	<u>1,481,088</u>	<u>156,674</u>	<u>1,637,762</u>
Cash Flows from Non-Capital Financing Activities:			
Other non-operating revenues	17,039	-	17,039
Transfers in	<u>1,100,000</u>	<u>-</u>	<u>1,100,000</u>
Net cash provided (used) by non-capital financing activities	<u>1,117,039</u>	<u>-</u>	<u>1,117,039</u>
Cash Flows from Capital and Related Financing Activities:			
Capital grants received	-	17,468	17,468
Acquisition and construction of capital assets	(1,158,636)	(339,939)	(1,498,575)
Principal paid on long-term debt	-	(16,583)	(16,583)
Capital contributions	<u>-</u>	<u>1,600,000</u>	<u>1,600,000</u>
Net cash provided (used) by capital and related financing activities	<u>(1,158,636)</u>	<u>1,260,946</u>	<u>102,310</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>197,653</u>	<u>-</u>	<u>197,653</u>
Net increase (decrease) in cash and cash equivalents	1,637,144	1,417,620	3,054,764
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>6,172,647</u>	<u>919,591</u>	<u>7,092,238</u>
End of year - June 30	<u>\$ 7,809,791</u>	<u>\$ 2,337,211</u>	<u>\$ 10,147,002</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, 2024**

	Major Enterprise Funds		Total
	Landfill Fund	Airport Fund	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (415,098)	\$ (1,376,574)	\$ (1,791,672)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	1,040,015	1,437,515	2,477,530
Landfill closure and post-closure care costs	750,000	-	750,000
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	3,667	9,086	12,753
(Increase) decrease in deferred outflows of resources - pension	(14,298)	(4,766)	(19,064)
(Increase) decrease in deferred outflows of resources - OPEB	23,879	7,961	31,840
Increase (decrease) in net pension liability	60,259	20,086	80,345
Increase (decrease) in deferred inflows of resources - pension	10,173	3,391	13,564
Increase (decrease) in deferred inflows of resources - OPEB	(77,418)	(25,806)	(103,224)
(Increase) decrease in lease receivable	(23,966)	(195,795)	(219,761)
(Increase) decrease in lease deferrals	25,638	191,180	216,818
(Increase) decrease in inventory	-	8,888	8,888
Increase (decrease) in accounts payable and accrued liabilities	55,248	54,591	109,839
Increase (decrease) in OPEB liability	69,303	23,101	92,404
Increase (decrease) in accrued vacation pay	(26,314)	3,816	(22,498)
Total adjustments	1,896,186	1,533,248	3,429,434
Net cash provided (used) by operating activities	\$ 1,481,088	\$ 156,674	\$ 1,637,762

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

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2024

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 114,086
Receivables, net	<u>192,524</u>
Total assets	<u>306,610</u>
Liabilities:	
Accounts payable and accrued liabilities	<u>46,766</u>
Net Position:	
Restricted for:	
Individuals, organizations and other governments	<u>\$ 259,844</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, 2024**

	<u>Custodial Funds</u>
Additions:	
Ad valorem taxes for other governments	\$ 3,104,385
Investment earnings	<u>22,317</u>
Total additions	<u>3,126,702</u>
Deductions:	
Tax distributions to other governments	<u>3,135,256</u>
Net increase (decrease) in fiduciary net position	(8,554)
Net Position:	
Net position - beginning	<u>268,398</u>
Net position - ending	<u>\$ 259,844</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, 2024

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.

Wilkes County District K Tourism Development Authority

The North Carolina General Legislature enacted a law, which authorized Wilkes County to levy a room occupancy and tourism development tax, and the Wilkes County Commissioners adopted a resolution levying this tax on March 14, 2023. The Wilkes County Commissioners created Wilkes County District K Tourism Development Authority (the "Authority") as a public authority under the Local Government Budget and Fiscal Control Act. The Authority is composed of nine voting members, serving without compensation and appointed by the County Commissioners. The Authority may contract with any person, firm, or organization to advise and assist in carrying out its duty to promote travel, tourism, and conventions for Wilkes County. Effective October 25, 2023 Senate Bill 154, Session Law 2023-144; Section 9.2(a) states S.L. 2010-78 Sections 8 and 9 have been repealed allowing the Authority to levy a room occupancy tax; Section 9.8 states section 9.2(a) is effective when the governing body of Wilkes County District W adopts a resolution levying a room occupancy tax. The resolution was adopted on November 21, 2023 with an effective date of January 1, 2024.

Wilkes County appoints the governing board of the Authority, and the Authority operates within the County's boundaries for the benefit of the County's residents. The County is not responsible for the debts or entitled to the surpluses of the Authority. The Authority has the power to approve its own budget, designate its own management, and maintain its own accounting system. The Authority is presented as a discretely presented component unit. Complete financial statements may be obtained from the Authority's administrative offices at Wilkes County District K Tourism Development Authority, 110 North St; Wilkesboro, NC 28697.

Wilkes County District W Tourism Development Authority

The North Carolina General Assembly enacted Session Law 2023-144, Senate Bill 154 on October 25, 2023, which authorized Wilkes County to levy a room occupancy and tourism development tax, and the Wilkes County Commissioners adopted a resolution levying this tax on November 21, 2023 with a tax effective date of January 1, 2024. The Wilkes County Commissioners created Wilkes County District W Tourism Development Authority (the "Authority") as a public authority under

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

the Local Government Budget and Fiscal Control Act. The Authority is composed of nine voting members, serving without compensation and appointed by the County Commissioners. The Authority may contract with any person, firm, or organization to advise and assist in carrying out its duty to promote travel, tourism, and conventions for Wilkes County.

Wilkes County appoints the governing board of the Authority, and the Authority operates within the County's boundaries for the benefit of the County's residents. The County is not responsible for the debts or entitled to the surpluses of the Authority. The Authority has the power to approve its own budget, designate its own management, and maintain its own accounting system. The Authority is presented as a discretely presented component unit. Complete financial statements may be obtained from the Authority's administrative offices at Wilkes County District W Tourism Development Authority, 110 North St; Wilkesboro, NC 28697.

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.

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.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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).

Wilkes County Administration Building Capital Project Fund. This capital project fund accounts for financial resources to be used for the acquisition and construction of the new County administration building.

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.

Measurement Focus, Basis of Accounting

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

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, Parks and Recreation Trust Fund, SCIF-Sheriff Fund, SCIF-County 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 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 NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund that is certified by the Local Government Commission under the provisions of G.S. 15(c)(8)

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

and the North Carolina Administrative Code. The Government Portfolio is a 2a-7 fund that invests in treasuries. It is rated AAAM by S&P and AAAMf by Moody's Investor Services and reported at fair value.

Cash and Cash Equivalents

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

Restricted Assets

The unspent grant proceeds in the General Fund, SCIF Fund, Local Assistance and Tribal Fund, Airport 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 and the Wilkes County Administration Building Fund are 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
------------------------	-----------

Americian Rescue Plan Fund:

Unspent grant proceeds	3,165,831
------------------------	-----------

Wilkes County Administration Building

Unspent debt proceeds	20,367,842
-----------------------	------------

Opioid Settlement Fund:

Unexpended opioid settlement proceeds	4,669,134
---------------------------------------	-----------

EMS and Vaccine Center Capital Project Fund:

Unspent debt proceeds	1,028,622
-----------------------	-----------

Other Governmental Funds:

Unspent grant proceeds	184,270
------------------------	---------

Total governmental activities	<u>29,472,003</u>
-------------------------------	-------------------

Business-Type Activities:

Airport Fund:

Unspent grant proceeds	1,600,000
------------------------	-----------

Landfill Fund:

Landfill closure	<u>6,695,116</u>
------------------	------------------

Total business-type activities	<u>8,295,116</u>
--------------------------------	------------------

Total restricted cash	<u><u>\$ 37,767,119</u></u>
-----------------------	-----------------------------

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2023. 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 measured 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, 2024

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, 2024

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, 2024

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 \$5,198,257 as part of this settlement as of Fiscal Year 2024. 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. \$1,011,213 has been expended as of June 30, 2024. 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, 2024, is as follows:

	Governmental Activities
Stabilization by state statute	\$ 5,630,420
Crime prevention	64,490
Register of Deeds	409,457
Register of Deeds pension plan	74,328
Public safety	1,096,631
Human services	<u>4,187,044</u>
Total	<u>\$ 11,462,370</u>

Unrestricted Net Position

The County has \$14,970,461 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, 2024**

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, 2024 is \$96 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>Wilkes County Administration Building</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. Putstanding 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.	\$ 5,512,452	\$ -	\$ -	\$ -	\$ 117,968

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	EMS and Vaccine Center Capital Project Fund	Opioid Settlement Fund	Wilkes County Administration Building	Other Governmental Funds
<i>Restricted for General Government</i> - portion of fund balance that is restricted by revenue source for construction of administration building.	-	-	-	19,972,309	-
<i>Restricted for Public Safety - Crime Prevention</i> – portion of fund balance that is restricted by revenue source for crime prevention expenditures.	64,490	-	-	-	-
<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.	-	-	-	-	9,118
<i>Restricted for Public Safety - Fire Districts</i> – portion of fund balance that is restricted by revenue source for fire district expenditures.	-	-	-	-	882,674
<i>Restricted for Public Safety - E-911</i> – portion of fund balance that is restricted by revenue source for E911 expenditures.	-	-	-	-	172,954
<i>Restricted for Public Safety - EMS</i> – portion of fund balance that is restricted by revenue source for EMS expenditures.	-	1,060,507	-	-	-
<i>Restricted for Human Services</i> – portion of fund balance restricted by the revenue source for opioid abatement and remediation activities.	-	-	4,187,044	-	-
	<u>\$ 5,986,399</u>	<u>\$ 1,060,507</u>	<u>\$ 4,187,044</u>	<u>\$ 19,972,309</u>	<u>\$ 1,182,714</u>

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds (less related accounts payable) of \$21,000,931 and restricted for Register of Deeds pension plan of \$74,328, for a net difference of \$20,926,603, as of June 30, 2024.

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

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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
Committed for LEO pension obligation - portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance obligations	<u>\$2,930,102</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.

	General Fund
Subsequent year's expenditures	<u>\$ 8,756,884</u>

Unassigned Fund Balance

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

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

Wilkes County has not adopted a formal fund balance policy.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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)	\$51,841,122
Less:	
Non-spendable	(96)
Stabilization by state statute	<u>(5,512,452)</u>
Available for appropriation	<u>\$46,328,574</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.

2. Detail Notes on All Funds

A. Assets

Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2024, the County's deposits had a carrying amount of \$57,326,003 and a bank balance of \$61,936,403 of the bank balance, \$1,291,091 was covered by federal depository insurance and \$60,645,312 was covered by collateral held under the Pooling Method.

At June 30, 2024, Wilkes County had \$6,730 cash on hand.

Investments

As of June 30, 2024, 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	\$ 29,229,809	\$ 29,229,809	\$ -	\$ -
First Citizens Wealth Management					
US Treasuries	Fair Value - Level 1	2,668,935	673,654	217,577	1,777,704
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	29,143	29,143	-	-
		<u>\$ 31,927,887</u>	<u>\$ 29,932,606</u>	<u>\$ 217,577</u>	<u>\$ 1,777,704</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.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, the County's investments in NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poors and AAA-mf by Moody's Investor Service. The County's investments in US Treasuries are rated AA- by Standard and Poor's and Aa3 by Moody's Investor Services.

Property Tax - Use-Value Assessment on Certain Lands

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4,190,165	\$ 995,164	\$ 5,185,329
2022	4,192,644	618,415	4,811,059
2023	4,190,831	240,973	4,431,804
2024	<u>4,201,927</u>	<u>-</u>	<u>4,201,927</u>
Total	<u>\$ 16,775,567</u>	<u>\$ 1,854,552</u>	<u>\$ 18,630,119</u>

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Receivables

Receivables at the government-wide level at June 30, 2024 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
		<u>Landfill</u>	<u>Airport</u>
Taxes Receivable:			
Taxes receivable	\$ 3,396,524	\$ -	\$ -
Allowance for doubtful accounts	(1,020,524)	-	-
Total taxes receivable	<u>\$ 2,376,000</u>	<u>\$ -</u>	<u>\$ -</u>
Accounts Receivable:			
Other	\$ 53,916	\$ -	\$ -
Opioid settlement	18,060,830	-	-
EMS/Landfill/Airport sales	1,143,511	364,600	114,002
Allowance for doubtful accounts	(3,947,715)	(21,365)	(5,292)
Total accounts receivable	<u>\$ 15,310,542</u>	<u>\$ 343,235</u>	<u>\$ 108,710</u>
Due from Other Governments:			
Local option sales tax distribution	\$ 4,252,760	\$ -	\$ -
Sales tax refund	380,804	67,502	40,216
Motor vehicle tax	556,514	-	-
Grants	-	-	-
Total due from other governments	<u>\$ 5,190,078</u>	<u>\$ 67,502</u>	<u>\$ 40,216</u>

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, 2024, the value of the lease receivable is \$184. 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, 2024, was \$236, 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.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, 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, 2024, was \$0, and Wilkes County recognized lease revenue of \$2,424 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, 2024, the value of the lease receivable is \$7,957. 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, 2024, was \$7,861, 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, 2024, the value of the lease receivable is \$320. 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, 2024, was \$217, and Wilkes County recognized lease revenue of \$193 during the fiscal year. The lessee had a termination period of 1-month as of the lease commencement.

On 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, 2024, the value of the lease receivable is \$34,099. 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, 2024, was \$31,761, 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 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, 2024, the value of the lease receivable is \$24,179. 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, 2024, was \$22,623, 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, 2024, the value of the lease receivable is \$21,483. 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, 2024, was \$20,101, and Wilkes County recognized lease revenue of \$3,053 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, 2024

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, 2024, the value of the lease receivable is \$84,585. 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, 2024, was \$79,083, and Wilkes County recognized lease revenue of \$4,917 during the fiscal year. The lessee has 3 extension option(s), each for 60-months.

On 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, 2024, the value of the lease receivable is \$11,075. 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, 2024, was \$10,422, and Wilkes County recognized lease revenue of \$3,790 during the fiscal year. The lessee has 3 extension option(s), each for 60-months.

On July 1, 2021, Wilkes County, North Carolina, entered into a 80-month lease as Lessor for the use of Hangar – Window World. An initial lease receivable was recorded in the amount of \$235,986. As of June 30, 2024, the value of the lease receivable is \$130,736. The lessee is required to make monthly fixed payments of \$3,000. The lease has an interest rate of 0.5140%. The value of the deferred inflow of resources as of June 30, 2024, was \$129,792, and Wilkes County recognized lease revenue of \$35,398 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

On January 1, 2024, Wilkes County, North Carolina, entered into a 48-month lease as Lessor for the use of Farmland – ASJ. An initial lease receivable was recorded in the amount of \$32,071. As of June 30, 2024, the value of the lease receivable is \$23,966. The lessee is required to make monthly fixed payments of \$8,105. The lease has an interest rate of 0.7270%. The value of the deferred inflow of resources as of June 30, 2024, was \$28,062, and Wilkes County recognized lease revenue of \$4,009 during the fiscal year.

On February 1, 2024, Wilkes County, North Carolina, entered into a 240-month lease as Lessor for the use of Airport – Swanner. An initial lease receivable was recorded in the amount of \$81,620. As of June 30, 2024, the value of the lease receivable is \$80,277. The lessee is required to make monthly fixed payments of \$340. The lease has an interest rate of 0.0%. The value of the deferred inflow of resources as of June 30, 2024, was \$79,920, and Wilkes County recognized lease revenue of \$1,700 during the fiscal year.

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Year Ending	Governmental Activities			
	June 30	Principal	Interest	Total
2025		\$ 7,957	\$ 16	\$ 7,973

Year Ending	Business-Type Activities			
	June 30	Principal	Interest	Total
2025		\$ 62,449	\$ 4,113	\$ 66,562
2026		63,330	3,599	66,929
2027		63,194	3,072	66,266
2028		40,906	2,573	43,479
2029		17,917	2,264	20,181
2030-2034		73,833	7,629	81,462
2035-2039		57,807	3,013	60,820
2040-2041		31,468	114	31,582
Total		\$ 410,904	\$ 26,377	\$ 437,281

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Increases	Decreases	Transfers	Balance June 30, 2024
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 1,958,649	\$ -	\$ -	\$ -	\$ 1,958,649
Construction in progress	9,227,836	6,627,658	-	(12,703,870)	3,151,624
Total non-depreciable capital assets	11,186,485	6,627,658	-	(12,703,870)	5,110,273
Depreciable Capital Assets:					
Buildings	32,939,568	305,344	337,866	12,703,870	45,610,916
Other improvements	11,069,046	459,109	15,694	-	11,512,461
Equipment	18,321,062	1,568,720	2,017,001	(38,768)	17,834,013
Total depreciable capital assets	62,329,676	2,333,173	2,370,561	12,665,102	74,957,390
Right-to-Use Assets:					
Leased vehicles and equipment	5,629,208	17,280	2,575,819	-	3,070,669
IT subscriptions	78,925	52,863	23,297	-	108,491
Total right-to-use assets	5,708,133	70,143	2,599,116	-	3,179,160
Less Accumulated Depreciation:					
Buildings	12,217,457	1,138,039	85,147	-	13,270,349
Other improvements	4,650,457	558,103	15,694	-	5,192,866
Equipment	10,931,375	1,091,852	1,985,472	(38,768)	9,998,987
Total accumulated depreciation	27,799,289	2,787,994	2,086,313	(38,768)	28,462,202
Less Accumulated Amortization:					
Leased vehicles and equipment	1,459,202	327,427	962,170	-	824,459
IT subscriptions	22,051	43,452	17,235	-	48,268
Total accumulated amortization	1,481,253	370,879	979,405	-	872,727
Total depreciable capital assets, net	38,757,267				48,801,621
Governmental activities capital assets, net	\$ 49,943,752				\$ 53,911,894

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

General government	\$ 1,709,069
Public safety	1,065,590
Environmental protection	17,207
Human services	131,688
Social Services	116,435
Cultural and recreational	<u>118,884</u>
Total	<u>\$ 3,158,873</u>

	<u>Balance July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2024</u>
Business-Type Activities:					
Landfill:					
Non-Depreciable Capital Assets:					
Land	\$ 4,692,632	\$ -	\$ -	\$ -	\$ 4,692,632
Construction in progress	<u>25,000</u>	<u>399,970</u>	<u>-</u>	<u>-</u>	<u>424,970</u>
Total non-depreciable assets	<u>4,717,632</u>	<u>399,970</u>	<u>-</u>	<u>-</u>	<u>5,117,602</u>
Depreciable Capital Assets:					
Buildings	1,526,676	-	-	-	1,526,676
Other improvements	8,365,736	73,541	33,372	-	8,405,905
Equipment	<u>8,329,746</u>	<u>685,125</u>	<u>1,804,021</u>	<u>38,768</u>	<u>7,249,618</u>
Total depreciable capital assets	<u>18,222,158</u>	<u>758,666</u>	<u>1,837,393</u>	<u>38,768</u>	<u>17,182,199</u>
Right-to-Use Assets:					
Leased vehicles and equipment	<u>1,855</u>	<u>-</u>	<u>1,855</u>	<u>-</u>	<u>-</u>
Less Accumulated Depreciation:					
Buildings	446,630	59,375	-	-	506,005
Other improvements	5,832,475	470,336	23,386	-	6,279,425
Equipment	<u>5,259,218</u>	<u>510,259</u>	<u>1,778,675</u>	<u>38,768</u>	<u>4,029,570</u>
Total accumulated depreciation	<u>11,538,323</u>	<u>1,039,970</u>	<u>1,802,061</u>	<u>38,768</u>	<u>10,815,000</u>
Less Accumulated Amortization:					
Leased vehicles and equipment	<u>1,810</u>	<u>45</u>	<u>1,855</u>	<u>-</u>	<u>-</u>
Total depreciable capital assets, net	<u>6,683,880</u>				<u>6,367,199</u>
Landfill capital assets, net	<u>11,401,512</u>				<u>11,484,801</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

	Balance July 1, 2023	Increases	Decreases	Transfers	Balance June 30, 2024
Airport:					
Non-Depreciable Capital Assets:					
Land	2,843,877	-	-	-	2,843,877
Construction in progress	-	196,237	-	-	196,237
Total non-depreciable capital assets	2,843,877	196,237	-	-	3,040,114
Depreciable Capital Assets:					
Buildings	9,570,368	49,161	-	-	9,619,529
Other improvements	21,712,978	83,901	-	-	21,796,879
Equipment	387,313	10,640	39,917	-	358,036
Total depreciable capital assets	31,670,659	143,702	39,917	-	31,774,444
Right-to-Use Assets:					
Leased vehicles and equipment	66,058	-	1,376	-	64,682
Less Accumulated Depreciation:					
Buildings	331,193	358,509	-	-	689,702
Other improvements	14,268,386	1,045,293	-	-	15,313,679
Equipment	284,133	16,908	39,917	-	261,124
Total accumulated depreciation	14,883,712	1,420,710	39,917	-	16,264,505
Less Accumulated Amortization:					
Leased vehicles and equipment	34,010	16,805	1,376	-	49,439
Total depreciable capital assets, net	16,818,995				15,525,182
Airport capital assets, net	19,662,872				18,565,296
Business-type activities capital assets, net	\$ 31,064,384				\$ 30,050,097

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2024, is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 53,911,894	\$ 30,050,097
Long-term debt	(48,198,772)	(15,331)
Long-term debt for assets not owned by the County	15,968,777	-
Unspent debt proceeds	21,396,464	-
Net investment in capital assets	\$ 43,078,363	\$ 30,034,766

The \$126,169 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, 2024**

Construction Commitments

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

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Wilkes County Administrative Building	\$ 3,213,450	\$ 18,286,550

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2024, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Vendors	\$ 2,472,632	\$ 468,980	\$ 2,941,612
Accrued interest	775,464	-	775,464
Retainage payable	144,643	-	144,643
Total accounts payable	<u>\$ 3,392,739</u>	<u>\$ 468,980</u>	<u>\$ 3,861,719</u>

Pension Plan Obligations

Local Governmental Employees' Retirement System

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

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

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, was 14.04% of compensation for law enforcement officers and 12.89% 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 \$3,418,804 for the year ended June 30, 2024.

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

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

At June 30, 2024, the County reported a liability of \$19,160,260 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, the County's proportion was .289%, (measured as of June 30, 2023) which was an decrease of .0147% from its proportion as of June 30, 2023 (measured as of June 30, 2022).

For the year ended June 30, 2024, the County recognized pension expense of \$5,289,925. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,135,020	\$ 45,963
Changes of assumptions	814,201	-
Net difference between projected and actual earnings on pension plan investments	5,128,124	-
Changes in proportion and differences between County contributions and proportionate share of contributions	9,661	577,995
County contributions subsequent to the measurement date	<u>3,418,804</u>	-
Total	<u>\$ 11,505,810</u>	<u>\$ 623,958</u>

\$3,418,804 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, 2025. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending		Total
<u>June 30</u>		<u>Total</u>
2025	\$	2,690,762
2026		1,276,408
2027		3,279,034
2028		216,844
2029		-
Thereafter		-
Total	\$	<u>7,463,048</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Actuarial Assumptions. The total pension liability in the December 31, 2022, 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, 2022 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	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	<u>6.0%</u>	2.7%
Total	<u>100.0%</u>	

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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%	Discount	1%
	Decrease	Rate	Increase
	(5.50%)	(6.50%)	(7.50%)
County's proportionate share of the net pension liability (asset)	<u>\$33,194,397</u>	<u>\$19,160,260</u>	<u>\$7,606,043</u>

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

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2022, the Separation Allowance's membership consisted of:

Retirees receiving benefits	18
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>75</u>
Total	<u><u>93</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, 2022, 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	4.00 percent

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

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

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

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

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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 continent survivor tables have no rates prior to age 45, the Below-Median Teachers Mortality Table for Employees is used for ages less than 45.

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

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefit payments and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$226,287 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, 2024, the County reported a total pension liability of \$2,930,102. The total pension liability was measured as of December 31, 2023, based on a December 31, 2022, actuarial valuation. The total pension liability was rolled forward to December 31, 2023, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the County recognized pension expense of \$403,621.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 289,993	\$ 12,085
Changes of assumptions	285,854	336,483
County benefit payments and plan administrative expense made subsequent to the measurement date	118,183	-
Total	\$ 694,030	\$ 348,568

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The County paid \$118,183 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, 2025. 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
2025	\$ 156,012
2026	88,851
2027	(35,177)
2028	1,635
2029	15,958
Total	<u>\$ 227,279</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 4.00 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 (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	1%	Discount	1%
	Decrease	Rate	Increase
	(3.00%)	(4.00%)	(5.00%)
Total pension liability	<u>\$ 3,168,468</u>	<u>\$ 2,930,102</u>	<u>\$ 2,713,677</u>

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

	<u>2024</u>
Beginning balance	\$ 2,714,701
Service cost	114,088
Interest on the total pension liability	112,127
Differences between expected and actual	150,756
Changes of assumptions or other inputs	64,717
Benefit payments	<u>(226,287)</u>
Ending balance of the total pension liability	<u>\$ 2,930,102</u>

Changes of Assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 4.31 percent at June 30, 2023 to 4.00 percent at June 30, 2024.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2022, 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 \$226,287 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, 2024

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 \$5,044 for the year ended June 30, 2024.

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

At June 30, 2024, the County reported an asset of \$74,328 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, 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, 2024, the County's proportion was .619% (measured as of June 30, 2023), which was an increase of .074% from its proportion as of June 30, 2023 (measured at June 30, 2022).

For the year ended June 30, 2024, the County recognized pension expense of \$8,963. At June 30, 2024, 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	\$ -	\$ 3,291
Net difference between projected and actual earnings on pension plan investments	37,754	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	11,572
County contributions subsequent to the measurement date	<u>5,044</u>	<u>-</u>
Total	<u>\$ 42,798</u>	<u>\$ 14,863</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

\$5,044 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, 2025. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
<u>June 30</u>	<u>Total</u>
2025	\$ 1,832
2026	7,718
2027	10,960
2028	<u>2,381</u>
Total	<u>\$22,891</u>

Actuarial Assumptions. The total pension liability in the December 31, 2022, 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, 2022, 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, 2023, is 1.1%.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 <u>(2.00%)</u>	Discount Rate <u>(3.00%)</u>	1% Increase <u>(4.00%)</u>
County's proportionate share of the net pension liability (asset)	<u>\$ (50,737)</u>	<u>\$ (74,328)</u>	<u>\$ (94,219)</u>

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:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$ 19,160,260	\$ (74,328)	\$ -	\$ 19,085,932
Proportion of the net pension liability (asset)	0.28930%	0.61852%	n/a	0.90782%
Total pension liability	-	-	2,930,102	2,930,102
Pension expense	5,289,925	8,963	403,621	5,702,509

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	LGERS	ROD	LEOSSA	Total
Differences between expected and actual experience	\$ 2,135,020	\$ -	\$289,993	\$ 2,425,013
Changes of assumptions	814,201	-	285,854	1,100,055
Net difference between projected and actual earnings on pension plan investments	5,128,124	37,754	-	5,165,878
Changes in proportion and differences between County contributions and proportionate share of contributions	9,661	-	-	9,661
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	3,418,804	5,044	118,183	3,542,031
Total deferred outflows of resources	<u>\$ 11,505,810</u>	<u>\$ 42,798</u>	<u>\$694,030</u>	<u>\$ 12,242,638</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$ 45,963	\$ 3,291	\$ 12,085	\$ 61,339
Changes of assumptions	-	-	336,483	336,483
Changes in proportion and differences between County contributions and proportionate share of contributions	577,995	11,572	-	589,567
Total deferred inflows of resources	<u>\$ 623,958</u>	<u>\$ 14,863</u>	<u>\$348,568</u>	<u>\$ 987,389</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, 2023, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	128
Active members	491
Total	619

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Total OPEB Liability

The County's total OPEB liability of \$38,455,851 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2023, 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	3.65 percent
Health care cost trend rates	Pre-Medicare - 7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2033. Medicare - 5.125% for 2023 decreasing to an ultimate rate of 4.50% by 2026.

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, 2022	<u>\$ 36,145,745</u>
Changes for the year:	
Service cost	1,117,306
Interest	1,300,742
Differences between expected and actual experience	934,921
Changes of assumptions or other inputs	4,102
Benefit payments	<u>(1,046,965)</u>
Net changes	<u>2,310,106</u>
Balance at June 30, 2023 (measurement date)	<u><u>\$ 38,455,851</u></u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.54% to 3.65%.

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, 2024

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increase used in the June 30, 2023, 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, 2023, valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 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 (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 45,892,754	\$ 38,455,851	\$ 32,661,118

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

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 32,262,102	\$ 38,455,851	\$ 46,547,492

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

For the year ended June 30, 2024, the County recognized OPEB expense of \$1,479,624. At June 30, 2024, 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	\$ 1,226,099	\$ 1,309,187
Changes of assumptions or other inputs	5,333,704	8,137,246
County contributions subsequent to the measurement date	964,607	-
Total	\$ 7,524,410	\$ 9,446,433

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

\$964,607 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, 2025. 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
2025	\$ (738,833)
2026	(391,057)
2027	(137,989)
2028	(65,868)
2029	(1,079,734)
Thereafter	(473,149)
Total	<u>\$ (2,886,630)</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 \$8,555,000 reported as landfill closure and post-closure care liability at June 30, 2024, represents a cumulative amount reported to date based on the use of 6 cells. The County has approximately 349,407 cubic yards remaining for waste disposal and cover soil. Assuming the annual tonnage remains constant and an average airspace utilization factor of 1,116 lbs./cy the remaining life of the landfill is approximately 2.1

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

years. Amounts are based on what it would cost to perform all closure and post-closure care in 2024. 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 \$6,695,116 (market value \$6,695,116) 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	\$ 126,169	\$ -
(OPEB) - Differences between expected and actual experience	1,226,099	1,309,187
(OPEB) - Changes of assumptions	5,333,704	8,137,246
Benefit payments for the OPEB plan paid subsequent to measurement date	964,607	-
(Pensions) - Differences between expected and actual experience	2,425,013	61,339
(Pensions) - Changes of assumptions	1,100,055	336,483
(Pensions) - Net difference between projected and actual earnings on pension plan investments	5,165,878	-
(Pensions) - Changes in proportion and differences between County contributions and proportionate share of contributions	9,661	589,567
Contributions to pension plan subsequent to measurement date (LGERS, ROD)	3,423,848	-
Benefit payments and admin costs paid subsequent to the measurement date (LEOSSA)	118,183	-
Prepaid taxes not yet earned (General)	-	66,023
Taxes receivable, net (General)	-	2,110,281
Taxes receivable, net (Fire District Fund)	-	265,719
Lease deferrals	-	410,078
Other receivables, net (Opioid Settlement Fund)	-	14,448,664
Other receivables, net General Fund	-	807,962
Total	\$ 19,893,217	\$ 28,542,549

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 umbrella 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 \$117,627,642.

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

There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

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

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

	<u>2023</u>	<u>2024</u>
Balance, beginning of year	\$ 833,992	\$ 823,719
Incurred claims (including IBNRs) and changes in estimates	6,100,727	6,093,160
Less claims payments	<u>(6,111,000)</u>	<u>(5,957,607)</u>
Balance, end of year	<u>\$ 823,719</u>	<u>\$ 959,272</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Contingent Liabilities

At June 30, 2024, 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. \$ 8,410,000

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, 2024, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2025	\$ 650,000	\$ 236,321	\$ 886,321
2026	650,000	218,056	868,056
2027	650,000	199,791	849,791
2028	650,000	181,526	831,526
2029	650,000	163,261	813,261
2030-2034	3,240,000	542,330	3,782,330
2035-2037	1,920,000	107,904	2,027,904
Total	\$ 8,410,000	\$ 1,649,189	\$ 10,059,189

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 \$ 13,720,000

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, are as follows:

Year Ending	Governmental Activities		
June 30	Principal	Interest	Total
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	-	233,100	233,100
2030-2034	4,520,000	897,250	5,417,250
2035-2039	2,115,000	121,050	2,236,050
Total	\$ 13,720,000	\$ 2,621,700	\$ 16,341,700

Limited Obligation Bonds

\$21,550,000 Limited Obligation Bonds Series 2023,
issued November 16, 2023, interest rate of 5%; payable
in semiannual installments of \$1,135,000 plus interest;
issued for construction of Wilkes County Administration
Building \$ 21,550,000

The \$21,550,000 Limited Obligation Bonds Series 2023 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, 2024, are as follows:

Year Ending	Governmental Activities		
June 30	Principal	Interest	Total
2025	\$ 1,135,000	\$ 1,077,500	\$ 2,212,500
2026	1,135,000	1,020,750	2,155,750
2027	1,135,000	964,000	2,099,000
2028	1,130,000	907,250	2,037,250
2029	1,135,000	850,750	1,985,750
2030-2034	5,670,000	3,402,750	9,072,750
2035-2039	5,670,000	1,985,500	7,655,500
2040-2043	4,540,000	567,500	5,107,500
Total	\$ 21,550,000	\$ 10,776,000	\$ 32,326,000

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 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, 2024, the value of the lease liability is \$15,331. 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, 2024, is \$64,682 with accumulated amortization of \$49,439.

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, 2024, the value of the lease liability is \$2,057. 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, 2024, is \$8,185 with accumulated amortization of \$5,116.

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, 2024, the value of the lease liability is \$2,209,037. 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, 2024, is \$2,994,843 with accumulated amortization of \$773,245.

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, 2024, the value of the lease liability is \$1,710. 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, 2024, is \$6,758 with accumulated amortization of \$4,898.

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, 2024, the value of the lease liability is \$876. 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, 2024, is \$3,473 with accumulated amortization of \$2,065.

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, 2024, the value of the lease liability is \$0. 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, 2024, is \$6,950 with accumulated amortization of \$6,188.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, the value of the lease liability is \$1,279. 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, 2024, is \$24,039 with accumulated amortization of \$22,362.

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, 2024, the value of the lease liability is \$2,891. 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, 2024, is \$9,141 with accumulated amortization of \$6,265.

On July 1, 2023, Wilkes County, North Carolina, entered into a 48-month lease as Lessee for the use of Traphill Library. An initial lease liability was recorded in the amount of \$17,280. As of June 30, 2024, the value of the lease liability is \$12,960. Wilkes County, North Carolina, is required to make monthly fixed payments of \$360. The lease has an interest rate of 0.0%. The value of the right-to-use asset as of June 30, 2024, is \$17,280 with accumulated amortization of \$4,320. Wilkes County, North Carolina, has 1 extension option(s), each for 24-months.

Year Ending	Governmental Activities		
June 30	Principal	Interest	Total
2025	\$ 302,441	\$ 33,526	\$ 335,967
2026	299,398	28,584	327,982
2027	303,497	23,903	327,400
2028	303,932	19,148	323,080
2029	308,763	14,317	323,080
2030-2032	<u>712,779</u>	<u>14,151</u>	<u>726,930</u>
Total	<u>\$ 2,230,810</u>	<u>\$ 133,629</u>	<u>\$ 2,364,439</u>

Year Ending	Business-Type Activities		
June 30	Principal	Interest	Total
2025	<u>\$ 15,331</u>	<u>\$ 69</u>	<u>\$ 15,400</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Subscriptions

The County has entered into subscription-based information technology arrangements (SBITAs). 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.

On July 1, 2022, Wilkes County, North Carolina, entered into a 26-month subscription for the use of iWorq Community Development. An initial subscription liability was recorded in the amount of \$49,363. As of June 30, 2024, the value of the subscription liability is \$20,647. Wilkes County is required to make annual fixed payments of \$8,500. The subscription has an interest rate of 1.7100%. The value of the right-to-use asset as of June 30, 2024, is \$52,863 with accumulated amortization of \$24,398.

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, 2024, the value of the subscription liability is \$18,538. 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, 2024, is \$55,628 with accumulated amortization of \$23,870.

The future minimum lease obligations and the net present value of these minimum subscription payments as of June 30, 2024, were as follows for IT subscriptions:

Year Ending	Governmental Activities		
	Principal	Interest	Total
June 30			
2025	\$ 39,185	\$ 845	\$40,030

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental Activities:					
Direct placement installment purchases	\$ 9,060,000	\$ -	\$ 650,000	\$ 8,410,000	\$ 650,000
Limited obligation bonds	-	21,550,000	-	21,550,000	1,135,000
Certificate of participation	14,900,000	-	1,180,000	13,720,000	5,890,000
Compensated absences	2,723,285	2,658,925	2,042,464	3,339,746	2,042,464
Incurred, but not reported, health claims	823,719	6,093,160	5,957,607	959,272	-
Total pension liability (LEOSSA)	2,714,701	215,401	-	2,930,102	118,183
Net pension liability (LGERS)	16,476,258	1,928,281	-	18,404,539	-
Total OPEB liability	34,699,914	2,217,702	-	36,917,616	926,023
Unamortized premiums	1,354,666	998,316	104,205	2,248,777	-
Lease liabilities	4,237,348	17,280	2,023,818	2,230,810	302,441
Subscription liabilities	36,597	40,933	38,345	39,185	39,185
Total governmental activities	<u>\$ 87,026,488</u>	<u>\$ 35,719,998</u>	<u>\$ 11,996,439</u>	<u>\$ 110,750,047</u>	<u>\$ 11,103,296</u>
Business-Type Activities:					
Landfill Fund:					
Accrued landfill closure and post-closure care costs	\$ 7,805,000	\$ 750,000	\$ -	\$ 8,555,000	\$ -
Compensated absences	106,058	53,230	79,544	79,744	53,230
Net pension liability (LGERS)	522,181	60,259	-	582,440	-
Total OPEB liability	1,084,373	69,303	-	1,153,676	28,938
Total Landfill Fund	<u>\$ 9,517,612</u>	<u>\$ 932,792</u>	<u>\$ 79,544</u>	<u>\$ 10,370,860</u>	<u>\$ 82,168</u>
Airport Fund:					
Lease liabilities	\$ 31,914	\$ -	\$ 16,583	\$ 15,331	\$ 15,331
Compensated absences	14,111	14,399	10,583	17,927	14,399
Net pension liability (LGERS)	153,195	20,086	-	173,281	-
Total OPEB liability	361,458	23,101	-	384,559	9,646
Total Airport Fund	<u>\$ 560,678</u>	<u>\$ 57,586</u>	<u>\$ 27,166</u>	<u>\$ 591,098</u>	<u>\$ 39,376</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, 2024, Wilkes County had a legal debt margin of approximately \$468,100,000.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, \$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, 2024, there were no industrial revenue bonds outstanding.

Due to/from Other Funds

Balances due to/from other funds at June 30, 2024, 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 Fire District Fund from the General Fund for timing difference discovered on billing.	18,721
Total	<u>\$ 418,721</u>

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Transfers to/from Other Funds

Transfers in (out) for the year ended June 30, 2024, are summarized below:

	Transfers		Purpose
	From	To	
Operating Transfers			
From/To Other Funds:			
General Fund	\$ 1,282,984	\$ 270,600	To cover opioid related expenditures in the general fund
CDBG Fund	276	-	To close fund out
COVID Recovery Act Fund	74	8,291	To close fund out
PARTF Fund	-	174,693	To close fund out
Opioid Fund	270,250		To pay back the general fund for Opioid related expenditures
Landfill Fund	500,000	1,100,000	To cover new cell construction costs
Landfill Captial Reserve	-	<u>500,000</u>	To cover new cell construction costs
Total transfers	<u>\$ 2,053,584</u>	<u>\$ 2,053,584</u>	

3. Related Organization

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

4. Related Party Transactions

At June 30, 2024, the County owed Wilkes County District W Tourism Development Authority (TDA) \$74,107 for occupancy taxes collected on its behalf. The Authority owed the County \$2,233 for administrative services as of year-end.

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

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

facilities. The County contributed \$4,059,453 and \$200,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2024. 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, 2024. 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, 2024. 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.

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, 2024. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$765,675 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, 2024. The County appropriated \$258,481 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 \$73,449 to the Council during the fiscal year ended June 30, 2024.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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.

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 \$4,967,259 for salaries and benefits for various departments, \$2,020 for operating expenditures, and \$5,169,046 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. Subsequent Events

Damage in certain areas of the State of North Carolina resulting from Hurricane Helene beginning on September 26, 2024, and continuing, was of sufficient severity and magnitude to warrant a major disaster declaration by the President. Hurricane Helene struck North Carolina and caused serious flooding and wind damage in Wilkes County, including areas where the County operates. While there has been damage to buildings and other assets, as of the date of this report, it is unknown as to the extent of that damage.

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

10. Correction of Error

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*, in the fiscal year ended June 30, 2024.

For the year ended June 30, 2024, the financial statements included a correction of an error to beginning net position of the Component Units on the Statement of Activities in the amount of \$12,705. The restatement is from Wilkes County District K Tourism Development Authority, which had previously been excluded.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances Component Unit
	Tourism Development Authority
6/30/23, as previously reported	\$ -
Correction of error	12,705
6/30/24, restated	\$ 12,705

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				
	2024	2023	2022	2021	2020
Wilkes' proportion of the net pension liability (asset) (%)	0.28930%	0.30403%	0.30318%	0.30582%	0.29931%
Wilkes' proportion of the net pension liability (asset) (\$)	\$19,160,260	\$17,151,634	\$ 4,649,556	\$10,928,251	\$ 8,173,923
Wilkes' covered payroll*	\$23,623,561	\$21,794,642	\$20,918,611	\$20,740,830	\$19,751,765
Wilkes' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	81.11%	78.70%	22.23%	52.69%	41.38%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%

* 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				
	2019	2018	2017	2016	2015
Wilkes' proportion of the net pension liability (asset) (%)	0.29659%	0.29190%	0.28774%	0.27742%	0.27346%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ 7,036,129	\$ 4,459,423	\$ 6,106,807	\$ 1,245,044	\$ (1,612,722)
Wilkes' covered payroll*	\$18,343,058	\$17,627,739	\$16,786,999	\$15,873,019	\$15,404,189
Wilkes' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.36%	25.30%	36.38%	7.84%	(10.47%)
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%

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

Local Governmental Employees' Retirement System					
	2024	2023	2022	2021	2020
Contractually required contribution	\$ 3,418,804	\$ 2,892,768	\$ 2,500,168	\$ 2,150,562	\$ 1,885,001
Contributions in relation to the contractually required contribution	<u>3,418,804</u>	<u>2,892,768</u>	<u>2,500,168</u>	<u>2,150,562</u>	<u>1,885,001</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Wilkes' covered payroll	\$26,170,696	\$23,623,561	\$21,794,642	\$20,918,611	\$20,740,830
Contributions as a percentage of covered payroll	13.06%	12.25%	11.47%	10.28%	9.09%

WILKES COUNTY, NORTH CAROLINA

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

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

WILKES COUNTY, NORTH CAROLINA

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

Law Enforcement Officers' Special Separation Allowance				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 2,714,701	\$ 3,179,391	\$ 2,960,203	\$ 2,066,891
Service cost	114,088	160,873	170,147	101,241
Interest on the total pension liability	112,127	69,275	55,305	63,929
Differences between expected and actual actual experience in the measurement of the total pension liability	150,756	(19,153)	264,730	149,491
Changes of assumptions or other inputs	64,717	(474,695)	(81,649)	790,379
Benefit payments	(226,287)	(200,990)	(189,345)	(211,728)
Ending balance of the total pension liability	<u>\$ 2,930,102</u>	<u>\$ 2,714,701</u>	<u>\$ 3,179,391</u>	<u>\$ 2,960,203</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 EIGHT FISCAL YEARS**

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

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 EIGHT FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance				
	2024	2023	2022	2021
Total pension liability	\$ 2,930,102	\$ 2,714,701	\$ 3,179,391	\$ 2,960,203
Covered-employee payroll	\$ 4,037,495	\$ 3,931,252	\$ 3,945,012	\$ 3,778,916
Total pension liability as a percentage of covered-employee payroll	72.57%	69.05%	80.59%	78.33%

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 EIGHT FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance				
	2020	2019	2018	2017
Total pension liability	\$2,066,891	\$1,971,335	\$1,919,108	\$1,907,407
Covered-employee payroll	\$3,477,333	\$3,239,268	\$3,088,792	\$3,064,964
Total pension liability as a percentage of covered-employee payroll	59.44%	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 SEVEN FISCAL YEARS**

	Other Post-Employment Benefits			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Service cost	\$ 1,117,306	\$ 1,718,535	\$ 1,547,323	\$ 972,754
Interest on the total pension liability	1,300,742	991,363	918,052	1,103,659
Differences between expected and actual experience	934,921	(133,095)	591,954	64,030
Changes of assumptions	4,102	(10,148,312)	2,145,075	8,365,298
Benefit payments	<u>(1,046,965)</u>	<u>(916,381)</u>	<u>(1,118,381)</u>	<u>(1,024,170)</u>
Net change in total OPEB liability	2,310,106	(8,487,890)	4,084,023	9,481,571
Total OPEB liability - beginning	<u>36,145,745</u>	<u>44,633,635</u>	<u>40,549,612</u>	<u>31,068,041</u>
Total OPEB liability - ending	<u>\$38,455,851</u>	<u>\$36,145,745</u>	<u>\$44,633,635</u>	<u>\$40,549,612</u>
Covered-employee payroll	\$22,366,843	\$19,774,104	\$19,774,104	\$18,673,305
Total OPEB liability as a percentage of covered-employee payroll	171.93%	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>
2024	3.65%
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 SEVEN FISCAL YEARS**

Other Post-Employment Benefits			
	<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					
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Wilkes' proportion of the net pension liability (asset) (%)	0.61852%	0.54488%	0.51427%	0.50927%	0.52542%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ (74,328)	\$ (72,142)	\$ (98,807)	\$ (116,714)	\$ (103,728)
Plan fiduciary net position as a percentage of the total pension liability**	135.74%	139.04%	156.53%	173.62%	164.11%

* 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 ROD 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				
	2019	2018	2017	2016	2015
Wilkes' proportion of the net pension liability (asset) (%)	0.59653%	0.58377%	0.61932%	0.63542%	0.62699%
Wilkes' proportion of the net pension liability (asset) (\$)	\$ (98,803)	\$ (99,644)	\$ (115,788)	\$ (147,252)	\$ (142,114)
Plan fiduciary net position as a percentage of the total pension liability**	153.31%	153.77%	160.17%	197.29%	193.88%

WILKES COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund					
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 5,044	\$ 5,520	\$ 6,246	\$ 6,172	\$ 5,260
Contributions in relation to the contractually required contribution	<u>5,044</u>	<u>5,520</u>	<u>6,246</u>	<u>6,172</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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 5,260	\$ 3,921	\$ 3,962	\$ 3,962	\$ 2,928
Contributions in relation to the contractually required contribution	<u>5,260</u>	<u>3,921</u>	<u>3,962</u>	<u>3,962</u>	<u>2,928</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, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over /Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 41,102,495	\$ 41,871,882	\$ 769,387	\$ 41,001,647
Penalties and interest	438,050	386,175	(51,875)	369,008
Total	41,540,545	42,258,057	717,512	41,370,655
Local Option Sales Taxes:				
Article 39 one percent	9,215,262	9,134,872	(80,390)	9,524,799
Article 40 one-half of one percent	6,890,945	6,759,661	(131,284)	6,659,179
Article 42 one-half of one percent	4,997,031	4,867,712	(129,319)	5,062,844
Article 44 one-half of one percent	1,818,319	2,082,845	264,526	1,913,494
Article 46 one-fourth of one percent	2,554,379	2,431,628	(122,751)	2,558,239
Total	25,475,936	25,276,718	(199,218)	25,718,555
Other Taxes and Licenses:				
Real estate transfer taxes	250,000	311,589	61,589	317,257
Unrestricted Intergovernmental:				
Payments in lieu of taxes	30,000	33,480	3,480	34,169
Beer and wine tax	280,000	276,903	(3,097)	258,915
Total	310,000	310,383	383	293,084
Restricted Intergovernmental:				
Federal and state grants	16,827,641	15,050,729	(1,776,912)	13,638,037
Lottery proceeds	1,536,680	1,461,680	(75,000)	625,000
Court facility fees	90,000	79,747	(10,253)	79,695
Fines and forfeitures	40,000	75,280	35,280	63,197
Opioid settlement funds	310,292	-	(310,292)	-
Other	569,328	253,373	(315,955)	512,311
Total	19,373,941	16,920,809	(2,453,132)	14,918,240
Permits and Fees:				
Building permits	228,500	351,711	123,211	271,554
Register of Deeds	214,900	198,861	(16,039)	205,957
Total	443,400	550,572	107,172	477,511

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over /Under	Actual
Sales and Services:				
Ambulance and rescue squad fees	3,046,945	3,548,523	501,578	3,548,192
Jail fees	300,000	42,456	(257,544)	90,406
Rents and fees	4,600,746	3,644,369	(956,377)	3,409,076
Recreation fees	78,500	88,991	10,491	86,107
Total	<u>8,026,191</u>	<u>7,324,339</u>	<u>(701,852)</u>	<u>7,133,781</u>
Investment Earnings:				
Investment earnings	<u>401,500</u>	<u>2,124,003</u>	<u>1,722,503</u>	<u>1,476,676</u>
Miscellaneous:				
Fines and forfeitures	100,000	311,709	211,709	306,332
Representative payee revenues	-	397,582	397,582	274,137
Other	<u>2,564,259</u>	<u>1,764,239</u>	<u>(800,020)</u>	<u>1,213,010</u>
Total	<u>2,664,259</u>	<u>2,473,530</u>	<u>(190,729)</u>	<u>1,793,479</u>
Total revenues	<u>98,485,772</u>	<u>97,550,000</u>	<u>(935,772)</u>	<u>93,499,238</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	141,111	124,424		125,305
Other operating expenditures	<u>362,840</u>	<u>377,756</u>		<u>369,517</u>
Total	<u>503,951</u>	<u>502,180</u>	<u>1,771</u>	<u>494,822</u>
Administration:				
Salaries and employee benefits	541,831	516,029		425,777
Other operating expenditures	<u>45,816</u>	<u>25,858</u>		<u>42,493</u>
Total	<u>587,647</u>	<u>541,887</u>	<u>45,760</u>	<u>468,270</u>
Elections:				
Salaries and employee benefits	316,007	301,147		256,213
Other operating expenditures	<u>131,200</u>	<u>109,268</u>		<u>96,156</u>
Total	<u>447,207</u>	<u>410,415</u>	<u>36,792</u>	<u>352,369</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, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024		Variance Over /Under	2023
	Budget	Actual		Actual
Finance:				
Salaries and employee benefits	617,575	572,173		464,675
Other operating expenditures	38,700	28,013		24,056
Total	656,275	600,186	56,089	488,731
Tax Administration:				
Salaries and employee benefits	1,254,512	1,192,064		1,065,107
Other operating expenditures	495,000	396,917		210,100
Total	1,749,512	1,588,981	160,531	1,275,207
Legal:				
Salaries and employee benefits	182,905	182,158		164,609
Professional services	315,000	313,161		299,450
Other operating expenditures	10,061	4,480		9,373
Total	507,966	499,799	8,167	473,432
Register of Deeds:				
Salaries and employee benefits	413,647	401,926		380,024
Other operating expenditures	91,500	57,780		73,702
Total	505,147	459,706	45,441	453,726
Public Buildings:				
Salaries and employee benefits	139,406	137,371		127,007
Other operating expenditures	384,809	99,668		1,521,927
Capital outlay	297,000	200,694		293,067
Total	821,215	437,733	383,482	1,942,001
Court Facilities:				
Salaries and employee benefits	164,448	159,412		147,804
Other operating expenditures	308,234	265,954		302,637
Capital outlay	283,893	283,893		335,615
Total	756,575	709,259	47,316	786,056

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over /Under	Actual
Central Services:				
Data Processing:				
Salaries and employee benefits	263,956	263,660		236,290
Other operating expenditures	308,600	267,961		256,783
Capital outlay	52,863	52,863		78,925
Total	625,419	584,484	40,935	571,998
Central Garage:				
Salaries and employee benefits	444,214	401,654		400,032
Other operating expenditures	1,071,725	917,959		866,491
Capital outlay	53,200	49,581		52,249
Total	1,569,139	1,369,194	199,945	1,318,772
Purchasing:				
Salaries and employee benefits	68,427	68,396		62,751
Other operating expenditures	3,775	863		3,345
Total	72,202	69,259	2,943	66,096
Other Central Services:				
Other expenditures	1,031,412	930,670		949,513
Group insurance	1,649,245	1,190,232		1,162,786
Total	2,680,657	2,120,902	559,755	2,112,299
Total general government	11,482,912	9,893,985	1,588,927	10,803,779
Public Safety:				
Sheriff:				
Salaries and employee benefits	7,470,131	2,866,014		6,528,686
Other operating expenditures	703,797	634,408		496,952
Capital outlay	561,066	560,954		2,806,134
Total	8,734,994	4,061,376	4,673,618	9,831,772
Drug Crime Prevention:				
Other operating expenditures	160,472	160,327		57,684
Total	160,472	160,327	145	57,684

WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024		Variance Over /Under	2023
	Budget	Actual		Actual
Animal Control:				
Salaries and employee benefits	657,825	584,279		529,275
Other operating expenditures	136,500	96,310		96,142
Capital outlay	42,000	36,900		47,528
Total	836,325	717,489	118,836	672,945
Jail:				
Salaries and employee benefits	2,982,200	2,894,056		2,576,363
Other operating expenditures	3,789,488	2,680,106		2,222,063
Capital outlay	100,487	100,320		82,808
Total	6,872,175	5,674,482	1,197,693	4,881,234
Emergency Management:				
Salaries and employee benefits	97,599	82,624		81,652
Other operating expenditures	24,800	15,950		13,641
Capital outlay	30,000	-		-
Total	152,399	98,574	53,825	95,293
Fire:				
Salaries and employee benefits	170,622	165,996		143,174
Other operating expenditures	102,222	71,360		50,253
Capital outlay	75,042	73,373		-
Assistance to local fire departments	800	500		1,322
Total	348,686	311,229	37,457	194,749
Inspections:				
Salaries and employee benefits	715,837	617,169		534,406
Other operating expenditures	37,100	17,751		19,515
Capital outlay	31,500	31,284		-
Total	784,437	666,204	118,233	553,921
Medical Examiner:				
Other operating expenditures	92,000	74,730	17,270	74,395

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024		Variance Over /Under	2023
	Budget	Actual		Actual
Emergency Medical Services:				
Salaries and employee benefits	5,509,451	5,429,455		4,591,556
Other operating expenditures	582,718	458,454		896,995
Capital outlay	415,031	414,157		482,856
Total	6,507,200	6,302,066	205,134	5,971,407
Emergency Communications Center:				
Salaries and employee benefits	1,417,352	1,413,548		1,295,305
Other operating expenditures	407,782	332,668		339,476
Capital outlay	11,688	11,688		14,086
Total	1,836,822	1,757,904	78,918	1,648,867
Total public safety	26,325,510	19,824,381	6,501,129	23,982,267
Environmental Protection:				
Reservoir expenditures	169,563	169,562	1	131,685
Total environmental protection	169,563	169,562	1	131,685
Economic and Physical Development:				
Economic Development:				
Other operating expenditures	1,101,681	427,371	674,310	504,828
Planning and Zoning:				
Salaries and employee benefits	290,018	263,421		221,983
Other operating expenditures	441,607	36,610		44,216
Total	731,625	300,031	431,594	266,199
Agricultural Extension:				
Salaries and employee benefits	217,619	204,770		194,469
Other operating expenditures	58,100	40,660		50,734
Total	275,719	245,430	30,289	245,203
Extension Local:				
Other operating expenditures	71,000	33,283	37,717	26,978

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024		Variance Over /Under	2023
	Budget	Actual		Actual
Forestry:				
Salaries and employee benefits	13,422	13,422		10,851
Other operating expenditures	139,403	121,076		98,804
Total	152,825	134,498	18,327	109,655
Soil Conservation:				
Salaries and employee benefits	393,958	391,916		300,346
Other operating expenditures	172,800	168,918		124,340
Capital outlay	8,053	8,053		40,685
Total	574,811	568,887	5,924	465,371
Community Development:				
Other operating expenditures	3,637,799	3,637,799	-	202,913
Total economic and physical development	6,545,460	5,347,299	1,198,161	1,821,147
Human Services:				
Health:				
Administration:				
Salaries and employee benefits	1,915,452	1,802,832		1,487,922
Other operating expenditures	368,722	128,062		264,778
Capital outlay	42,372	35,580		132,630
Total	2,326,546	1,966,474	360,072	1,885,330
Environmental Health:				
Other operating expenditures	56,050	28,559	27,491	21,634
Food and Lodging:				
Other operating expenditures	12,391	11,771	620	12,371
Tuberculosis:				
Salaries and employee benefits	21,246	19,963		18,662
Other operating expenditures	3,355	2,658		1,105
Total	24,601	22,621	1,980	19,767

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over /Under	Actual
Bioterrorism:				
Salaries and employee benefits	25,289	25,024		20,929
Other operating expenditures	1,300	-		984
Total	26,589	25,024	1,565	21,913
Health Case Management:				
Salaries and employee benefits	129,847	87,718	42,129	141,125
Adult Health:				
Salaries and employee benefits	679,915	371,746		400,680
Other operating expenditures	428,947	301,935		224,208
Capital outlay	-	-		19,985
Total	1,108,862	673,681	435,181	644,873
Health Care Connection:				
Salaries and employee benefits	85,765	82,765	3,000	61,040
Communicable Disease:				
Salaries and employee benefits	32,288	4,853		10,899
Other operating expenditures	71,195	3,592		2,093
Total	103,483	8,445	95,038	12,992
Comprehensive Cancer Control:				
Salaries and employee benefits	9,479	9,390		8,455
Other operating expenditures	34,475	17,465		19,412
Total	43,954	26,855	17,099	27,867
Family Planning:				
Salaries and employee benefits	309,195	139,201		104,382
Other operating expenditures	108,546	78,624		42,814
Total	417,741	217,825	199,916	147,196
Health Diabetes Grant:				
Salaries and employee benefits	45,682	34,133	11,549	29,022

WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Budget	Actual	Variance Over /Under	Actual
Health Promotion:				
Other operating expenditures	10,200	8,961	1,239	9,355
Mesh Units - Schools:				
Salaries and employee benefits	236,365	137,401		75,999
Other operating expenditures	120,650	98,132		90,592
Total	357,015	235,533	121,482	166,591
Wilkes Dental Clinic:				
Other operating expenditures	1,927,159	990,096	937,063	903,990
Maternal Clinic:				
Salaries and employee benefits	12,300	1,384		6,273
Other operating expenditures	516	516		516
Total	12,816	1,900	10,916	6,789
Infant Mortality Reduction:				
Salaries and employee benefits	140,552	138,542		21,894
Other operating expenditures	71,669	70,272		33,371
Total	212,221	208,814	3,407	55,265
MCC and MOW:				
Other operating expenditures	-	-	-	10,081
Child Health:				
Salaries and employee benefits	237,918	155,551		202,255
Other operating expenditures	31,940	31,490		73,023
Total	269,858	187,041	82,817	275,278
CSC and MOW:				
Other operating expenditures	-	-	-	199
Women, Infants, and Children:				
Other operating expenditures	37,600	26,326	11,274	23,750

WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Budget	Actual	Variance Over /Under	Actual
School Nurse Funding:				
Other operating expenditures	150,000	150,000	-	150,000
Wilkes County Health Center:				
Salaries	647,522	647,522	-	699,975
HIV & STD:				
Salaries and employee benefits	105,009	104,373		69,322
Other operating expenditures	1,305	1,300		1,320
Total	106,314	105,673	641	70,642
WIC/BPCP:				
Salaries and employee benefits	330,774	249,244		290,228
Other operating expenditures	19,400	15,990		222
Total	350,174	265,234	84,940	290,450
Mental Health & Substance Abuse Services:				
Other operating expenditures	46,875	36,150	10,725	19,550
Substance Use Disorder:				
Other operating expenditures	55,625	36,150	19,475	19,550
CARES-ARPA Health DHHS:				
Salaries and employee benefits	29,697	575,962		599,727
Other operating expenditures	411,036	393,862		469,323
Capital outlay	-	-		91,926
Total	440,733	969,824	(529,091)	1,160,976
Immunization Action Plan:				
Salaries and employee benefits	68,712	42,191		49,612
Other operating expenditures	500	500		214
Total	69,212	42,691	26,521	49,826

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over /Under	Actual
School Liason and Team Workforce:				
Salaries and employee benefits	-	-		55,392
Other operating expenditures	-	-		8,872
Total	-	-	-	64,264
Total health	9,074,835	7,097,786	1,977,049	7,001,661
Mental Health:				
Contribution to other agencies	467,380	467,380	-	469,262
Total mental health	467,380	467,380	-	469,262
Social Services:				
Administration:				
Salaries and employee benefits	9,339,766	8,780,602		7,839,445
Other operating expenditures	308,749	471,326		597,199
Capital outlay	111,300	105,075		275,158
Total	9,759,815	9,357,003	402,812	8,711,802
Medicaid Program:				
County participation only	782,325	384,767	397,558	296,810
Food Stamps Program:				
Other operating expenditures	379,832	92,412	287,420	298,871
Low Income Energy Assistance Program:				
Other operating expenditures	412,062.00	74,845	337,217	167,343
Work First:				
Contract services	70,000	17,026	52,974	25,714
Daycare Operations:				
Contract services	44,558	12,960	31,598	17,200
In-Home Service:				
Other operating expenditures	179,803	129,189	50,614	55,838

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024		Variance Over /Under	2023
	Budget	Actual		Actual
Foster Care:				
Salaries and employee benefits	8,074	2,309		4,323
Other operating expenditures	4,601,619	3,786,340		3,551,764
Total	4,609,693	3,788,649	821,044	3,556,087
Other Assistance:				
Other operating expenditures	212,453	84,922	127,531	145,641
Total social services	16,450,541	13,941,773	2,508,768	13,275,306
Other Human Services:				
Veterans Service Officer:				
Salaries and employee benefits	133,218	131,972		119,753
Other operating expenditures	10,145	3,929		6,232
Total	143,363	135,901	7,462	125,985
Youth Services:				
Salaries and employee benefits	10,000	6,905		-
Contributions to other agencies	353,000	323,765		339,150
Total	363,000	330,670	32,330	339,150
Senior Citizens Services:				
Contributions to other services	660,000	545,526	114,474	553,589
Other Services:				
Contributions to other agencies	621,665	573,596	48,069	701,276
Total other human services	1,788,028	1,585,693	202,335	1,720,000
Total human services	27,780,784	23,092,632	4,688,152	22,466,229
Cultural and Recreation:				
Recreation:				
Salaries and employee benefits	678,561	674,800		613,444
Other operating expenditures	383,322	370,612		297,355
Capital outlay	301,500	252,653		105,996
Total	1,363,383	1,298,065	65,318	1,016,795

WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2024</u>		<u>Variance Over /Under</u>	<u>2023</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Libraries:				
Contribution to regional library	765,675	765,675		721,265
Capital Outlay	17,280	17,280		-
Total	<u>782,955</u>	<u>782,955</u>	-	<u>721,265</u>
Museums and Art				
	<u>32,246</u>	<u>32,246</u>	-	<u>29,266</u>
Total cultural and recreation	<u>2,178,584</u>	<u>2,113,266</u>	<u>65,318</u>	<u>1,767,326</u>
Education:				
Public schools - current expenses	14,908,718	14,908,718		14,474,484
Public schools - capital outlay	5,214,994	4,355,016		5,404,794
Public schools - (lottery) capital outlay	1,536,680	1,461,680		625,000
Community colleges - current	4,059,453	4,059,453		3,951,877
Community colleges - capital outlay	200,000	200,000		352,000
Fines and forfeitures disbursements	100,000	311,709		306,332
Total education	<u>26,019,845</u>	<u>25,296,576</u>	<u>723,269</u>	<u>25,114,487</u>
Debt Service:				
Principal retirement	4,792,648	3,892,163		7,756,516
Interest and fees	<u>1,292,232</u>	<u>1,284,550</u>		<u>896,051</u>
Total debt service	<u>6,084,880</u>	<u>5,176,713</u>	<u>908,167</u>	<u>8,652,567</u>
Total expenditures	<u>106,587,538</u>	<u>90,914,414</u>	<u>15,673,124</u>	<u>94,739,487</u>
Revenues over (under) expenditures	<u>(8,101,766)</u>	<u>6,635,586</u>	<u>14,737,352</u>	<u>(1,240,249)</u>
Other Financing Sources (Uses):				
Transfers in	354	270,600	270,246	-
Transfers out	(1,294,482)	(1,282,984)	11,498	(1,000,000)
Sale of capital assets	70,000	79,580	9,580	70,388
Lease liability issued	-	17,280	17,280	2,206,951
Subscription liability issued	-	40,933	40,933	75,425
Appropriated fund balance	<u>9,325,894</u>	-	<u>(9,325,894)</u>	-
Total other financing sources (uses)	<u>8,101,766</u>	<u>(874,591)</u>	<u>(8,976,357)</u>	<u>1,352,764</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, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2024</u>			<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>	<u>Actual</u>
Net change in fund balance	\$ <u>-</u>	5,760,995	\$ <u>5,760,995</u>	112,515
Fund Balance:				
Beginning of year - July 1		<u>46,080,127</u>		<u>45,967,612</u>
End of year - June 30		<u>\$ 51,841,122</u>		<u>\$ 46,080,127</u>

WILKES COUNTY, NORTH CAROLINA

AMERICAN RESCUE PLAN FUND - MAJOR SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

	<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	\$ 5,059,798	\$ 5,078,527	\$ 10,138,325	\$ (3,149,974)
Expenditures:					
Public safety:					
Salaries and employee benefits	4,777,092	288,933	4,678,326	4,967,259	(190,167)
Operating expenditures	2,020	2,020	-	2,020	-
Capital outlay	8,509,187	4,768,845	400,201	5,169,046	3,340,141
Total expenditures	13,288,299	5,059,798	5,078,527	10,138,325	3,149,974
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, 2024

	<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	\$ 18,000,000	\$ 13,943,870	\$ 228,771	\$ 14,172,641	\$ (3,827,359)
Expenditures:					
Cultural and recreational					
Economic and physical development:					
North Wilkesboro Speedway project	<u>18,000,000</u>	<u>14,172,641</u>	<u>-</u>	<u>14,172,641</u>	<u>3,827,359</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (228,771)</u>	228,771	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:					
Beginning of year - July 1			<u>(228,771)</u>		
End of year - June 30			<u>\$ -</u>		

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, 2024

	<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					
Investment earnings	\$ -	\$ 135,767	\$ 75,950	\$ 211,717	\$ 211,717
Expenditures:					
Public safety:					
Capital outlay	<u>12,810,107</u>	<u>5,799,920</u>	<u>3,061,290</u>	<u>8,861,210</u>	<u>3,948,897</u>
Revenues over (under) expenditures	<u>(12,810,107)</u>	<u>(5,664,153)</u>	<u>(2,985,340)</u>	<u>(8,649,493)</u>	<u>4,160,614</u>
Other Financing Sources (Uses):					
Installment purchase obligations issued	9,710,107	9,710,000	-	9,710,000	(107)
Operating transfers in (out)	<u>3,100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,100,000)</u>
Total other financing sources (uses)	<u>12,810,107</u>	<u>9,710,000</u>	<u>-</u>	<u>9,710,000</u>	<u>(3,100,107)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,045,847</u>	<u>(2,985,340)</u>	<u>\$ 1,060,507</u>	<u>\$ 1,060,507</u>
Fund Balances:					
Beginning of year - July 1			<u>4,045,847</u>		
End of year - June 30			<u>\$ 1,060,507</u>		

WILKES COUNTY, NORTH CAROLINA

WILKES COUNTY ADMINISTRATION BUILDING - 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, 2024

	Project Authorization	Actual			Variance Over/(Under)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ -	\$ -	\$ 637,443	\$ 637,443	\$ 637,443
Expenditures:					
General Government:					
Capital outlay	22,227,729	-	2,892,864	2,892,864	19,334,865
Administrative costs	251,747	-	320,586	320,586	(68,839)
Total	22,479,476	-	3,213,450	3,213,450	19,266,026
Revenues over (under) expenditures	(22,479,476)	-	(2,576,007)	(2,576,007)	19,903,469
Other Financing Sources (Uses):					
Installment purchase obligations issued	21,481,160	-	21,550,000	21,550,000	68,840
Premium on debt issued	998,316	-	998,316	998,316	-
Total other financing sources (uses)	22,479,476	-	22,548,316	22,548,316	68,840
Net change in fund balance	\$ -	\$ -	19,972,309	\$ 19,972,309	\$ 19,972,309
Fund Balances:					
Beginning of year - July 1			-		
End of year - June 30			\$ 19,972,309		

WILKES COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

	Fire District Fund	Law Enforcement Restricted Fund	Emergency Telephone System Fund	Community Development Block Grants Fund	COVID Recovery Act Fund
Assets:					
Cash and cash equivalents	\$ 964,088	\$ 9,118	\$ 172,954	\$ -	\$ -
Restricted cash	-	-	-	-	-
Due from other funds	18,721	-	-	-	-
Taxes receivable, net	265,719	-	-	-	-
Due from other governments	63,775	-	35,472	-	-
Total assets	<u>\$ 1,312,303</u>	<u>\$ 9,118</u>	<u>\$ 208,426</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 81,414	\$ -	\$ -	\$ -	\$ -
Advanced from grantor	-	-	-	-	-
Total liabilities	<u>81,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources	<u>265,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted:					
Stabilization by state statute	82,496	-	35,472	-	-
Restricted, all other	882,674	9,118	172,954	-	-
Total fund balances	<u>965,170</u>	<u>9,118</u>	<u>208,426</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,312,303</u>	<u>\$ 9,118</u>	<u>\$ 208,426</u>	<u>\$ -</u>	<u>\$ -</u>

WILKES COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

	<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	\$ -	\$ -	\$ -	\$ -	\$ 1,146,160
Restricted cash	84,270	-	-	100,000	184,270
Due from other funds	-	-	-	-	18,721
Taxes receivable, net	-	-	-	-	265,719
Due from other governments	-	-	-	-	99,247
Total assets	<u>\$ 84,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 1,714,117</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 81,414
Advanced from grantor	84,270	-	-	100,000	184,270
Total liabilities	<u>84,270</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>265,684</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,719</u>
Fund Balances:					
Restricted:					
Stabilization by state statute	-	-	-	-	117,968
Restricted, all other	-	-	-	-	1,064,746
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,182,714</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 84,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 1,714,117</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, 2024**

	Fire District Fund	Law Enforcement Restricted Fund	Emergency Telephone System Fund	Community Development Block Grants Fund	COVID Recovery Act Fund
Revenues:					
Ad valorem taxes	\$ 4,867,895	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	-	-	-
Sales and services	-	-	319,241	-	-
Investment earnings	-	266	8,180	-	-
Total revenues	<u>4,867,895</u>	<u>266</u>	<u>327,421</u>	<u>-</u>	<u>-</u>
Expenditures:					
Public safety	4,804,682	-	467,540	-	-
Economic and physical development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>4,804,682</u>	<u>-</u>	<u>467,540</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>63,213</u>	<u>266</u>	<u>(140,119)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	8,291
Transfers out	-	-	-	(276)	(74)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(276)</u>	<u>8,217</u>
Net change in fund balances	63,213	266	(140,119)	(276)	8,217
Fund Balances:					
Beginning of year - July 1	<u>901,957</u>	<u>8,852</u>	<u>348,545</u>	<u>276</u>	<u>(8,217)</u>
End of year - June 30	<u>\$ 965,170</u>	<u>\$ 9,118</u>	<u>\$ 208,426</u>	<u>\$ -</u>	<u>\$ -</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, 2024**

	<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	\$ -	\$ -	\$ -	\$ -	\$ 4,867,895
Restricted intergovernmental	-	362,500	-	-	362,500
Sales and services	-	-	-	-	319,241
Investment earnings	-	-	-	-	8,446
Total revenues	<u>-</u>	<u>362,500</u>	<u>-</u>	<u>-</u>	<u>5,558,082</u>
Expenditures:					
Public safety	-	-	-	-	5,272,222
Economic and physical development	-	-	-	-	-
Capital outlay	-	362,500	-	-	362,500
Total expenditures	<u>-</u>	<u>362,500</u>	<u>-</u>	<u>-</u>	<u>5,634,722</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(76,640)</u>
Other Financing Sources (Uses):					
Transfers in	-	-	174,693	-	182,984
Transfers out	-	-	-	-	(350)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>174,693</u>	<u>-</u>	<u>182,634</u>
Net change in fund balances	-	-	174,693	-	105,994
Fund Balances:					
Beginning of year - July 1	<u>-</u>	<u>-</u>	<u>(174,693)</u>	<u>-</u>	<u>1,076,720</u>
End of year - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,182,714</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, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024		2023	
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 5,627,396	\$ 4,867,895	\$ (759,501)	\$ 4,750,600
Expenditures:				
Public safety:				
Tax collection fees	18,015	19,810	(1,795)	19,571
Distribution to fire districts	5,609,381	4,784,872	824,509	4,695,033
Total expenditures	5,627,396	4,804,682	822,714	4,714,604
Net change in fund balance	\$ -	63,213	\$ 63,213	35,996
Fund Balance:				
Beginning of year - July 1		901,957		865,961
End of year - June 30		\$ 965,170		\$ 901,957

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, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2024</u>			<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Restricted intergovernmental:				
Investment earnings	\$ -	\$ 266	\$ 266	\$ 185
Expenditures:				
Public safety:				
Law enforcement restricted	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Revenues over (under) expenditures	(5,000)	266	5,266	185
Other Financing Sources (Uses):				
Appropriated fund balance	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	266	<u>\$ 266</u>	185
Fund Balance:				
Beginning of year - July 1		<u>8,852</u>		<u>8,667</u>
End of year - June 30		<u>\$ 9,118</u>		<u>\$ 8,852</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, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2024</u>			<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>	<u>Actual</u>
Revenues:				
E-911 telephone surcharge	\$ 560,657	\$ 319,241	\$ (241,416)	\$ 566,427
Investment earnings	500	8,180	7,680	3,236
Total revenues	<u>561,157</u>	<u>327,421</u>	<u>(233,736)</u>	<u>569,663</u>
Expenditures:				
Public safety:				
Other operating expenditures	<u>616,157</u>	<u>467,540</u>	<u>148,617</u>	<u>311,843</u>
Revenues over (under) expenditures	(55,000)	(140,119)	(85,119)	257,820
Other Financing Sources (Uses):				
Appropriated fund balance	<u>55,000</u>	-	<u>(55,000)</u>	-
Net change in fund balance	<u>\$ -</u>	(140,119)	<u>\$ (140,119)</u>	257,820
Fund Balance:				
Beginning of year - July 1		<u>348,545</u>		<u>90,725</u>
End of year - June 30		<u>\$ 208,426</u>		<u>\$ 348,545</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, 2024**

	<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>-</u>	<u>594,052</u>	<u>40,948</u>
Total expenditures	<u>1,915,614</u>	<u>1,920,180</u>	<u>-</u>	<u>1,920,180</u>	<u>(4,566)</u>
Revenues over (under) expenditures	<u>(87,500)</u>	<u>(87,224)</u>	<u>-</u>	<u>(87,224)</u>	<u>(276)</u>
Other Financing Sources (Uses):					
Transfers from other funds	87,776	87,500	-	87,500	276
Transfers (to) other funds	<u>(276)</u>	<u>-</u>	<u>(276)</u>	<u>(276)</u>	<u>-</u>
Total other financing sources (uses)	<u>87,500</u>	<u>87,500</u>	<u>(276)</u>	<u>87,224</u>	<u>276</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 276</u>	<u>(276)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:					
Beginning of year - July 1			<u>276</u>		
End of year - June 30			<u>\$ -</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, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>2024</u>			<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Transfer from other funds	\$ -	\$ 8,291	\$ 8,291	\$ -
Transfer to other funds	-	(74)	(74)	-
Total other financing sources (uses)	-	8,217	8,217	-
Net change in fund balance	<u>\$ -</u>	<u>8,217</u>	<u>\$ 8,217</u>	-
Fund Balance:				
Beginning of year - July 1		<u>(8,217)</u>		<u>(8,217)</u>
End of year - June 30		<u>\$ -</u>		<u>\$ (8,217)</u>

WILKES COUNTY, NORTH CAROLINA

**SCIF - COUNTY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted intergovernmental	\$ 362,500	\$ -	\$ 362,500	\$ 362,500	\$ -
Expenditures:					
Public safety					
Economic and physical development:					
Construction	<u>362,500</u>	<u>-</u>	<u>362,500</u>	<u>362,500</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</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, 2024

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
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	382,388	365,887	-	365,887	16,501
Revenues over (under) expenditures	(191,194)	(174,693)	-	(174,693)	(16,501)
Other Financing Sources (Uses):					
Transfers from other funds	191,194	-	174,693	174,693	16,501
Net change in fund balance	\$ -	\$ (174,693)	174,693	\$ -	\$ -
Fund Balances:					
Beginning of year - July 1			(174,693)		
End of year - June 30			\$ -		

WILKES COUNTY, NORTH CAROLINA

AIRPORT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024		Variance Over/(Under)	2023
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Charges for services:				
Sales	\$ 1,845,734	\$ 1,662,923	\$ (182,811)	\$ 1,735,114
Rents	140,000	164,283	24,283	119,782
Other operating revenues	6,050	26,005	19,955	9,435
Total operating revenues	<u>1,991,784</u>	<u>1,853,211</u>	<u>(138,573)</u>	<u>1,864,331</u>
Non-operating revenues:				
Restricted intergovernmental	4,200,000	45,223	(4,154,777)	131,628
Total non-operating revenues	<u>4,200,000</u>	<u>45,223</u>	<u>(4,154,777)</u>	<u>131,628</u>
Total revenues	<u>6,191,784</u>	<u>1,898,434</u>	<u>(4,293,350)</u>	<u>1,995,959</u>
Expenditures:				
Airport operations:				
Salaries and employee benefits	235,844	250,871	(15,027)	200,128
Fuel and oil purchases	1,479,015	1,159,800	319,215	1,252,464
Other operating expenditures	482,215	376,917	105,298	254,763
Capital outlay	54,310	143,702	(89,392)	40,705
Airport capital projects:				
Construction	4,200,000	196,237	4,003,763	1,404,359
Debt service:				
Debt principal	17,000	16,583	417	17,124
Interest and fees	300	-	300	891
Total expenditures	<u>6,468,684</u>	<u>2,144,110</u>	<u>4,324,574</u>	<u>3,170,434</u>
Revenues over (under) expenditures	<u>(276,900)</u>	<u>(245,676)</u>	<u>31,224</u>	<u>(1,174,475)</u>

WILKES COUNTY, NORTH CAROLINA

**AIRPORT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Budget	Actual	Variance Over/(Under)	Actual
Other Financing Sources (Uses):				
Transfers in	-	-	-	500,000
Appropriated fund balance	276,900	-	(276,900)	-
Total other financing sources (uses)	276,900	-	(276,900)	500,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (245,676)	\$ (245,676)	\$ (674,475)

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

Revenues and other financing sources over (under) expenditures and other financing uses	\$ (245,676)
Reconciling items:	
Depreciation and amortization	(1,437,515)
Capital outlay	143,702
Construction project expenditures	196,237
Change in deferred outflows of resources - pensions	4,766
Change in net pension liability	(20,086)
Change in deferred inflows of resources - pensions	(3,391)
Change in deferred outflows of resources - OPEB	(7,961)
Change in deferred inflows of resources - OPEB	25,806
Change in accrual for compensated absences	(3,816)
Long-term debt principal repayments	16,583
Total reconciling items	(1,085,675)
Change in net position	\$ (1,331,351)

WILKES COUNTY, NORTH CAROLINA

**LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024		Variance Over/(Under)	2023
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Solid waste charges	\$ 3,237,375	\$ 3,993,906	\$ 756,531	\$ 3,639,022
Scrap tire disposal tax	21,000	23,851	2,851	3,160
Other operating revenues	161,000	259,761	98,761	250,916
Total operating revenues	3,419,375	4,277,518	858,143	3,893,098
Non-operating revenues:				
Interest earnings	5,000	15,330	10,330	12,542
Insurance reimbursements	55,865	-	(55,865)	-
Lease revenue	-	17,039	17,039	15,447
Total non-operating revenues	60,865	32,369	(28,496)	27,989
Total revenues	3,480,240	4,309,887	829,647	3,921,087
Expenditures:				
Landfill operations:				
Salaries and employee benefits	1,328,682	1,273,154	55,528	920,483
Other operating expenditures	1,852,910	1,583,863	269,047	1,500,003
Capital outlay	1,158,729	1,158,636	93	3,173,057
Total landfill operations	4,340,321	4,015,653	324,668	5,593,543
Debt service:				
Principal retirement	-	-	-	925
Total debt service	-	-	-	925
Total expenditures	4,340,321	4,015,653	324,668	5,594,468
Revenues over (under) expenditures	(860,081)	294,234	1,154,315	(1,673,381)
Other Financing Sources (Uses):				
Transfer out - Landfill Reserve Fund	(500,000)	(500,000)	-	(500,000)
Transfer in - General Fund	1,100,000	1,100,000	-	500,000
Appropriated fund balance	260,081	-	(260,081)	-
Total other financing sources (uses)	860,081	600,000	(260,081)	-

WILKES COUNTY, NORTH CAROLINA

**LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Budget	Actual	Variance Over/(Under)	Actual
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 894,234	\$ 894,234	\$ (1,673,381)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 894,234		
Reconciling items:				
Capital outlay		1,158,636		
Depreciation and amortization		(1,040,015)		
Change in accrued landfill closure/post-closure costs		(750,000)		
Change in deferred outflows of resources - pension		14,298		
Change in net pension liability		(60,259)		
Change in deferred inflows of resources - pensions		(10,173)		
Change in accrual for unfunded OPEB		(69,303)		
Change in deferred outflows of resources - OPEB		(23,879)		
Change in deferred inflows of resources - OPEB		77,418		
Change in accrual for compensated absences		26,314		
Intrafund net transfer out (in) - Landfill Closure and Post-Closure Reserve Fund		500,000		
Loss on disposal of fixed assets		(35,332)		
Interest from Landfill Closure and Post-Closure Reserve Fund		182,323		
Total reconciling items		(29,972)		
Change in net position		\$ 864,262		

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>2024</u>			<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Interest earnings	\$ 25,000	\$ 182,323	\$ (157,323)	\$ 116,788
Other Financing Sources (Uses):				
Sinking reserve	(525,000)	-	525,000	-
Transfers in	500,000	500,000	-	500,000
Total other financing sources (uses)	<u>(25,000)</u>	<u>500,000</u>	<u>525,000</u>	<u>500,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 682,323</u>	<u>\$ 682,323</u>	<u>\$ 616,788</u>

WILKES COUNTY, NORTH CAROLINA

**COMPONENT UNITS
COMBINING BALANCE SHEET
JUNE 30, 2024**

	Wilkes County District K Tourism Development Authority	Wilkes County District W Tourism Development Authority	Total
Assets:			
Cash and cash equivalents	\$ 173,741	\$ 268,381	\$ 442,122
Receivables	-	74,107	74,107
Total assets	<u>\$ 173,741</u>	<u>\$ 342,488</u>	<u>\$ 516,229</u>
Liabilities and Fund Balances:			
Liabilities:			
Due to other governments	<u>\$ -</u>	<u>\$ 52,731</u>	<u>\$ 52,731</u>
Fund Balances:			
Restricted:			
Stabilization by State statute	-	74,107	74,107
Tourism promotion	<u>173,741</u>	<u>215,650</u>	<u>389,391</u>
Total fund balances	<u>173,741</u>	<u>289,757</u>	<u>463,498</u>
Total liabilities and fund balances	<u>\$ 173,741</u>	<u>\$ 342,488</u>	<u>\$ 516,229</u>

WILKES, NORTH CAROLINA

**COMPONENT UNITS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2024**

	Wilkes County District K Tourism Development Authority	Wilkes County District W Tourism Development Authority	Total
Revenues:			
Occupancy tax	\$ 169,468	\$ 395,459	\$ 564,927
Miscellaneous	-	9,035	9,035
Total revenues	<u>169,468</u>	<u>404,494</u>	<u>573,962</u>
Expenditures:			
Economic and physical development	<u>8,432</u>	<u>114,737</u>	<u>123,169</u>
Net change in fund balances	<u>161,036</u>	<u>289,757</u>	<u>450,793</u>
Fund Balances:			
Fund balance - July 1, as previously reported	-	-	-
Error correction	<u>12,705</u>	-	<u>12,705</u>
Beginning of year - July 1, restated	<u>12,705</u>	-	<u>12,705</u>
End of year - June 30	<u>\$ 173,741</u>	<u>\$ 289,757</u>	<u>\$ 463,498</u>

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2024

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2023</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2024</u>
2023-2024	\$ -	\$ 42,483,752	\$ (41,143,977)	\$ 1,339,775
2022-2023	1,098,765	-	(586,949)	511,816
2021-2022	492,026	-	(151,777)	340,249
2020-2021	251,981	-	(59,912)	192,069
2019-2020	231,424	-	(48,893)	182,531
2018-2019	165,051	-	(32,475)	132,576
2017-2018	129,264	-	(27,246)	102,018
2016-2017	107,245	-	(16,957)	90,288
2015-2016	85,374	-	(15,578)	69,796
2014-2015	66,318	-	(12,749)	53,569
2013-2014	88,328	-	(88,328)	-
Total	<u>\$ 2,715,776</u>	<u>\$ 42,483,752</u>	<u>\$ (42,184,841)</u>	<u>3,014,687</u>
Less: Allowance for uncollectible accounts - General Fund				<u>904,406</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 2,110,281</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				<u>\$ 42,258,057</u>
Reconciling items:				
Penalties and interest collected				(386,175)
Discounts taken				316,440
Prior year releases and write offs				114,403
Miscellaneous				<u>(117,884)</u>
Total reconciling items				<u>(73,216)</u>
Total collections and credits				<u>\$ 42,184,841</u>

WILKES COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2024

	County-Wide			Total Levy	
	Property	Rate	Amount of	Property	Registered
	Valuation			Levy	Excluding
				Registered	Motor
				Vehicles	Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 6,348,745,598	\$ 0.66	\$ 41,901,721	\$ 36,118,619	\$ 5,783,102
Motor vehicles taxed at prior year's rate	-	0.66	42,140	20,932	21,208
Total	<u>6,348,745,598</u>		<u>41,943,861</u>	<u>36,139,551</u>	<u>5,804,310</u>
Discoveries:					
Current year taxes	80,610,986	0.66	532,033	532,033	-
Penalties	-		33,933	33,933	-
Total	<u>80,610,986</u>		<u>565,966</u>	<u>565,966</u>	<u>-</u>
Abatements	<u>(3,950,758)</u>	0.66	<u>(26,075)</u>	<u>(26,075)</u>	<u>-</u>
Total property valuation	<u>\$ 6,425,405,826</u>				
Net Levy			42,483,752	36,679,442	5,804,310
Less: Uncollected tax at June 30, 2024			<u>1,339,775</u>	<u>1,339,775</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 41,143,977</u>	<u>\$ 35,339,667</u>	<u>\$ 5,804,310</u>
Current Levy Collection Percentage			<u>96.85%</u>	<u>96.35%</u>	<u>100.00%</u>

WILKES COUNTY, NORTH CAROLINA

**SECONDARY MARKET DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2024**

Assessed Valuation:

Assessment ratio	100%
Real property	\$ 5,537,314,055
Personal property	593,126,349
Public service companies	<u>294,965,422</u>
Total assessed valuation	<u>\$ 6,425,405,826</u>
Tax rate per \$100	0.66
Levy (includes discoveries, releases, and abatements)	<u>\$ 42,483,752</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, 2024:

Fire protection districts	<u>\$ 3,811,417</u>
---------------------------	---------------------

WILKES COUNTY, NORTH CAROLINA

TEN LARGEST TAXPAYERS FOR THE YEAR ENDED JUNE 30, 2024

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2024 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Duke Energy Carolinas, LLC	Utility company	\$ 189,902,842	2.96%
Tyson Farms, Inc.	Food processor	97,220,372	1.51%
Jeld-Wen, Inc.	Building products manufacturing	35,466,277	0.55%
James R Vannoy & Sons Construction	Contractor	45,721,584	0.71%
Carolina West Wireless Inc.	Phone company	33,808,051	0.53%
Lowes Home Center, Inc. #1	Retail sales	47,134,897	0.73%
Louisiana Pacific	Building products manufacturing	31,643,586	0.49%
Elementia USA/Plycem USA	Construction company	30,078,111	0.47%
Osborne, Jennifer	Landowner	15,318,787	0.24%
Tyson Foods, Inc.	Food processor	14,918,162	0.23%
Total		<u>\$ 541,212,669</u>	<u>8.42%</u>

WILKES COUNTY, NORTH CAROLINA**EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE
JUNE 30, 2024**

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	\$ 208,426
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>\$ 208,589</u>

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wilkes County, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Wilkes County's basic financial statements, and have issued our report thereon dated December 5, 2024. Our report includes a reference to other auditors who audited the financial statements of Wilkes County District K Tourism Development Authority and Wilkes County District W Tourism Development Authority, as described in our report on Wilkes County's financial statements. The financial statements of Wilkes County District K Tourism Development Authority and Wilkes County District W Tourism Development Authority were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Wilkes County District K Tourism Development Authority and Wilkes County District W Tourism Development Authority or that are reported on separately by those auditors who audited the financial statements of Wilkes County District K Tourism Development Authority and Wilkes County District W Tourism Development Authority.

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 to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 5, 2024

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, 2024. 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, 2024.

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

December 5, 2024

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, 2024. 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, 2024.

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
December 5, 2024

This page left blank intentionally.

WILKES COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

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
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027
Supplemental Nutrition Assistance Program (SNAP) Cluster	10.561
Health Center Program Cluster	93.224
Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	Yes

WILKES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

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
 State Special Appropriation
 Opioid Settlement

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, 2024

None reported.

This page left blank intentionally.

**WILKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2024**

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	\$ 477,412	\$ -	\$ -
Total Supplemental Nutrition Assistance Program (SNAP) Cluster			477,412	-	-
Division of Public Health:					
Administration:					
WIC Special Supplemental Nutrition Program for Women, Infants, & Children (WIC)	10.557	13A25403/5404/5405/5409/ 570A/570B/570K	316,418	-	-
Total U.S. Department of Agriculture			793,830	-	-
<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		5,078,527	-	-
Passed-through N.C. Department of Environmental Quality					
Division of Public Health					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		5,778	-	-
Division of Water Infrastructure					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds					
Water Infrastructure Fund	21.027	SRP-D-ARP-0137	328,540	-	-
Total U.S. Department of Treasury			5,412,845	-	-
<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	19,073	-	-
Emergency Management Performance Grant	97.042	NA	20,625	-	-
Total U.S. Department of Homeland Security			39,698	-	-
<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	32,368	1,904	-
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	235,057	13,827	-
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	52,829	3,108	-
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	207,446	12,203	-
Total Aging Cluster			527,700	31,042	-
Passed-through N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Temporary Assistance for Needy Families - Work First	93.558	2001NCTANF	297,328	-	-
Division of Public Health:					
Temporary Assistance for Needy Families - Work First	93.558	2001NCTANF	6,841	-	-
Total Temporary Assistance for Needy Families - Work First			304,169	-	-

WILKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2024

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
Division of Social Services:					
Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4):					
Foster Care - Title IV-E	93.658	2001NCFOST	1,057,796	241,427	-
Adoption Assistance	93.659	2001NCADPT	<u>23,956</u>	-	-
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4)			<u>1,081,752</u>	<u>241,427</u>	-
Child Support Enforcement	93.563	2004NC4005	<u>483,002</u>	-	-
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	<u>78</u>	-	-
			<u>78</u>	-	-
Low-Income Home Energy Assistance:					
Administration	93.568	G20BINCLIEA	46,074	-	-
COVID-19 - Water Assistance Payments ARPA	93.568	G20BINCLIEA	<u>1,116</u>	-	-
Total Low-Income Home Energy Assistance			<u>47,190</u>	-	-
Special Children Adoption Fund Cluster (Note 4):					
Mary Lee Allen Promoting Safe and Stable Families - Administration					
Total Mary Lee Allen Promoting Safe and Stable Families - Administration	93.556	2001NCFPSS	48,192	-	-
Stephanie Tubbs Jones Child Welfare Services Program:					
Permanency Planning - Families for kids	93.645	G2001NCCWSS	<u>18,087</u>	552	-
Total Special Children Adoption Fund Cluster (Note 4)			<u>66,279</u>	552	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001NC1420	<u>39,665</u>	7,362	-
Social Services Block Grant - Other Service and Training	93.667	G2001NCSOSR	270,461	166	-
Division of Aging and Adult Services:					
Division of Social Services:					
Social Services Block Grant:					
Social Services Block Grant - State In Home Service Fund					
Social Services Block Grant - State In Home Service Fund	93.667	G2001NCSOSR	5,854	-	-
Social Services Block Grant - State Adult Day Care	93.667	G2001NCSOSR	6,938	4,402	-
CPS TANF TO Social Services Block Grant	93.667	G2001NCSOSR	45,050	-	-
ADULT PROTECTIVE SERVICES	93.667	G2001NCSOSR	-	1,046	-
Social Services Block Grant - Adult Protective Services	93.667	G2001NCSOSR	22,404	-	-
Social Service Block Grant - In Home Services	93.667	G2001NCSOSR	<u>14,713</u>	-	-
Total Social Service Block Grant			<u>365,420</u>	5,614	-
Child Care Development Fund Cluster/Subsidized Child Care Cluster (Note 4):					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration					
Total Child Care Development Fund Cluster/Subsidized Child Care Cluster (Note 4)	93.596	G2001NCCCDF	<u>78,232</u>	-	-
			<u>78,232</u>	-	-
Medicaid Cluster:					
Medical Assistance Program	93.778	XIX-MAP 21	<u>1,879,056</u>	80,861	-
Total Medicaid Cluster			<u>1,879,056</u>	80,861	-
Children's Health Insurance Program - N.C. Health Choice	93.767	CHIP 20	<u>145,742</u>	3,119	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Public Health Emergency Preparedness					
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.069	1264 2680 EN, 1264 1680 EQ	32,982	-	-
Family Planning Services	93.116	1460 272C NF, 1460 272D NF	50	-	-
Immunization Cooperative Agreements	93.217	13A1 592C FP	43,099	-	-
Preventive Health and Health Services Block Grant	93.268	13331 631E EJ	21,856	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.991	1261 5503 00, 1261 5503 PF	30,431	-	-
HIV Care Formula Grants - Ryan White Care Act Centers for Disease Control and Prevention	93.898	1320 3100 D7, 1320 3110 GW	26,025	-	-
Collaboration with Academia to Strengthen Public Health Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.917		1,305	-	-
	93.967		1,300	-	-
	93.977	1311 462D NB, 1311 462E NB	100	-	-

WILKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2024

<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>
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		780,728	-	-
Total Health Center Program Cluster			<u>780,728</u>	<u>-</u>	<u>-</u>
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	290,033	2,531	-
Total Maternal and Child Health Services Block Grant to States			<u>290,033</u>	<u>2,531</u>	<u>-</u>
Total U.S. Dept. of Health and Human Services			<u>6,246,194</u>	<u>372,508</u>	<u>-</u>
Total federal awards			<u>12,492,567</u>	<u>372,508</u>	<u>-</u>
State Awards:					
<u>N.C. Dept. of Administration</u>					
Veterans Service		DMVA 19/20		2,174	-
Total N.C. Dept. of Administration				<u>2,174</u>	<u>-</u>
<u>N.C. Department of Environmental Quality</u>					
Division of Waste Management Soil & Water Conservation		G40100296115SWC		30,000	-
Division of Environmental Assistance and Customer Service Community Waste Reduction and Recycling Grant Program				<u>21,000</u>	<u>-</u>
Total N.C. Dept. Environmental Quality				<u>51,000</u>	<u>-</u>
<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				51,294	-
AFDC Incent/Prog-Integrit				2,862	-
Direct Benefit Payments					
State Foster Home				382,389	-
State Foster Home Fund (SFHF) Maximization				1,319,232	-
Foster Care at Risk Maximization				28,727	-
Foster Care Kinship				51,637	-
Extended Foster Care Maximization Non IV-E programs				82,820	-
Special Children Adoption Fund				<u>38,035</u>	<u>-</u>
Total Division of Social Service				<u>1,976,996</u>	<u>-</u>
Division of Public Health					
DPH Aid to Counties				85,428	-
General Communicable Disease Control				2,293	-
Family Planning				42,230	-
Child Health				4,805	-
Women's Health Service Fund				7,703	-
Food and Lodging				23,666	-
School Health Center				44,440	-
School Nurse Funding Initiative				150,000	-
High Risk Maternity Clinics				4,359	-
Maternal Health				6,319	-
Breast and Cervical Cancer Control				8,150	-
Healthy Community Activities				3,747	-
HIV/STD State				400	-
State Fiscal Recovery Funds				26,255	-
Tuberculosis Control				3,305	-
Communicable Disease Pandemic Recovery				<u>87,345</u>	<u>-</u>
Total Division of Public Health				<u>500,445</u>	<u>-</u>
Total N. C. Department of Health and Human Services				<u>2,477,441</u>	<u>-</u>
<u>N.C. Dept. of Public Instruction</u>					
Public School Building Capital Fund - Lottery Proceeds		7002996		1,461,680	-
School Safety Grant		PRC 039		<u>182,442</u>	<u>-</u>
Total N.C. Dept. of Public Instruction				<u>1,644,122</u>	<u>-</u>

WILKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2024

<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>
<u>N.C. Dept. of Public Safety</u>					
JCPC/Youth Grants For Agencies		DPS / JPC 298		230,527	-
Juvenile Crime Prevention Assistance		DPS / JCPC 301		6,905	-
Total N.C. Dept. of Public Safety				<u>237,432</u>	<u>-</u>
<u>N.C. Dept. of Transportation</u>					
ROAP Elderly and Disabled Transportation Assistance Program (E & DTAP)		36220.10.12.1		98,877	-
ROAP Rural General Public Program (RGP)		36228.22.12.1		123,184	-
ROAP Work First Transitional - Employment		36236.11.11.1		20,462	-
Total Rural Operating Assistance Program				<u>242,523</u>	<u>-</u>
State Aid to Airports Program		WBS 36244.67.7.1		45,223	-
Special Registration Plate - Visitors Center		WBS 42931		110,000	-
Total N.C. Dept. of Transportation				<u>397,746</u>	<u>-</u>
<u>N.C. Office of State Budget and Management</u>					
State Special Appropriation - Infrastructure Upgrades		20673		3,000,000	-
State Special Appropriation - Nonprofits		20674		300,000	300,000
State Special Appropriation - Soil and Water Conservation District		20675		135,000	-
Total State Special Appropriations				<u>3,435,000</u>	<u>300,000</u>
State Capital Infrastructure (SCIF)		20671		362,500	-
Total N.C. Office of State Budget and Management				<u>3,797,500</u>	<u>300,000</u>
Total state awards				<u>8,607,415</u>	<u>300,000</u>
<u>Other Financial Assistance</u>					
<u>N.C. Dept. of Justice</u>					
Opioid Settlement Fund (Note 5)				1,011,213	-
Total federal and state awards			<u>\$ 12,492,567</u>	<u>\$ 9,991,136</u>	<u>\$ 300,000</u>

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

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of Wilkes County under the programs of the federal government and the state of North Carolina for the year ended June 30, 2024. 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.

Note 5: Opioid Settlement Fund

The NC Department of Justice does not consider Opioid Settlement Funds either Federal or State Financial assistance since they are from a settlement with private major drug companies. Since these funds are subject to the State Single Audit Implementation Act, they are reported as "Other Financial Assistance" on the SEFSA, and considered State Awards for State single audit requirements.