HOKE COUNTY
NORTH CAROLINA

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

MARTIN ❖ STARNES
& ASSOCIATES, CPAs, P.A.
"A Professional Association of Certified Public Accountants and Management Consultants"

HOKE COUNTY
RAEFORD, NORTH CAROLINA

Principal Officials

June 30, 2019

Board of County Commissioners

James Leach - Chairman

Harry Southerland- Vice Chairman	Allen Thomas, Jr.
Robert Wright	Tony Hunt

County Officials

Letitia Edens	County Manager
Grady L. Hunt	County Attorney
Gwen McGougan	Clerk to the Board
Ellis Prevatte	Finance Director

HOKE COUNTY, NORTH CAROLINA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Hoke County
Raeford, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hoke County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hoke County ABC Board. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hoke County ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Hoke County ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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13 South Center Street ♦ Taylorsville, NC 28681 ♦ 828-632-9025 ♦ Fax 828-632-9085
800-948-0585 ♦ **www.martinstarnes.com**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hoke County, North Carolina, as of June 30, 2019, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 Government Employees' Retirement System's Schedules of the County's Proportionate Share of Net Pension (Liability) Asset and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Hoke County, North Carolina. The combining and individual fund financial statements, budgetary schedules, and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report 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 November 26, 2019 on our consideration of Hoke County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Hoke 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 Hoke County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 26, 2019

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Management's Discussion and Analysis

As management of Hoke County, we offer readers of Hoke County's financial statements this narrative overview and analysis of the financial activities of Hoke County for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of Hoke County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $72,725,236 (net position).

- The County's total net position increased by $6,968,580, primarily due to increased net position in the governmental activities.

- As of the close of the current fiscal year, Hoke County's governmental funds reported combined ending fund balances of $32,361,498, after a net increase in fund balance of $2,741,518. Approximately 17.53% of this total amount, or $5,672,531, is restricted or non-spendable.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $15,343,928, or 31.15%, of total General Fund expenditures and transfers out for the fiscal year. Total fund balance of the General Fund, $27,106,354, was 55.03% of total General Fund expenditures and transfers out for the year.

- Hoke County's total debt decreased by $4,075,898. The decrease was mainly due to timely payments of debt service expenditures.

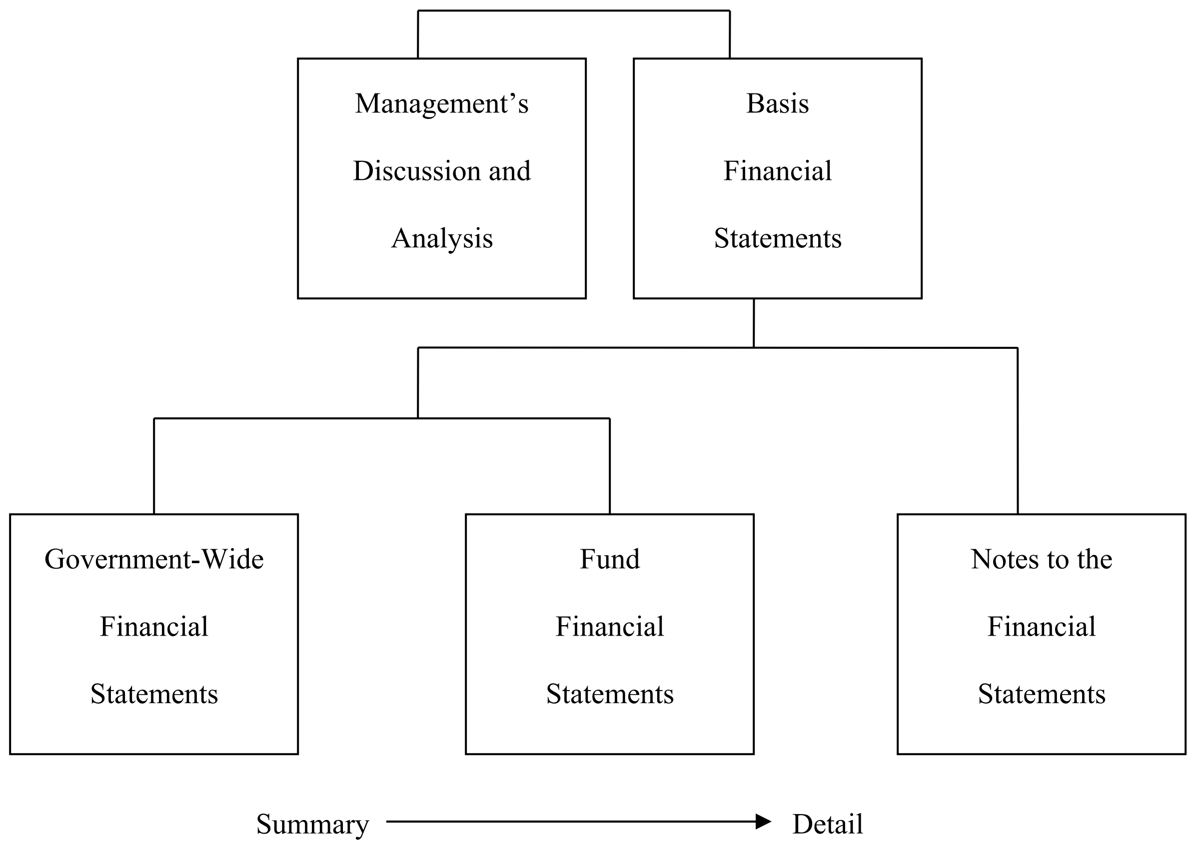
- Hoke County maintains an A+ rating from Standard and Poor's Corporation and an Aa3 rating from Moody's Investor Service.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Hoke 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 Hoke County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits C through J) 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 to the financial statements**. The notes explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's nonmajor governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

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 it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources 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 three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and federal and state grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Hoke County. The final category is the component unit. Hoke County ABC Board is legally separate from the County; however, the County is financially accountable for the Board by appointing its members. Also, the ABC Board is required to distribute its profit to the County. The government-wide financial statements include not only the County itself (primary government) but also the ABC Board.

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. Hoke 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 Hoke 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.

Hoke 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. Hoke 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. Hoke County uses enterprise funds to account for its water and sewer activity, and for its landfill operations. These funds are the same as those separate activities shown in the 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. Hoke County has four fiduciary funds, all of which are agency funds.

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 start on page 25 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Hoke County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 77 of this report.

Government-Wide Financial Analysis

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 Hoke County exceeded its liabilities and deferred inflows of resources by $72,725,236 as of June 30, 2019. The County's net position increased by $6,968,580 in the same period. One of the largest portions, $56,405,476, reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). Hoke County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Hoke County's investment in its 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 Hoke County's net position, $5,144,549 (7.1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of $11,175,211 is unrestricted.

Hoke County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	$ 36,300,981	$ 33,940,256	$ 16,447,355	$ 16,437,647	$ 52,748,336	$ 50,377,903
Capital assets, net of depreciation	24,070,059	21,884,878	66,808,282	68,139,248	90,878,341	90,024,126
Total assets	60,371,040	55,825,134	83,255,637	84,576,895	143,626,677	140,402,029
Deferred Outflows of Resources	4,390,106	2,898,828	423,924	274,772	4,814,030	3,173,600
Liabilities:						
Long-term liabilities outstanding	30,505,372	33,830,084	23,466,506	24,380,067	53,971,878	58,210,151
Other liabilities	15,997,295	14,381,127	4,123,175	4,550,512	20,120,470	18,931,639
Total liabilities	46,502,667	48,211,211	27,589,681	28,930,579	74,092,348	77,141,790
Deferred Inflows of Resources	1,502,642	632,127	120,481	45,056	1,623,123	677,183
Net Position:						
Net investment in capital assets	13,923,694	10,721,286	42,481,782	42,523,748	56,405,476	53,245,034
Restricted	5,144,549	4,823,474	-	-	5,144,549	4,823,474
Unrestricted	(2,312,406)	(5,664,136)	13,487,617	13,352,284	11,175,211	7,688,148
Total net position	$ 16,755,837	$ 9,880,624	$ 55,969,399	$ 55,876,032	$ 72,725,236	$ 65,756,656

Hoke County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	$ 4,056,714	$ 3,248,242	$ 10,176,399	$ 9,837,428	$ 14,233,113	$ 13,085,670
Operating grants	7,748,781	7,453,591	-	-	7,748,781	7,453,591
Capital grants	63,737	-	4,790	38,985	68,527	38,985
General revenues:						
Property taxes	29,691,605	28,180,880	-	-	29,691,605	28,180,880
Other taxes	10,169,137	9,633,938	-	-	10,169,137	9,633,938
Unrestricted:						
Intergovernmental	228,542	239,772	-	-	228,542	239,772
Investment income	889,732	402,624	44,856	42,351	934,588	444,975
Total revenues	52,848,248	49,159,047	10,226,045	9,918,764	63,074,293	59,077,811
Expenses:						
General government	6,423,451	6,094,725	-	-	6,423,451	6,094,725
Public safety	15,721,045	14,712,836	-	-	15,721,045	14,712,836
Economic and physical development	802,361	757,532	-	-	802,361	757,532
Human services	10,354,351	11,449,969	-	-	10,354,351	11,449,969
Cultural and recreational	2,779,909	1,214,387	-	-	2,779,909	1,214,387
Transportation	1,386,204	995,844	-	-	1,386,204	995,844
Education	7,629,201	6,506,656	-	-	7,629,201	6,506,656
Interest on long-term debt	876,513	853,352	-	-	876,513	853,352
Water Fund	-	-	7,498,195	6,997,532	7,498,195	6,997,532
Sanitation	-	-	2,634,483	2,381,108	2,634,483	2,381,108
Total expenses	45,973,035	42,585,301	10,132,678	9,378,640	56,105,713	51,963,941
Change in net position	6,875,213	6,573,746	93,367	540,124	6,968,580	7,113,870
Net Position:						
Beginning of year - July 1	9,880,624	4,927,436	55,876,032	55,496,182	65,756,656	60,423,618
Restatement	-	(1,620,558)	-	(160,274)	-	(1,780,832)
Beginning of year - July 1, as restated	9,880,624	3,306,878	55,876,032	55,335,908	65,756,656	58,642,786
End of year - June 30	$ 16,755,837	$ 9,880,624	$ 55,969,399	$ 55,876,032	$ 72,725,236	$ 65,756,656

Governmental Activities. Governmental activities increased the County's net position by $6,875,213 mainly due to increases in property tax and sales tax revenues. The increase was less than prior years increase due to transfers to special appropriations to fund Administrative Projects of $4,300,000.

Business-Type Activities. Business-type activities increased the County's net position by $93,367 mainly due to an increase in charges for services program revenues.

Financial Analysis of the County's Funds

As noted earlier, Hoke County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Hoke County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Hoke 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 Hoke County. At the end of the current fiscal year, available fund balance of the General Fund was $22,933,466, while total fund balance reached $27,106,354. The County currently has an available fund balance of 46.56% of total General Fund expenditures and transfers out, while total fund balance represents 55.03% of that same amount.

At June 30, 2019, the governmental funds of Hoke County reported a combined fund balance of $32,361,498, a 9.26% increase over last year. This increase is mainly due to an increase of fund balance in the nonmajor other governmental funds of $2,234,362.

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 $1,934,375 (4.2%).

Proprietary Funds. Hoke County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. At the end of the fiscal year, unrestricted net position of the Water and Sewer District Fund amounted to $8,456,210 and $5,031,407 for the Solid Waste Fund. The Water and Sewer District Fund reported a change in net position deficit of ($461,830) and the Solid Waste Fund reported a growth in net position of $555,197 for a combined total increase in net position of $93,367.

Other factors concerning the finances of these funds have already been addressed in the discussion of Hoke County's business-type activities.

Capital Asset and Debt Administration

Capital Assets. Hoke County's capital assets for its governmental and business-type activities as of June 30, 2019 totals $90,878,341 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Continued construction of water and sewer infrastructure
- Purchase of vehicles in the General and Water and Sewer Funds
- Purchase of computer equipment
- Construction of community buildings and parking lot improvements

Hoke County's Capital Assets
(Net of Depreciation)
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Land	$ 3,680,785	$ 3,680,785	$ 671,456	$ 671,456	$ 4,352,241	$ 4,352,241
Building	16,059,274	16,292,212	63,488,343	65,394,472	79,547,617	81,686,684
Equipment	855,482	937,902	705,699	735,243	1,561,181	1,673,145
Vehicles	1,555,570	973,979	450,962	346,255	2,006,532	1,320,234
Construction in progress	1,918,948	-	1,491,822	991,822	3,410,770	991,822
Total	$ 24,070,059	$ 21,884,878	$ 66,808,282	$ 68,139,248	$ 90,878,341	$ 90,024,126

Additional information on the County's capital assets can be found in Note 2.A of the basic financial statements.

Long-Term Debt. As of June 30, 2019, Hoke County had total debt outstanding of $57,411,837.

Hoke County's Outstanding Debt
General Obligation Bonds and Other Obligations
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
General obligation bonds - Direct placement	$ 6,400,000	$ 7,100,000	$ 3,001,000	$ 3,787,000	$ 9,401,000	$ 10,887,000
Installment purchases - Direct placement	10,786,375	12,069,656	807,500	977,500	11,593,875	13,047,156
Revenue bonds - Direct placement	-	-	20,518,000	20,851,000	20,518,000	20,851,000
Limited obligation bonds - Direct placement	15,647,140	16,330,645	-	-	15,647,140	16,330,645
Capital leases	251,822	371,934	-	-	251,822	371,934
Total	$ 33,085,337	$ 35,872,235	$ 24,326,500	$ 25,615,500	$ 57,411,837	$ 61,487,735

As mentioned in the financial highlights section of this document, Hoke County maintains a bond rating of A+ from Standard and Poor's and an Aa3 rating from Moody's Investor Service.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Hoke County is approximately $260,801,927.

Additional information regarding Hoke County's long-term debt can be found in Note 2.B. beginning on page 64 of this audited financial report.

Economic Factors and Next Year's Budget

Hoke County continues to experience residential and commercial growth in the northeast portion of the County due to the proximity to Ft. Bragg. With the establishment of two hospital systems, First Health of the Carolinas, Cape Fear Valley Health Center and a New Veterans Medical Facility bordering the County line, the medical field is also poised for strong growth in Hoke County.

The County is in the process of developing a ten-year capital improvement plan. Current plans include a new Recreation Center and construction of the Robert A. Wright Agricultural Building.

The County continued to take a fiscally conservative approach in preparing and adopting the fiscal year 2019 budget, an approach that has been effective in increasing the County's General Fund balance in recent years.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities. The valuation of property for the upcoming year is estimated to be $3.2 billion. This is consistent with last year. The tax rate remains $.75 per one hundred dollars of valuation of property listed as of January 1, 2019.

Budgeted expenditures in the General Fund are expected to increase to $55,181,931 compared to an original budget of $50,991,624 in fiscal year 2019. The increase is primarily due to increases in Public Schools, Public Buildings and non-departmental expenditures.

Business-Type Activities. Water, Sewer and Solid Waste revenues are anticipated to remain stable.

Governmental Activities. Property taxes are expected to reflect 49.0% of the total General Fund budget of $55.2 million.

The largest component of General Fund expenditures is expected to be employee compensation, which represents 42.9% of the total General Fund budget.

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 Director of Finance, Hoke County, 227 North Main Street, Raeford, North Carolina 28376.

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HOKE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hoke County ABC Board
Assets:				
Cash and cash equivalents	$ 29,537,779	$ 13,491,674	$ 43,029,453	$ 273,861
Receivables, net	5,683,008	986,332	6,669,340	-
Inventories	12,132	159,162	171,294	248,415
Prepaid expenses	613,380	-	613,380	8,205
Non-current assets:				
Restricted cash and cash equivalents	368,589	1,810,187	2,178,776	-
Net pension asset	86,093	-	86,093	-
Other assets	-	-	-	7,145
Capital assets:				
Land, improvements, and construction in progress	5,599,733	2,163,278	7,763,011	3,000
Other capital assets, net of depreciation	18,470,326	64,645,004	83,115,330	104,465
Capital assets, net	24,070,059	66,808,282	90,878,341	107,465
Total assets	60,371,040	83,255,637	143,626,677	645,091
Deferred Outflows of Resources:				
OPEB deferrals	182,179	18,018	200,197	-
Pension deferrals	4,207,927	405,906	4,613,833	26,595
Total deferred outflows of resources	4,390,106	423,924	4,814,030	26,595
Liabilities:				
Accounts payable and accrued liabilities	1,670,433	379,638	2,050,071	112,820
Liability to be paid from restricted assets	86,917	478,006	564,923	-
Accrued interest payable	271,672	-	271,672	-
Due in less than one year	3,779,183	976,006	4,755,189	30,423
Payable from restricted assets	-	1,332,181	1,332,181	-
Non-current liabilities:				
Net pension liability - LGERS	5,179,900	512,298	5,692,198	-
Total pension liability - LEOSSA	708,903	-	708,903	-
Total OPEB liability	4,300,287	445,046	4,745,333	-
Due in more than one year	30,505,372	23,466,506	53,971,878	82,137
Total liabilities	46,502,667	27,589,681	74,092,348	225,380
Deferred Inflows of Resources:				
OPEB deferrals	1,019,944	100,874	1,120,818	-
Pension deferrals	349,358	19,607	368,965	37,843
Prepaid taxes	133,340	-	133,340	-
Total deferred inflows of resources	1,502,642	120,481	1,623,123	37,843
Net Position:				
Net investment in capital assets	13,923,694	42,481,782	56,405,476	107,465
Restricted:				
Stabilization for state statute	3,720,307	-	3,720,307	-
Human services	1,076,156	-	1,076,156	-
Register of Deeds	34,771	-	34,771	-
Register of Deeds' pension plan	97,530	-	97,530	-
Public safety	215,785	-	215,785	-
Working capital	-	-	-	85,413
Unrestricted	(2,312,406)	13,487,617	11,175,211	215,585
Total net position	$ 16,755,837	$ 55,969,399	$ 72,725,236	$ 408,463

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	$ 6,423,451	$ 1,997,889	$ 322,703	$ -
Public safety	15,721,045	759,908	329,724	7,937
Economic and physical development	802,361	21,653	-	55,800
Human services	10,354,351	228,112	6,638,646	-
Cultural and recreational	2,779,909	90,220	1,027	-
Transportation	1,386,204	958,932	57,458	-
Education	7,629,201	-	399,223	-
Interest on long-term debt	876,513	-	-	-
Total governmental activities	45,973,035	4,056,714	7,748,781	63,737
Business-Type Activities:				
Water and sewer	7,498,195	7,031,575	-	4,790
Landfill	2,634,483	3,144,824	-	-
Total business-type activities	10,132,678	10,176,399	-	4,790
Total primary government	$ 56,105,713	$ 14,233,113	$ 7,748,781	$ 68,527
Component Unit:				
ABC Board	$ 2,716,002	$ 2,873,665	$ -	$ -

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hoke County ABC Board
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	$ (4,102,859)	$ -	$ (4,102,859)	
Public safety	(14,623,476)	-	(14,623,476)	
Economic and physical development	(724,908)	-	(724,908)	
Human services	(3,487,593)	-	(3,487,593)	
Cultural and recreational	(2,688,662)	-	(2,688,662)	
Transportation	(369,814)	-	(369,814)	
Education	(7,229,978)	-	(7,229,978)	
Interest on long-term debt	(876,513)	-	(876,513)	
Total governmental activities	(34,103,803)	-	(34,103,803)	
Business-Type Activities:				
Water and sewer	-	(461,830)	(461,830)	
Landfill	-	510,341	510,341	
Total business-type activities	-	48,511	48,511	
Total primary government	(34,103,803)	48,511	(34,055,292)	
Component Unit:				
ABC Board				$ 157,663
General Revenues:				
Taxes:				
Ad valorem taxes	29,691,605	-	29,691,605	-
Local option sales tax	10,143,933	-	10,143,933	-
Other taxes	25,204	-	25,204	-
Unrestricted intergovernmental	228,542	-	228,542	-
Investment earnings	889,732	44,856	934,588	16
Total general revenues	40,979,016	44,856	41,023,872	16
Change in net position	6,875,213	93,367	6,968,580	157,679
Net Position:				
Beginning of year - July 1	9,880,624	55,876,032	65,756,656	250,784
End of year - June 30	$ 16,755,837	$ 55,969,399	$ 72,725,236	$ 408,463

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

HOKE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	Major	Nonmajor	
	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and cash equivalents	$ 24,390,730	$ 5,147,050	$ 29,537,780
Taxes receivable, net	1,788,871	165,893	1,954,764
Accounts receivable, net	3,547,376	64,614	3,611,990
Note receivable	-	116,254	116,254
Inventory	12,132	-	12,132
Prepaids	613,380	-	613,380
Restricted cash and cash equivalents	281,672	86,917	368,589
Total assets	$ 30,634,161	$ 5,580,728	$ 36,214,889
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	$ 1,605,596	$ 64,837	$ 1,670,433
Liability to be paid from restricted assets	-	86,917	86,917
Total liabilities	1,605,596	151,754	1,757,350
Deferred Inflows of Resources:			
Taxes receivable	1,788,871	165,893	1,954,764
Prepaid taxes	133,340	-	133,340
Unavailable revenues - grants	-	7,937	7,937
Total deferred inflows of resources	1,922,211	173,830	2,096,041
Fund Balances:			
Non-spendable:			
Inventories	12,132	-	12,132
Prepaid items	613,380	-	613,380
Restricted:			
Stabilization by state statute	3,547,376	172,931	3,720,307
Human services	1,076,156	-	1,076,156
Register of Deeds	34,771	-	34,771
Public safety	-	215,785	215,785
Committed	281,672	4,413,507	4,695,179
Assigned	6,196,939	480,788	6,677,727
Unassigned	15,343,928	(27,867)	15,316,061
Total fund balances	27,106,354	5,255,144	32,361,498
Total liabilities, deferred inflows of resources, and fund balances	$ 30,634,161	$ 5,580,728	$ 36,214,889

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

HOKE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

		Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances		$ 32,361,498
Capital assets used in governmental activities are not financial resources and, therefore, are not reported:		
Total capital assets	$ 36,538,526	
Less accumulated depreciation	(12,468,467)	
Net capital assets	$ 24,070,059	24,070,059
Net pension asset		86,093
Net pension liability (LGERS)		(5,179,900)
Total pension liability (LEOSSA)		(708,903)
Total OPEB liability		(4,300,287)
Deferred inflows of resources related to pensions are not reported in the funds.		
ROD	$ (15,348)	
LGERS	(198,264)	
LEOSSA	(135,746)	
	$ (349,358)	(349,358)
Deferred inflows of resources related to OPEB are not reported in the funds.		(1,019,944)
Deferred outflows of resources related to pensions are not reported in the funds.		
ROD	$ 26,785	
LGERS	4,104,166	
LEOSSA	76,976	
	$ 4,207,927	4,207,927
Deferred outflows of resources related to OPEB are not reported in the funds.		182,179
Liabilities for deferred inflows in the fund statements but not the government-wide statements		1,962,700
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bond and installment financing	$ (33,085,337)	
Accrued interest payable	(271,672)	
Compensated absences	(1,199,218)	
Total	$ (34,556,227)	(34,556,227)
Net position of governmental activities		$ 16,755,837

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	Major	Nonmajor	
	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	$ 27,227,304	$ 2,635,845	$ 29,863,149
Local option sales taxes	10,143,933	-	10,143,933
Other taxes and licenses	25,204	-	25,204
Unrestricted intergovernmental	228,542	-	228,542
Restricted intergovernmental	8,426,803	270,385	8,697,188
E-911 wireless	-	339,334	339,334
Permits and fees	1,620,385	-	1,620,385
Sales and services	1,204,388	-	1,204,388
Investment earnings	889,232	500	889,732
Total revenues	49,765,791	3,246,064	53,011,855
Expenditures:			
Current:			
General government	6,450,197	-	6,450,197
Public safety	12,084,279	3,220,669	15,304,948
Economic and physical development	691,780	182,085	873,865
Human services	11,974,622	-	11,974,622
Cultural and recreational	1,069,142	1,918,948	2,988,090
Transportation	1,359,648	-	1,359,648
Education	7,655,556	-	7,655,556
Debt service:			
Principal retirements	2,786,897	-	2,786,897
Interest and fees	876,514	-	876,514
Total expenditures	44,948,635	5,321,702	50,270,337
Revenues over (under) expenditures	4,817,156	(2,075,638)	2,741,518
Other Financing Sources (Uses):			
Transfers in	-	4,310,000	4,310,000
Transfers out	(4,310,000)	-	(4,310,000)
Total other financing sources (uses)	(4,310,000)	4,310,000	-
Net change in fund balances	507,156	2,234,362	2,741,518
Fund Balances:			
Beginning of year - July 1	26,599,198	3,020,782	29,619,980
End of year - June 30	$ 27,106,354	$ 5,255,144	$ 32,361,498

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

Exhibit E

HOKE COUNTY, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

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

Net change in fund balances - total governmental funds (Exhibit D)	$ 2,741,518
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities:	
Current year capital outlay	3,271,608
Cost of disposed capital asset not recorded in fund statements	(4,635)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not the fund statements	(1,081,792)
Principal repayments on debt owed are recorded as a use of funds on the fund statements but affect only the Statement of Net Position in the government-wide statements.	2,786,898
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	(97,921)
Pension expense - LEOSSA	(63,887)
Pension expense - LGERS	(212,545)
Pension expense - ROD	(9,486)
OPEB plan expense	(290,938)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements.	(163,607)
Changes in net position of governmental activities (Exhibit B)	$ 6,875,213

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

HOKE COUNTY, NORTH CAROLINA

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

	Budget Amounts			Variance with
	Original Budget	Final Budget	Actual	Final Budget Over/Under
Revenues:				
Ad valorem taxes	$ 27,097,435	$ 27,097,435	$ 27,227,304	$ 129,869
Local option sales taxes	8,087,878	8,839,659	10,143,933	1,304,274
Other taxes and licenses	10,200	10,200	25,204	15,004
Unrestricted intergovernmental	192,200	192,200	228,542	36,342
Restricted intergovernmental	8,565,121	9,158,088	8,426,803	(731,285)
Permits and fees	1,355,400	1,355,400	1,620,385	264,985
Sales and services	1,078,184	1,138,617	1,204,388	65,771
Investment earnings	150,000	679,194	889,232	210,038
Total revenues	46,536,418	48,470,793	49,765,791	1,294,998
Expenditures:				
Current:				
General government	7,918,400	7,690,801	6,450,197	1,240,604
Public safety	12,349,852	12,925,472	12,071,072	854,400
Economic and physical development	754,918	777,210	691,780	85,430
Human services	12,305,096	13,241,299	11,974,622	1,266,677
Cultural and recreational	1,175,487	1,273,332	1,069,142	204,190
Transportation	1,571,133	1,613,907	1,359,648	254,259
Intergovernmental - education	7,426,038	7,667,043	7,655,556	11,487
Debt service:				
Principal retirements	2,041,166	2,496,501	2,786,897	(290,396)
Interest and fees	1,367,034	1,367,034	876,514	490,520
Total expenditures	46,909,124	49,052,599	44,935,428	4,117,171
Revenues over (under) expenditures	(372,706)	(581,806)	4,830,363	5,412,169
Other Financing Sources (Uses):				
Transfers out	(4,082,500)	(4,398,400)	(4,398,400)	-
Appropriated fund balance	4,455,206	4,980,206	-	4,980,206
Total other financing sources (uses)	372,706	581,806	(4,398,400)	(4,980,206)
Net change in fund balance	$ -	$ -	431,963	$ 431,963
Fund Balance:				
Beginning of year - July 1			26,354,767	
End of year - June 30			$ 26,786,730	

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Major		
	Water and Sewer District	Solid Waste	Total
Assets:			
Current assets:			
Cash and cash equivalents	$ 8,270,461	$ 5,221,213	$ 13,491,674
Accounts receivable, net	771,807	214,525	986,332
Inventories	159,162	-	159,162
Total current assets	9,201,430	5,435,738	14,637,168
Non-current assets:			
Restricted cash and cash equivalents	1,810,187	-	1,810,187
Land and construction in progress	1,980,626	182,652	2,163,278
Other capital assets, net of depreciation	63,398,410	1,246,594	64,645,004
Total non-current assets	67,189,223	1,429,246	68,618,469
Total assets	76,390,653	6,864,984	83,255,637
Deferred Outflows of Resources:			
OPEB deferrals	11,965	6,053	18,018
Pension deferrals	270,604	135,302	405,906
Total deferred outflows of resources	282,569	141,355	423,924
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	256,187	123,451	379,638
Compensated absences	34,963	23,043	58,006
Current portion of long-term debt	918,000	-	918,000
Liabilities to be paid from restricted assets:			
Advances from grantors	478,006	-	478,006
Customer deposits	1,332,181	-	1,332,181
Total current liabilities	3,019,337	146,494	3,165,831
Non-current liabilities:			
Net pension liability	341,532	170,766	512,298
Total OPEB liability	279,746	165,300	445,046
Long-term obligations	23,443,462	23,044	23,466,506
Total non-current liabilities	24,064,740	359,110	24,423,850
Total liabilities	27,084,077	505,604	27,589,681
Deferred Inflows of Resources:			
OPEB deferrals	67,327	33,547	100,874
Pension deferrals	13,072	6,535	19,607
Total deferred inflows of resources	80,399	40,082	120,481
Net Position:			
Net investment in capital assets	41,052,536	1,429,246	42,481,782
Unrestricted	8,456,210	5,031,407	13,487,617
Total net position	$ 49,508,746	$ 6,460,653	$ 55,969,399

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

Exhibit H

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	Major		
	Water and Sewer District	Solid Waste	Total
Operating Revenues:			
Water and sewer charges	$ 6,328,319	$ -	$ 6,328,319
Tap and impact fees	660,538	-	660,538
Solid waste collection fees	-	2,993,850	2,993,850
Other operating revenues	42,718	150,974	193,692
Total operating revenues	7,031,575	3,144,824	10,176,399
Operating Expenses:			
Water administration	1,140,591	-	1,140,591
Water treatment	777,962	-	777,962
Water distribution	1,693,362	-	1,693,362
Sewer operations	349,814	-	349,814
Sewer plant operations	776,960	-	776,960
Landfill operations	-	2,509,131	2,509,131
Depreciation	2,021,382	125,352	2,146,734
Total operating expenses	6,760,071	2,634,483	9,394,554
Operating income (loss)	271,504	510,341	781,845
Non-Operating Revenues (Expenses):			
Investment earnings	-	44,856	44,856
Interest and other charges	(738,124)	-	(738,124)
Total non-operating revenues (expenses)	(738,124)	44,856	(693,268)
Income (loss) before capital contributions	(466,620)	555,197	88,577
Capital contributions	4,790	-	4,790
Change in net position	(461,830)	555,197	93,367
Net Position:			
Beginning of year - July 1	49,970,576	5,905,456	55,876,032
End of year - June 30	$ 49,508,746	$ 6,460,653	$ 55,969,399

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Major		
	Water and Sewer District	Solid Waste	Total
Cash Flows from Operating Activities:			
Cash received from customers	$ 7,091,574	$ 3,141,671	$ 10,233,245
Cash paid for goods and services	(3,239,926)	(1,759,087)	(4,999,013)
Cash paid to employees for services	(1,447,256)	(720,255)	(2,167,511)
Net cash provided (used) by operating activities	2,404,392	662,329	3,066,721
Cash Flows from Capital and Related Financing Activities:			
Principal payments on long-term debt	(1,289,000)	-	(1,289,000)
Interest paid on debt	(793,156)	-	(793,156)
Capital contribution - grants	4,790	-	4,790
Acquisition and construction of capital assets	(636,596)	(179,172)	(815,768)
Net cash provided (used) by capital and related financing activities	(2,713,962)	(179,172)	(2,893,134)
Cash Flows from Investing Activities:			
Interest on investments	-	44,856	44,856
Net increase (decrease) in cash and cash equivalents	(309,570)	528,013	218,443
Cash and Cash Equivalents:			
Beginning of year - July 1	10,390,218	4,693,200	15,083,418
End of year - June 30	$ 10,080,648	$ 5,221,213	$ 15,301,861
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	$ 271,504	$ 510,341	$ 781,845
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	2,021,382	125,352	2,146,734
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
(Increase) decrease in accounts receivable	27,962	(3,153)	24,809
(Increase) decrease in inventory	183,926	-	183,926
(Increase) decrease in deferred outflows of resources - pensions	(94,550)	(47,275)	(141,825)
Increase (decrease) in net pension liability	108,285	54,143	162,428
Increase (decrease) in deferred inflows of resources - pensions	279	139	418
Increase (decrease) in accounts payable	(164,868)	3,565	(161,303)
Increase (decrease) in customer deposits	36,827	-	36,827
Increase (decrease) in advances from grantors	(4,790)	-	(4,790)
Increase (decrease) in deferred inflows of resources - OPEB	50,255	24,752	75,007
(Increase) decrease in deferred outflows of resources - OPEB	(4,909)	(2,418)	(7,327)
Increase (decrease) in OPEB payable	(26,067)	(12,839)	(38,906)
Increase (decrease) in accrued vacation pay	(844)	9,722	8,878
Total adjustments	2,132,888	151,988	2,284,876
Net cash provided (used) by operating activities	$ 2,404,392	$ 662,329	$ 3,066,721

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

Exhibit J

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Agency Funds
Assets:	
Cash and cash equivalents	$ 67,912
Accounts receivable	37,534
Total assets	$ 105,446
Liabilities:	
Accounts payable and other liabilities	$ 105,446

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

1. Summary of Significant Accounting Policies

The accounting policies of Hoke County, North Carolina (the "County") and its discretely presented component unit 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. As required by generally accepted accounting principles, these financial statements present the County and its component unit, a legally separate entity for which the County is financially accountable. The discretely presented component unit presented below is reported in a separate column in the County's financial statements in order to emphasize that it is legally separate from the County.

Discretely Presented Component Unit

Hoke County ABC Board

The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by state statute to distribute its surpluses to the General Fund of the County. The ABC Board issues separate financial statements, which may be obtained from the Hoke County ABC Board, Highway 401S, Raeford, North Carolina 28376.

Blended Component Units

Hoke County Water and Sewer District

The District exists to provide and maintain a water system for the County residents within the District. The District is reported as an Enterprise Fund in the County's financial statements.

Hoke 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 has no financial transactions or account balances; therefore, it is not presented in the basic financial statements.

Hoke County Facilities Corp.

The corporation exists to operate exclusively for the purpose of promoting the general welfare of the citizens of the County by assisting the County in carrying out its governmental functions through the acquisition, construction, operation, sale or lease of real estate and improvement, facilities, and equipment. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements.

B. 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 primary government net position (the County) and its component unit. 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 and blended component units. 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 items such as investment earnings are ancillary activities.

The County reports the following major governmental fund:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund. The Register of Deeds Automation Fund, Revaluation Fund, and Law Enforcement Officer Fund are legally budgeted funds under North Carolina General Statutes; however, for statement presentation, in accordance with GASB Statement No. 54, they are consolidated in the General Fund.

The County reports the following major enterprise funds:

Water and Sewer District Fund. This fund is used to account for the operations of the water and sewer district within the County.

Solid Waste Fund. This fund is used to account for the operations of the solid waste fund within the County.

The County reports the following fund types:

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Sheriff Execution Fund, which accounts for monies collected by the Sheriff's office for the execution of writs; the Jail Inmate Fund, which accounts for monies deposited by the inmates for the inmates use; and the Municipal Tax Fund, which accounts for funds that are billed and collected by the County for various municipalities and special districts within the County, but that are not revenues to the County.

Nonmajor Funds. The County maintains nine legally budgeted funds. The Revolving Loan Fund, the Emergency Systems Telephone Fund, the Asset Forfeiture Fund, the Grant Projects Fund, the Fire District Fund, and the Multi-Year Grants Fund are reported as nonmajor special revenue funds. The Administrative Capital Projects Fund, the CDBG Capital Projects Fund, and the Capital Reserve Fund are reported as nonmajor capital projects funds.

Measurement Focus, Basis of Accounting

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

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds, which have no measurement focus. The government-wide, proprietary, 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 all 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's enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all Counties, municipalities, and special tax districts. Property taxes are due when vehicles are registered. The 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 of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the state at year-end on behalf of the County, are recognized as revenue. 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 is 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 North Carolina General Statutes. An annual budget is adopted for the General Fund and all special revenue funds except for the Multi-Year Grants Special Revenue Fund. All annual appropriations lapse at fiscal year-end. Except for the Capital Reserve Fund, project ordinances are adopted for the Capital Project 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 functional 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 or that change functional appropriations by more than $10,000. The governing board must approve all amendments. 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 of Resources, and Fund Equity

Deposits and Investments

All deposits of the County are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] 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 majority of the County's investments are carried at fair value. The NCCMT Government Portfolio, a SEC-registered 2a-7 government money market fund, is measured at fair value. The NCCMT Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2019, the term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are considered cash and cash equivalents. The County considers demand deposits and investments with a maturity date of 90 days or less at time of purchase to be cash and cash equivalents.

Restricted Assets

Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Tax Revaluation Fund is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Unexpended grant proceeds of the General Fund and the Water and Sewer District Fund are restricted for the purpose of capital construction.

Restricted cash was comprised of the following at June 30, 2019:

Governmental Activities:	
General Fund:	
Restricted for revaluation	$ 281,672
Other Governmental Funds:	
Unexpended grant proceeds	86,917
Total governmental activities	$ 368,589
Business-Type Activities	
Water and Sewer District Fund:	
Unexpended grant proceeds	478,006
Customer deposits	1,332,181
Total business-type activities	1,810,187
Total restricted cash	$ 2,178,776

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 September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of

January 1, 2018. As allowed by state law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowance 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 is 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 consists 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 assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair market value on the date donated. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are as follows: land, $10,000; buildings, improvements, substations, lines, and other plant and distribution systems, $5,000; infrastructure, $20,000; furniture and equipment, $5,000; and vehicles, $10,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Hoke 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 Hoke County Board of Education.

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

Asset	Estimated Useful Lives
Buildings	50 years
Plant and distribution systems	40 years
Infrastructure	30 years
Improvements	25 years
Furniture and equipment	10 years
Vehicles	6 years
Computer equipment	3 years

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criterion – OPEB deferrals and pension deferrals.

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category – prepaid taxes, OPEB deferrals and pension 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 on the Statements of Net Position.

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

Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the County’s government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The County has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The County's sick leave policy 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 the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Management Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, 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 expenditures or expenses during the reporting period. Actual results could differ from those estimates. A significant area where estimates are made is allowance for doubtful accounts.

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.

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 balances 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.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid Items – portion of fund balance not available to pay for any commitments because it represents prepaid expenses of the next year, which are not spendable resources.

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

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by state statute [G.S. 159-8(a)].

Restricted for Human Services – portion of fund balance available for appropriation but legally segregated for health department expenditures. It represents the balance of the total unexpended health department grants and related fees.

Restricted for Register of Deeds – portion of fund balance restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds' office.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for public safety activities such as fire protection, police, and E911 expenditures.

Purpose	General Fund	Other Governmental Funds	Total
Human services	$ 1,076,156	$ -	$ 1,076,156
Register of Deeds	34,771	-	34,771
Public safety	-	215,785	215,785
Total	$ 1,110,927	$ 215,785	$ 1,326,712

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of the Register of Deeds' pension plan of $97,530.

Committed Fund Balance. This classification represents a portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the County's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Committed for Tax Revaluation – portion of fund balance that can only be used for tax revaluation.

Committed for Future Capital Projects – portion of fund balance that is committed by resolution approved by the Board for future capital projects.

Purpose	General Fund	Other Governmental Funds	Total
Tax revaluation	$ 281,672	$ -	$ 281,672
Capital projects	-	4,413,507	4,413,507
Total	$ 281,672	$ 4,413,507	$ 4,695,179

Assigned Fund Balance. This classification represents a portion of fund balance that the County's governing board intends to use for specific purposes budgeted for.

Assigned for Public Safety – portion of fund balance that had been budgeted by the Board for public safety activities such as fire protection, police, and E911 expenditures.

Assigned for Education – portion of fund balance that has been budgeted in a special revenue fund by the Board for education purposes.

Assigned for Economic Development – portion of fund balance that has been budgeted by the Board for the economic development.

Assigned for Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already in restricted or committed approved by the Board.

Purpose	General Fund	Other Governmental Funds	Total
Public safety	$ 3,181	$ -	$ 3,181
Education	-	11,401	11,401
Economic development	-	469,387	469,387
Subsequent year's expenditures	6,193,758	-	6,193,758
Total	$ 6,196,939	$ 480,788	$ 6,677,727

Unassigned Fund Balance. This classification represents the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. Only the General Fund may report a positive unassigned fund balance.

Hoke County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director 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 Director has the authority to deviate from this policy if it's in the best interest of the County.

The County has not officially adopted a fund balance policy.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation.

Total fund balance - General Fund	$ 27,106,354
Less:	
Inventories	12,132
Prepaids	613,380
Stabilization for state statute	3,547,376
Total available fund balance	$ 22,933,466

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 or 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.

HOKE COUNTY, NORTH CAROLINA

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund to the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds

A legally budgeted Register of Deeds Automation Fund, Revaluation Fund, and Law Enforcement Officer Fund are consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds (Exhibit D). Fund balance for the General Fund is reconciled as follows:

Fund balance, ending - General Fund (Exhibit F)	$ 26,786,730
Register of Deeds Automation Fund:	
Expenditures:	
Transfers in	25,000
Fund balance, beginning	9,771
Fund balance, ending	34,771
Revaluation Fund:	
Transfers in	50,000
Fund balance, beginning	231,672
Fund balance, ending	281,672
Law Enforcement Officer Fund:	
Expenditures:	
Public safety	(13,207)
Transfers in	13,400
Fund balance, beginning	2,988
Fund balance, ending	3,181
Total ending fund balance (Exhibit D)	$ 27,106,354

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's agents in these units' names. 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 their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization, 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 State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institutions used by the County. The County does not have policies regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the County's deposits had a carrying amount of $8,126,951 and a bank balance of $9,113,559. Of the bank balance, $500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

At June 30, 2019, Hoke County had $3,703 cash on hand.

Investments

At June 30, 2019, the County's investments consisted of $26,978,178 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAm by Standard and Poor's and $10,167,309 in the North Carolina Capital Management Trust's Term Portfolio which is unrated.

Interest Rate Risk. The County does not have a formal investment policy.

Credit Risk. The County does not have a formal policy regarding credit risk.

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 present-use value as opposed to market value. When the property loses its eligibility for use-valuation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with 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.

Year Levied	Tax	Interest	Total
2016	$ 937,271	$ -	$ 937,271
2017	958,681	-	958,681
2018	966,811	-	966,811
2019	962,271	-	962,271
Total	$ 3,825,034	$ -	$ 3,825,034

Receivables

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

	Accounts	Taxes	Due From Other Governments	Note Receivable	Total
Governmental Activities:					
General	$ 28,011	$ 2,425,890	$ 3,519,365	$ -	$ 5,973,266
Other governmental	7,937	230,893	56,677	116,254	411,761
Allowance for doubtful accounts	-	(702,019)	-	-	(702,019)
Total receivables	$ 35,948	$ 1,954,764	$ 3,576,042	$ 116,254	$ 5,683,008
Business-Type Activities:					
Water and sewer district	$ 1,409,948	$ -	$ -	$ -	$ 1,409,948
Solid waste	493,525	-	-	-	493,525
Allowance for doubtful accounts	(917,141)	-	-	-	(917,141)
Total business-type activities	$ 986,332	$ -	$ -	$ -	$ 986,332

Due from other governments consists of the following:

Governmental Activities:	
Local option sales tax	$ 1,688,438
Refundable sales tax	291,586
MV taxes, state	66,776
Gasoline taxes, state	17,311
ABC distribution	43,000
ABC beer and wine privilege tax	34,000
Other governmental, state	657,096
Grants receivable	777,835
Total	$ 3,576,042

Capital Assets

Primary Government

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

	Balance July 1, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Governmental Activities:					
Non-Depreciable Assets:					
Land	$ 3,680,785	$ -	$ -	$ -	$ 3,680,785
Construction in progress	-	1,918,948	-	-	1,918,948
Total non-depreciable capital assets	3,680,785	1,918,948	-	-	5,599,733
Depreciable Assets:					
Buildings	21,381,294	220,541	-	-	21,601,835
Equipment	4,764,284	170,056	20,255	-	4,914,085
Vehicles and motor equipment	4,081,337	962,063	620,527	-	4,422,873
Total depreciable capital assets	30,226,915	1,352,660	640,782	-	30,938,793
Less Accumulated Depreciation:					
Buildings	5,089,082	453,479	-	-	5,542,561
Equipment	3,826,382	251,295	19,074	-	4,058,603
Vehicles and motor equipment	3,107,358	377,018	617,073	-	2,867,303
Total accumulated depreciation	12,022,822	1,081,792	636,147	-	12,468,467
Total depreciable capital assets, net	18,204,093	270,868	4,635	-	18,470,326
Governmental activity capital assets, net	$ 21,884,878	$ 2,189,816	$ 4,635	$ -	$ 24,070,059

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

General government	$ 122,306
Public safety	727,075
Economic and physical development	11,320
Human services	123,322
Cultural and recreational	88,977
Transportation	8,792
Total	$ 1,081,792

The following is a summary of the County's business-type capital assets:

	Balance July 1, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Business-Type Activities:					
Water and Sewer District:					
Non-Depreciable Assets:					
Land	$ 488,804	$ -	$ -	$ -	$ 488,804
Construction in progress	991,822	500,000	-	-	1,491,822
Total non-depreciable capital assets	1,480,626	500,000	-	-	1,980,626
Depreciable Assets:					
Plant and distribution system	79,442,283	-	-	-	79,442,283
Furniture and maintenance equipment	1,497,008	88,215	10,480	-	1,574,743
Buildings	124,620	-	-	-	124,620
Vehicles	821,048	48,381	61,050	-	808,379
Total depreciable capital assets	81,884,959	136,596	71,530	-	81,950,025
Less Accumulated Depreciation:					
Plant and distribution system	14,964,284	1,882,127	-	-	16,846,411
Furniture and maintenance equipment	977,120	76,653	10,480	-	1,043,293
Buildings	23,262	2,492	-	-	25,754
Vehicles	637,097	60,110	61,050	-	636,157
Total accumulated depreciation	16,601,763	$ 2,021,382	$ 71,530	$ -	18,551,615
Total depreciable capital assets, net	65,283,196				63,398,410
Water and sewer capital assets, net	66,763,822				65,379,036
Solid Waste:					
Non-Depreciable Assets:					
Land	182,652	$ -	$ -	$ -	182,652
Total non-depreciable capital assets	182,652	-	-	-	182,652
Depreciable Assets:					
Plant and distribution system	1,075,504	-	-	-	1,075,504
Furniture and maintenance equipment	927,726	-	-	-	927,726
Vehicles	549,149	179,172	-	-	728,321
Total depreciable capital assets	2,552,379	179,172	-	-	2,731,551
Less Accumulated Depreciation:					
Plant and distribution system	260,389	21,510	-	-	281,899
Furniture and maintenance equipment	712,371	41,106	-	-	753,477
Vehicles	386,845	62,736	-	-	449,581
Total accumulated depreciation	1,359,605	$ 125,352	$ -	$ -	1,484,957
Total depreciable capital assets, net	1,192,774				1,246,594
Solid waste capital assets, net	1,375,426				1,429,246
Business-type activities, net	$ 68,139,248				$ 66,808,282

Net Investment in Capital Assets

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

	Governmental Activities	Business-Type Activities
Capital assets	$ 24,070,059	$ 66,808,282
Long-term debt	33,085,337	24,326,500
Less:		
School debt to which County does not hold title	22,938,972	-
Total capital debt	10,146,365	24,326,500
Net investment in capital assets	$ 13,923,694	$ 42,481,782

Construction Commitments

The government has active construction projects at year-end. At June 30, 2019, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Commitment
General Fund:		
Cooperative Ext. Building	$ 751,577	$ 3,855,323
Water and Sewer Fund:		
Drainage repair	961,068	162,474
VFD	390,399	155,431
Total	$ 2,103,044	$ 4,173,228

B. Liabilities

Payables

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

	Accounts Payable	Salaries and Benefits	Other	Total
Governmental Activities:				
General	$ 1,389,010	$ 216,586	$ -	$ 1,605,596
Other governmental	64,837	-	-	64,837
Total governmental activities	$ 1,453,847	$ 216,586	$ -	$ 1,670,433
Business-Type Activities:				
Water and sewer district	$ 235,057	$ 21,130	$ -	$ 256,187
Solid waste	112,890	10,561	-	123,451
Total business-type activities	$ 347,947	$ 31,691	$ -	$ 379,638

Pension Plan Obligations

Local Government Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2019 was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year contributions to the pension plan from the County were $1,325,183 for the year ended June 30, 2019.

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

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

At June 30, 2019, the County reported a liability of $5,692,198 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018 measurement date, the County's proportion was .240%, which was a decrease of .015% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of $1,558,751. At June 30, 2019, 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	$ 878,171	$ 29,467
Changes of assumptions	1,510,489	-
Net difference between projected and actual earnings on pension plan investments	781,370	-
Changes in proportion and differences between County contributions and proportionate share of contributions	14,859	188,404
County contributions subsequent to the measurement date	1,325,183	-
Total	$ 4,510,072	$ 217,871

$1,325,183 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 end June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	$ 1,469,028
2021	930,168
2022	143,772
2023	424,050
2024	-
Thereafter	-
Total	$ 2,967,018

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
County's proportionate share of the net pension liability (asset)	$ 13,673,151	$ 5,692,198	$ (976,813)

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

Law Enforcement Officers' Special Separation Allowance

Plan Description. Hoke 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 .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the Plan.

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Inactive members currently receiving benefits	1
Active plan members	62
Total	63

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separate 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 and refunds 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, 2017 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20 - Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

Deaths After Retirement (Healthy): RP-20I4 Healthy annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operation budget. There were no contributions made by the 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 $6,782 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, 2019, the County reported a total pension liability of $708,903. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of $77,096.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 18,986	$ 100,081
Changes of assumptions	49,210	35,665
County benefit payments and plan administrative expense made subsequent to the measurement date	8,780	-
Total	$ 76,976	$ 135,746

$8,780 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	$ (11,147)
2021	(11,147)
2022	(11,147)
2023	(11,124)
2024	(21,978)
Thereafter	(1,007)
Total	$ (67,550)

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 3.64%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64%) or 1-percentage-point higher (4.64%) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	$ 776,226	$ 708,903	$ 647,985

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

	2019
Beginning balance	$ 778,869
Service cost	63,738
Interest on the total pension liability	24,505
Difference between expected and actual experience in the measurement of the total pension liability	(119,938)
Changes of assumptions or other inputs	(31,489)
Benefit payments	(6,782)
Ending balance of the total pension liability	$ 708,903

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate of 3.16 percent at December 31, 2017 to 3.64 percent at December 31, 2018.

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (the "Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) Plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% 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 $140,657 for the reporting year. No amounts were forfeited.

Register of Deeds' Supplemental Pension Fund

Plan Description. Hoke County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Resisters of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were $3,905 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of $86,093 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2018, the County's proportion was .520%, which was an increase of .075% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of $13,394. At June 30, 2019, 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	$ 759	$ 3,930
Changes of assumptions	4,049	-
Net difference between projected and actual earnings on pension plan investments	13,722	-
Changes in proportion and differences between County contributions and proportionate share of contributions	4,350	11,418
County contributions subsequent to the measurement date	3,905	-
Total	$ 26,785	$ 15,348

$3,905 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	$ 5,696
2021	(4,339)
2022	4,044
2023	2,131
2024	-
Thereafter	-
Total	$ 7,532

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2018 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75%, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	$ (67,879)	$ (86,093)	$ (101,453)

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

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

The net pension liability for LGERS and ROD was measure as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of December 31, 2018, with an actuarial valuation date of December 31, 2017. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate share of net pension liability (asset)	$ 5,692,198	$ (86,093)		$ 5,606,105
Proportion of the net pension liability (asset)	0.2399	0.5198	n/a	-
Total pension liability	-	-	708,903	708,903
Pension expense	1,558,751	13,394	77,096	1,649,241

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

	LGERS	ROD	LEOSSA	Total
Deferred Outflows of Resources:				
Pensions - difference between expected and actual experience	$ 878,171	$ 759	$ 18,986	$ 897,916
Pensions - difference between projected and actual investment earnings	781,370	13,722	-	795,092
Changes of assumptions	1,510,489	4,049	49,210	1,563,748
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	14,859	4,350	-	19,209
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	1,325,183	3,905	8,780	1,337,868
Total	$4,510,072	$26,785	$ 76,976	$4,613,833
Deferred Inflows of Resources:				
Pensions - difference between expected and actual experience	$ 29,467	$ 3,930	$ 100,081	$ 133,478
Changes of assumptions	-	-	35,665	35,665
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	188,404	11,418	-	199,822
Total	$ 217,871	$15,348	$ 135,746	$ 368,965

Other Post-Employment Benefits – Healthcare Benefits

Plan Description. Under a County resolution, Hoke County provides healthcare benefits to employees through the County's Retiree Health Plan as a single employer defined benefit plan to cover retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (the "System"). The County has elected to partially pay the future overall cost of coverage for these benefits. The benefits are available to qualified retirees until the age of sixty-five (65).

Effective July 1, 2000, to be eligible for the County's Retiree Health Plan, the retiree must be eligible for state retirement benefits and by either: (a) having reached age sixty (60) *and* having worked the last five (5) years in continuous full-time service with Hoke County or (b) having reached age fifty-five (55) *and* having worked the last twelve (12) years in full-time services with Hoke County. Upon separation of regular permanent employment, an employee may continue coverage under the County's medical insurance plan subject to COBRA provisions.

County Contributions Based on Years of Creditable Service

Years of Creditable Service with County	County Pays
30+	100%
25 - 29	75%
15 - 24	50%
12 - 14	25%
5 - 11	0%

Premiums will be calculated annually and will be subject to adjustments as necessary. Coverage is transferred to a supplemental policy when retiree becomes eligible for Medicare. If a retiree becomes eligible for another employer-sponsored plan, then County coverage shall immediately become secondary. Retirees can purchase coverage for their dependents at the County's group rates. The Board of 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.

Membership of the Plan consisted of the following at June 30, 2018:

Inactive plan members or beneficiaries currently receiving benefit payments	8
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	370
Total	378

Total OPEB Liability

The County's total OPEB liability of $4,745,333 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases:	
General employees & Firefighters	3.50 to 7.75 percent, including wage inflation
Law enforcement officers	3.50 to 7.35 percent, including wage inflation
Municipal Bond Index Rate:	
Prior measurement date	3.56 percent
Measurement date	3.89 percent
Health care cost trends:	
Pre-Medicare	7.25 percent for 2018 decreasing to an ultimate rate of 4.75% by 2028

The County selected a Municipal Bond Index Rate equal to the June average of the Bond Buyer 20-year General Obligation Bond Index published weekly by The Bond Buyer, and the discount rate used to measure is the Municipal Bond Index as of the measurement date.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	$ 5,177,633
Changes for the year:	
Service cost	400,281
Interest	182,444
Differences between expected and actual experience	(1,011,377)
Changes of assumptions or other inputs	102,895
Benefit payments	(106,543)
Net changes	(432,300)
Balance at June 30, 2019	$ 4,745,333

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS Board.

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, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89%) or 1-percentage-point higher (4.89%) than the current discount rate:

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	$5,312,994	$ 4,745,333	$4,241,667

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 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB liability	$ 4,088,082	$ 4,745,333	$ 5,539,378

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

For the year ended June 30, 2019, the County recognized OPEB expense of $424,986. At June 30, 2019, 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	$ -	$ 885,557
Changes of assumptions	89,102	235,261
Benefit payments and plan administrative expense made subsequent to the measurement date	111,095	-
Total	$ 200,197	$ 1,120,818

$111,095 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 end June 30, 2020. 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
2020	$ (164,171)
2021	(164,171)
2022	(164,171)
2023	(164,171)
2024	(164,171)
Thereafter	(210,861)
Total	$ (1,031,716)

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 (the "Death Benefit Plan"), a multiple-employer, state-administered, cost-sharing plan funded on a one-year 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 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

The County closed its landfill prior to the requirements for closure and post-closure expenditures. At that time, the County contracted to have its solid waste transported to other locations outside the County.

Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB deferrals	$ 200,197	$ 1,120,818
Pension deferrals	4,613,833	368,965
Prepaid taxes not yet earned (general)	-	133,340
Unavailable revenues - grants		7,937
Taxes receivable, net (general)	-	1,788,871
Taxes receivable, net (special revenue)	-	165,893
Total	$ 4,814,030	$ 3,585,824

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 two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency.

Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of $200 million for any one occurrence, general, auto, professional, employment practices, and law enforcement liability coverage of $2 million per occurrence; auto physical damage for owned autos to actual cash value; crime coverage of $250,000 per occurrence; and workers' compensation coverage up to the North Carolina statutory limits.

All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a $500,000 retention up to a $2 million limit for liability coverage, and $1,750,000 of each loss in excess of a $250,000 per occurrence retention for property and auto physical damage. For workers' compensation there is a per occurrence retention of $750,000.

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 crime coverage with a $250,000 occurrence limit. The director of finance is bonded for $200,000, and the tax collector is bonded for $100,000.

Since the County is not located in an area of the state that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County does not need nor carries flood insurance.

The County carries commercial coverage for all other risk of loss. 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.

Contingent Liabilities

At June 30, 2019, the County was a defendant to various lawsuits. In the opinion of the County's management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

Long-Term Obligations

As authorized by state law [G.S. 160A-20 and 153A-158.1], the County financed various property acquisitions for use by the Hoke County Board of Education during the fiscal year ended June 30, 2019, by issuing school bonds. The purchase was issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding. The County has entered into a lease with the Hoke County Board of Education that transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education.

The lease calls for nominal annual lease payments and also contains a bargain purchase option. The lease term is the same as that of the bond obligation. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Board of Education.

Capital Lease

The County entered into an agreement to lease certain equipment. The lease agreement qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The agreement was executed on August 1, 2015 for the lease of equipment and requires five annual payments of $131,679. The future minimum lease obligations and the net present value of these lease payments as of June 30, 2019 were as follows:

Year Ending June 30		
2020	$	131,679
2021		131,679
Total minimum lease payments		263,358
Less: amount representing interest		(11,536)
Present value of the minimum lease payments	$	251,822

General Obligations Indebtedness

All general obligation bonds serviced by the County's General Fund are collateralized by the full-faith credit and taxing power of the County. Hoke County's water and sewer districts issue general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in the Water and Sewer District Fund, are collateralized by the full-faith credit and taxing power of the district. Principal and interest payments are appropriated when due.

The County's general long-term debt at June 30, 2019 is comprised of the following individual issues:

General Obligation Bonds:	
General Fund:	
Series 2007 school bonds, annual payments, including interest at a rate of 4%, maturing in 2027	$ 6,400,000
Water and Sewer Fund:	
$4,770,000 2014B refunding series, due in semi-annual payments, including interest at a rate of 2.39%, maturing in 2026	$ 3,001,000

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

Year Ending	General Fund		Water and Sewer	
June 30	Principal	Interest	Principal	Interest
2020	$ 700,000	$ 264,000	$ 405,000	$ 71,724
2021	700,000	236,000	412,000	62,044
2022	900,000	208,000	424,000	52,198
2023	900,000	172,000	426,000	42,064
2024	900,000	134,875	436,000	31,883
2025-2027	2,300,000	178,500	898,000	32,289
Total	$ 6,400,000	$ 1,193,375	$ 3,001,000	$ 292,202

The County's notes payable debt at June 30, 2019 is comprised of the following individual issues:

Notes Payable - General Fund:	
$3,830,000 note, payable in semi-annual installments of $127,167, including interest at 3.11%, maturing in 2022 - Direct Borrowing	$ 765,999
$2,585,000 note, payable in semi-annual installments of $85,667, including interest at 2.12%, maturing in 2022 - Direct Borrowing	513,999
$5,000,000 note, payable in annual installments of $333,333, including interest at 2.65%, maturing in 2021 - Direct Borrowing	666,667
$3,865,000 note, payable in semi-annual installments of $128,833, including interest at 3.79%, maturing in 2023 - Direct Borrowing	1,030,666
$2,790,450 USDA note, payable in annual installments of $168,823, including interest at 4.375%, maturing in 2035 - Direct Placement	1,769,882
$7,034,000 USDA note, payable in annual installments of $362,040, including interest at the rate of 4.125%, maturing in 2045 - Direct Placement	5,667,164
$700,000 USDA note, payable in annual installments of $36,029, including interest at 4.125%, maturing in 2034 - Direct Placement	371,998
Total notes payable - General Fund	10,786,375
Notes Payable - Water and Sewer Fund:	
$1,360,000 note, payable in monthly installments of $14,167, at zero interest, maturing in 2024 - Direct Borrowing	807,500
Total notes payable - Water and Sewer Fund	807,500
Total notes payable	$ 11,593,875

The County's outstanding notes from direct borrowing related to General Fund activities in the amount of $2,977,331 is secured by a deed of trust. The borrowing contains provisions that in the event of a default the bank may exercise any one of the following remedies:

(a) Declare the unpaid principal components of the installment payments, and the accrued interest thereon, immediately due and payable;
(b) Proceed by appropriate court action to enforce performance by the County of the applicable covenants of the Contract or Deed of Trust or to recover for the breach thereof; and
(c) Avail itself of all available remedies under the Deed of Trust, including foreclosure on the Pledged Facilities and recovery of attorneys' fees and other expenses, and of all other remedies available at law or in equity.

The County's outstanding notes from direct placement related to General Fund activities in the amount of $7,809,044 is secured by a deed of trust. The borrowing contains provisions that in the event of a default the bank may exercise any one of the following remedies:

(a) Declare the entire outstanding balance of the Purchase Price immediately due and payable as to all or any part of the Apparatus/Facility without notice or demand to the County;
(b) Proceed by appropriate court action to enforce performance by the County of any or all of its covenants hereunder or to recover for the breach thereof including the payment of the installment payments due or to become due hereunder;
(c) Exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State of North Carolina with respect to the enforcement of the security interest granted or reserved hereunder, including without limitation, to the extent permitted by law, re-enter and take possession of the Apparatus/Facility without any court order or other process of law and without liability for entering the premises and sell, or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, or other disposition, after deducting all costs and repair, storage and other sale, or other disposition costs, toward the balance due under this Contract and, thereafter, shall pay any remaining proceeds to the County:
(d) Terminate this Contract as to all or any part of the Apparatus/Facility and use, operate, lease or hold all or any part of the Apparatus/Facility as the Lender in its sole discretion may decide.

The county's outstanding notes from direct borrowing related to Business-type activities in the amount of $807,500 is secured by a deed of trust. The borrowing contains provisions that in the event of a default the bank may exercise any one of the following remedies:

(a) Declare the unpaid principal components of the installment payments, and the accrued interest thereon, immediately due and payable;
(b) Proceed by appropriate court action to enforce performance by the County of the applicable covenants of the Contract or Deed of Trust or to recover for the breach thereof; and
(c) Avail itself of all available remedies under the Deed of Trust, including foreclosure on the Pledged Facilities and recovery of attorneys' fees and other expenses, and of all other remedies available at law or in equity.

Annual debt service requirements for the County's notes payables are as follows:

Year Ending	General Fund		Water and Sewer	
June 30	Principal	Interest	Principal	Interest
2020	$ 1,258,011	$ 412,662	$ 170,000	$ -
2021	1,268,154	372,346	170,000	-
2022	945,390	331,605	170,000	-
2023	529,742	302,140	170,000	-
2024	283,559	283,333	127,500	-
2025-2029	1,607,749	1,226,711	-	-
2030-2034	1,819,013	857,880	-	-
2035-2039	1,277,138	533,062	-	-
2040-2044	1,563,194	247,006	-	-
2045	234,425	9,670	-	-
Total	$ 10,786,375	$ 4,576,415	$ 807,500	$ -

Limited Obligation Bonds Payable - General Fund:

$18,710,000 Non-General Obligation Qualified School Construction Bond, tax credit rate 4.38%, maturing in 2032	$ 15,647,140

All limited obligation bonds serviced by the County's General Fund are collateralized by the full-faith credit and taxing power of the County. Principal and interest payments are appropriated when due.

Annual debt service requirements for the County's limited obligation bonds payable is as follows:

Year Ending June 30	General Fund Principal	General Fund Interest
2020	$ 1,097,716	$ 919,409
2021	1,304,822	919,409
2022	1,304,822	919,409
2023	1,304,822	919,409
2024	1,304,822	919,409
2025-2029	6,524,110	919,409
2030-2031	2,609,644	919,409
2032	196,382	919,409
Total	$ 15,647,140	$ 7,355,272

Revenue Bonds Payable - Water and Sewer Fund: Direct Placement

$9,423,000 USDA Water & Sewer Revenue Bonds, Series 2013, issued for water and sewer system improvements. Only interest installments are due for the first two years annually on June 1. Principal and interest installments are due annually beginning on June 1, 2016, at an annual interest rate of 3.5%, maturing in 2053.	$ 8,907,000
$9,000,000 USDA Water & Sewer Revenue Bonds, Series 2016A, issued for certain improvements to the water system. Only interest installments are due for the first two years annually on June 1. Principal and interest installments are due annually beginning on June 1, 2018, at an annual interest rate of 2.5%, maturing in 2055.	8,707,000
$1,703,000 USDA Water & Sewer Revenue Bonds, Series 2016B, issued for certain improvements to the water system. Only interest installments are due for the first two years annually on June 1. Principal and interest installments are due annually beginning on June 1, 2018, at an annual interest rate of 2.5%, maturing in 2055.	1,648,000
$1,298,000 USDA Water & Sewer Revenue Bonds, Series 2016C, issued for certain improvements to the water system. Only interest installments are due for the first two years annually on June 1. Principal and interest installments are due annually beginning on June 1, 2018, at an annual interest rate of 2.5%, maturing in 2055.	1,256,000
Total revenue bonds payable	$ 20,518,000

The County's revenue bonds from direct placement related to USDA Bonds for Business-type activities is in the amount of $20,518,000. The county pledges a special obligation of the County payable solely from the Net Revenues of the County's Water and Sewer system and from the proceeds of the Water and Sewer Revenue Bonds of the County. Neither the credit nor the taxing power of the county is pledged for the payment of this bond and no holder of this bond has the right to compel exercise of the taxing power by the county or the forfeiture of any of the County's property in connection with any default hereon.

Revenue bond debt service requirements to maturity for the County are as follows:

Year Ending	Water and Sewer	
June 30	Principal	Interest
2020	$ 343,000	$ 602,020
2021	352,000	592,045
2022	363,000	581,795
2023	375,000	571,220
2024	385,000	260,285
2025-2029	2,100,000	2,625,925
2030-2034	2,427,000	2,299,665
2035-2039	2,805,000	1,920,985
2040-2044	3,245,000	1,481,515
2045-2049	3,755,000	970,700
2050-2054	3,895,000	377,250
2055	473,000	11,825
Total	$ 20,518,000	$ 12,295,230

The County is in compliance with the covenants as to rates and charges in Section 5.01of the Bond Order, authorizing the issuances of the Water and Sewer System, Series 2013 and Series 2016A, 2016B, and 2016C USDA Revenue Bonds. The County agrees that the net revenues for the fiscal year be no less than 110% of the debt service requirement for that year, not less than 100% of the amount necessary to pay annual debt services obligations on subordinated indebtedness, if any, and not less than 100% of the amount necessary to meet annual debt service obligations coming due in that fiscal year with respect to the County's general obligation bonds and installment financing obligations, if any, used to finance system improvements.

The debt service coverage ratio calculation for the year ended June 30, 2019 is as follows:

Operating revenues	$	7,031,575
Operating expenses*		4,738,689
Net revenues	$	2,292,886
Net revenues must be no less than 110% for current year debt service requirements		
Current year debt service	$	944,705
Current year debt service percent coverage		243%
Net revenues may not be less than 100% of the amount necessary to pay annual debt service obligations on subordinated indebtedness		
Debt service on subordinated indebtedness	$	1,037,164
Debt service on subordinated indebtedness percent coverage		221%
Net revenues may not be less than 100% of the amount necessary to meet annual debt service obligations coming due with respect to general obligation bonds and installment financing obligations		
Debt service	$	476,724
Debt services on debt coming due in next fiscal year percent of coverage		481%

*Per revenue bond covenant, this does not include depreciation expense of $2,021,382.

The County has pledged future water and sewer customer revenues, net of specified operating expenses, to repay $9,423,000 in water and sewer system revenue bonds issued in June 2013 and $12,001,000 issued in June 2016. Proceeds from the bonds provided financing for system improvements. The bonds are payable solely from water and sewer customer net revenues and are payable through 2053 and 2055, respectively. Annual principal and interest payments on the bonds are expected to require less than 8% of net revenues. The total principal and interest remaining to be paid on the bonds is $32,813,230. Principal and interest paid for the current year and total customer net revenues were $944,705 and $2,292,886, respectively.

Debt Related to Capital Activities – Of the total governmental activities debt listed, only $10,146,365 relates to assets the County holds title.

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2019:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion
Governmental Activities:					
General obligation bonds	$ 7,100,000	$ -	$ 700,000	$ 6,400,000	$ 700,000
Limited obligation bonds	16,330,645	-	683,505	15,647,140	1,097,716
Installment purchases- Direct Placement	12,069,656	-	1,283,281	10,786,375	1,258,011
Capital leases	371,934	-	120,112	251,822	123,847
Compensated absences	1,074,227	4,000,259	3,875,268	1,199,218	599,609
Total OPEB liability	4,693,680	-	393,393	4,300,287	-
Net pension liability (LGERS)	3,537,575	1,642,325	-	5,179,900	-
Total pension liability (LEOSSA)	778,869	-	69,966	708,903	-
Total governmental activities	$ 45,956,586	$ 5,642,584	$ 7,125,525	$ 44,473,645	$ 3,779,183
Business-Type Activities:					
Water and Sewer District:					
General obligation bonds	$ 3,787,000	$ -	$ 786,000	$ 3,001,000	$ 405,000
Revenue bond- Direct Placement	20,851,000	-	333,000	20,518,000	343,000
Installment purchases - Direct Borrowing	977,500	-	170,000	807,500	170,000
Compensated absences	70,769	194,103	194,946	69,926	34,963
Total OPEB liability	305,813	-	26,068	279,745	-
Net pension liability (LGERS)	233,247	108,285	-	341,532	-
Total water and sewer	26,225,329	302,388	1,510,014	25,017,703	952,963
Solid Waste:					
Compensated absences	36,364	149,714	139,992	46,086	23,043
Total OPEB liability	178,140	-	12,839	165,301	-
Net pension liability (LGERS)	116,623	54,143	-	170,766	-
Total solid waste	331,127	203,857	152,831	382,153	23,043
Total business-type activities	$ 26,556,456	$ 506,245	$ 1,662,845	$ 25,399,856	$ 976,006

Compensated absences, pension obligations, and OPEB for governmental activities typically have been liquidated in the General Fund.

At June 30, 2019, the County had a legal debt margin of approximately $260,801,927.

Conduit Debt Obligations

The County Industrial Facility and Pollution Control Authority have issued industrial revenue bonds to provide financial assistance to private business 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, the Authority, the state, nor any political subdivision thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2019, there were no industrial revenue bonds outstanding.

Interfund Balances and Activity

Transfer to/from other funds consist of the following:

	From	To	Purpose
General Fund	$ 4,310,000	$ -	
Administrative Capital Projects Fund		4,300,000	Fund project costs
CDBG Capital Projects Fund	-	10,000	Fund project costs
Total	$ 4,310,000	$ 4,310,000	

3. Jointly Governed Organizations

Southeastern Family and Community Services, Inc.

The County appoints four members of the 45 member Board for the Southeastern Community and Family Services, Inc. Board to oversee various functions of communities and secure funding when available. The County paid no fees or contributions to the Board and received no grants or monies through the Board.

Justice Board

The County appoints seven of the 12 members of the Criminal Justice Board, which oversees the judicial system in Hoke County and Scotland County. The County neither contributes nor receives financial benefits from the Board.

Southeastern Economic Development Commission

The County, along with four other counties, has established the Southeastern Economic Development Commission to oversee economic and industrial development in the region. The County made a contribution to the Commission of $4,226 during the year and received no financial benefit or responsibility from or for the Commission.

Sandhills Center for Mental Health, Developmental Disabilities and Substance Abuse Services

The County appoints two of the 20-member Board of the Sandhills Center for Mental Health, Developmental Disabilities and Substance Abuse Services, an organization that covers nine counties. The organization provides mental health, substance abuse, and intellectual & developmental disabilities services to residents in the coverage area through locally established branches.

Joint Economic Development Board

The County, jointly with the City of Raeford, appointed the four-member Board of the Joint Economic Development Board to enhance the industrial and economic development of the City of Raeford and Hoke County. No contributions were made during the year.

Joint Nursing Home/Adult Care Home Community Advisory Committee

The County appointed the four-member Board of the Hoke Joint Nursing Home/Adult Care Home Community Advisory Committee to provide monitoring assistance for industries in Hoke County. The County has no financial responsibilities in connection with this Board and makes no operating contributions to the Board's operations.

4. 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.

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS REQUIRED SUPPLEMENTARY INFORMATION LAST TWO FISCAL YEARS

Total OPEB Liability

	2019	2018
Beginning balance	$ 5,177,633	$ 5,003,061
Service cost	400,281	428,343
Interest on TOL and cash flows	182,444	149,495
Differences between expected and actual experience	(1,011,377)	(13,129)
Changes of assumptions or other inputs	102,895	(316,667)
Benefit payments	(106,543)	(73,470)
Ending balance of the total OPEB liability	$ 4,745,333	$ 5,177,633
Covered payroll	$ 13,956,925	$ 12,985,118
Total OPEB liability as a percentage of covered payroll	34.00%	39.87%

Notes to Schedule:

Changes 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:

Fiscal Year	Rate
2019	3.89%
2018	3.56%

HOKE COUNTY, NORTH CAROLINA

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

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Hoke County's proportion of the net pension liability (asset) %	0.23994%	0.25446%	0.25636%	0.26065%	0.24745%	0.24320%
Hoke County's proportionate share of the net pension liability (asset) $	$ 5,692,198	$ 3,887,445	$ 5,440,818	$ 1,169,782	$ (1,459,327)	$ 2,931,494
Hoke County's covered payroll	$ 15,160,605	$ 15,610,906	$ 14,222,807	$ 14,477,764	$ 13,843,764	$ 12,040,294
Hoke County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.55%	24.90%	38.25%	8.08%	-10.54%	24.35%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF COUNTY CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,325,183	$ 1,165,976	$ 1,165,712	$ 972,034	$ 1,032,713	$ 987,199
Contributions in relation to the contractually required contribution	1,325,183	1,165,976	1,165,712	972,034	1,032,713	987,199
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Hoke County's covered payroll	$ 16,685,246	$ 15,160,605	$ 15,610,906	$ 14,222,807	$ 14,477,764	$ 13,843,764
Contributions as a percentage of covered payroll	7.94%	7.69%	7.47%	6.83%	7.13%	7.13%

This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

HOKE COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund

	2019	2018	2017	2016	2015	2014
Hoke County's proportion of the net pension liability (asset) %	0.51979%	0.44527%	0.50084%	0.47544%	0.50351%	0.51401%
Hoke County's proportionate share of the net pension liability (asset) $	$ (86,093)	$ (76,003)	$ (93,637)	$ (110,178)	$ (114,142)	$ (109,793)
Hoke County's covered payroll	$ 48,271	$ 52,424	$ 48,153	$ 47,971	$ 46,805	$ 55,480
Hoke County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-178.35%	-144.98%	-194.46%	-229.68%	-243.87%	-197.90%
Plan fiduciary net position as a percentage of the total pension liability	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF COUNTY CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS

Register of Deeds' Supplemental Pension Fund

	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 3,905	$ 4,051	$ 4,266	$ 4,092	$ 3,392	$ 3,309
Contributions in relation to the contractually required contribution	3,905	4,051	4,266	4,092	3,392	3,309
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Hoke County's covered payroll	$ 31,095	$ 48,271	$ 52,424	$ 48,153	$ 47,971	$ 46,805
Contributions as a percentage of covered payroll	12.56%	8.39%	8.14%	8.50%	7.07%	7.07%

This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

HOKE COUNTY, NORTH CAROLINA

SCHEDULES OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST THREE FISCAL YEARS*

Law Enforcement Officers' Special Separation Allowance

	2019	2018	2017
Beginning balance	$ 778,869	$ 593,731	$ 531,032
Service cost	63,738	66,271	60,189
Interest on the total pension liability	24,505	22,827	18,958
Differences between expected and actual experience in the measurement of the total pension liability	(119,938)	28,048	-
Changes of assumptions or other inputs	(31,489)	72,700	(16,448)
Benefit payments	(6,782)	(4,708)	-
Ending balance of the total pension liability	$ 708,903	$ 778,869	$ 593,731

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

This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST THREE FISCAL YEARS

Law Enforcement Officers' Special Separation Allowance

	2019	2018	2017
Total pension liability	$ 708,903	$ 778,869	$ 593,731
Covered payroll	2,891,199	3,109,566	2,740,426
Total pension liability as a percentage of covered payroll	24.52%	25.05%	21.67%

Notes to the Schedules:

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

This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND CONSOLIDATED FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Register of Deeds Automation Fund	Revaluation Fund	Law Enforcement Officer Fund	Total
Revenues:					
Ad valorem taxes	$ 27,227,304	$ -	$ -	$ -	$ 27,227,304
Local option sales taxes	10,143,933	-	-	-	10,143,933
Other taxes and licenses	25,204	-	-	-	25,204
Unrestricted intergovernmental	228,542	-	-	-	228,542
Restricted intergovernmental	8,426,803	-	-	-	8,426,803
Permits and fees	1,620,385	-	-	-	1,620,385
Sales and services	1,204,388	-	-	-	1,204,388
Investment earnings	889,232	-	-	-	889,232
Total revenues	49,765,791	-	-	-	49,765,791
Expenditures:					
Current:					
General government	6,450,197	-	-	-	6,450,197
Public safety	12,071,072	-	-	13,207	12,084,279
Economic and physical development	691,780	-	-	-	691,780
Human services	11,974,622	-	-	-	11,974,622
Cultural and recreational	1,069,142	-	-	-	1,069,142
Transportation	1,359,648	-	-	-	1,359,648
Intergovernmental - education	7,655,556	-	-	-	7,655,556
Debt service:					
Principal retirements	2,786,897	-	-	-	2,786,897
Interest and fees	876,514	-	-	-	876,514
Total expenditures	44,935,428	-	-	13,207	44,948,635
Revenues over (under) expenditures	4,830,363	-	-	(13,207)	4,817,156
Other Financing Sources (Uses):					
Intrafund transfers	(88,400)	25,000	50,000	13,400	-
Transfers out	(4,310,000)	-	-	-	(4,310,000)
Total other financing sources (uses)	(4,398,400)	25,000	50,000	13,400	(4,310,000)
Net change in fund balance	431,963	25,000	50,000	193	507,156
Fund Balance:					
Beginning of year - July 1	26,354,767	9,771	231,672	2,988	26,599,198
End of year - June 30	$ 26,786,730	$ 34,771	$ 281,672	$ 3,181	$ 27,106,354

HOKE COUNTY, NORTH CAROLINA

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

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	$ 26,922,335	$ 27,010,745	$ 88,410	$ 26,190,980
Interest	175,100	216,559	41,459	193,178
Total	27,097,435	27,227,304	129,869	26,384,158
Local Option Sales Tax:				
Article 39 - one percent	1,771,665	1,923,295	151,630	1,808,304
Article 40 - 1/2 of a percent	3,041,264	3,640,785	599,521	3,372,317
Article 42 - 1/2 of a percent	1,241,852	1,446,008	204,156	1,357,754
Article 44 - 1/2 of a percent	1,967,878	2,246,830	278,952	2,165,298
Medicaid hold harmless	817,000	887,015	70,015	909,085
Total	8,839,659	10,143,933	1,304,274	9,612,758
Other Taxes and Licenses:				
Privilege licenses	-	1,144	1,144	1,084
Cable TV franchise tax	10,200	24,060	13,860	20,096
Total	10,200	25,204	15,004	21,180
Unrestricted Intergovernmental:				
Payments in lieu of taxes	12,200	36,189	23,989	34,994
Beer and wine tax	180,000	192,353	12,353	204,778
Total	192,200	228,542	36,342	239,772
Restricted Intergovernmental:				
Social services	3,911,326	4,158,287	246,961	3,755,625
Health department	2,373,727	2,037,261	(336,466)	2,181,263
Law enforcement grants	296,000	231,081	(64,919)	220,000
Juvenile justice	162,825	131,933	(30,892)	106,695
Veteran services	185,540	109,040	(76,500)	2,175
Transportation	783,874	958,932	175,058	602,035
Emergency management grant	16,328	-	(16,328)	1,000
Senior services grants	328,468	333,241	4,773	314,474
ABC profits for law enforcement	-	74,828	74,828	103,499
Other	1,100,000	392,200	(707,800)	-
Total	9,158,088	8,426,803	(731,285)	7,286,766
Permits and Fees:				
Inspection fees	616,400	637,720	21,320	710,607
Sheriff fees	163,000	321,837	158,837	309,887
Court facility fees	45,000	56,300	11,300	46,593
Register of Deeds fees	395,000	459,329	64,329	445,737
Tax administration	136,000	145,199	9,199	155,877
Total	1,355,400	1,620,385	264,985	1,668,701

HOKE COUNTY, NORTH CAROLINA

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

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Sales and Services:				
Health department fees	178,232	162,469	(15,763)	152,443
Jail fees	109,400	96,980	(12,420)	79,501
Corporative extensions	119,729	116,000	(3,729)	116,000
Economic development	16,000	21,653	5,653	16,347
Library	5,500	13,091	7,591	10,965
Parks and recreation	91,624	56,720	(34,904)	75,572
Elections	-	328	328	14,622
Transportation	89,699	57,458	(32,241)	92,604
Planning and zoning	128,500	114,960	(13,540)	181,820
Miscellaneous revenue	399,933	564,729	164,796	573,756
Total	1,138,617	1,204,388	65,771	1,313,630
Investment Earnings	679,194	889,232	210,038	402,624
Total revenues	48,470,793	49,765,791	1,294,998	46,929,589
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	452,634	384,008	68,626	331,547
Operating expenses	126,787	117,187	9,600	110,389
Capital outlay	6,900	-	6,900	-
Charges for services	(24,997)	(24,997)	-	(24,997)
Total	561,324	476,198	85,126	416,939
Administration:				
Salaries and employee benefits	227,819	215,186	12,633	163,234
Operating expenses	2,120,638	1,676,337	444,301	1,536,784
Charges for services	(288,913)	(298,913)	10,000	(288,913)
Total	2,059,544	1,592,610	466,934	1,411,105
Human Resources:				
Salaries and employee benefits	225,103	210,948	14,155	170,532
Operating expenses	53,049	32,559	20,490	15,398
Charges for services	(46,710)	(46,710)	-	(46,710)
Total	231,442	196,797	34,645	139,220
Elections:				
Salaries and employee benefits	177,852	151,851	26,001	115,057
Operating expenses	89,750	73,717	16,033	73,785
Capital outlay	4,000	2,570	1,430	3,937
Total	271,602	228,138	43,464	192,779

HOKE COUNTY, NORTH CAROLINA

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

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Finance:				
Salaries and employee benefits	630,329	589,940	40,389	534,627
Operating expenses	285,750	237,442	48,308	270,667
Charges for services	(211,111)	(211,111)	-	(211,111)
Total	704,968	616,271	88,697	594,183
Tax Administration:				
Salaries and employee benefits	465,450	433,284	32,166	412,423
Operating expenses	77,025	63,441	13,584	48,458
Capital outlay	-	-	-	8,282
Total	542,475	496,725	45,750	469,163
Tax Collections:				
Salaries and employee benefits	354,571	331,189	23,382	330,851
Operating expenses	83,691	68,063	15,628	43,251
Total	438,262	399,252	39,010	374,102
DMV:				
Operating expenses	131,900	123,175	8,725	105,515
Legal:				
Special legal services	129,147	89,525	39,622	110,836
Register of Deeds:				
Salaries and employee benefits	218,670	179,063	39,607	160,298
Operating expenses	60,633	53,655	6,978	56,847
Capital outlay	-	-	-	5,000
Total	279,303	232,718	46,585	222,145
Central Garage:				
Salaries and employee benefits	117,265	115,810	1,455	109,996
Operating expenses	11,460	5,938	5,522	4,345
Charges for services	(31,736)	(31,736)	-	(31,736)
Total	96,989	90,012	6,977	82,605
Public Buildings:				
Salaries and employee benefits	536,179	450,713	85,466	470,556
Operating expenses	496,376	391,427	104,949	428,915
Capital outlay	301,180	281,323	19,857	209,266
Charges for services	(39,862)	(39,862)	-	(39,862)
Total	1,293,873	1,083,601	210,272	1,068,875

HOKE COUNTY, NORTH CAROLINA

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

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Groundskeeping:				
Salaries and employee benefits	56,944	55,283	1,661	50,701
Operating expenses	26,870	19,285	7,585	17,389
Capital outlay	42,914	32,615	10,299	9,715
Total	126,728	107,183	19,545	77,805
Information Technology:				
Salaries and employee benefits	376,518	366,351	10,167	307,446
Operating expenses	503,397	408,312	95,085	428,253
Charges for services	(56,671)	(56,671)	-	(56,671)
Total	823,244	717,992	105,252	679,028
Total general government	7,690,801	6,450,197	1,240,604	5,944,300
Public Safety:				
Sheriff:				
Salaries and employee benefits	4,559,510	4,202,480	357,030	3,954,277
Operating expenses	704,400	682,446	21,954	625,428
Capital outlay	535,842	497,761	38,081	261,553
Total	5,799,752	5,382,687	417,065	4,841,258
Court Facilities:				
Operating expenses	103,997	90,041	13,956	95,497
Capital outlay	135,255	135,186	69	36,699
Total	239,252	225,227	14,025	132,196
Jail:				
Salaries and employee benefits	2,936,491	2,713,773	222,718	2,643,112
Operating expenses	1,262,500	1,216,648	45,852	1,199,500
Total	4,198,991	3,930,421	268,570	3,842,612
Communications:				
Salaries and employee benefits	1,029,455	979,989	49,466	887,995
Operating expenses	219,597	180,134	39,463	161,446
Capital outlay	47,000	51,355	(4,355)	-
Total	1,296,052	1,211,478	84,574	1,049,441
Emergency Management:				
Salaries and employee benefits	278,900	298,716	(19,816)	167,699
Operating expenses	63,428	51,766	11,662	29,748
Capital outlay	92,577	87,270	5,307	31,763
Total	434,905	437,752	(2,847)	229,210

HOKE COUNTY, NORTH CAROLINA

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

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Animal Control:				
Salaries and employee benefits	254,094	250,458	3,636	232,306
Operating expenses	79,340	68,296	11,044	76,520
Capital outlay	30,000	29,224	776	23,660
Total	363,434	347,978	15,456	332,486
Juvenile Justice:				
Operating expenses	152,117	143,717	8,400	127,166
Inspections:				
Salaries and employee benefits	276,969	273,311	3,658	214,166
Operating expenses	33,300	25,666	7,634	17,238
Capital outlay	30,700	29,085	1,615	1,665
Total	340,969	328,062	12,907	233,069
Medical Examiner:				
Contracted services	100,000	63,750	36,250	96,925
Total public safety	12,925,472	12,071,072	854,400	10,884,363
Economic and Physical Development:				
Planning and Zoning:				
Salaries and employee benefits	139,964	122,462	17,502	115,010
Operating expenses	11,042	7,278	3,764	8,530
Total	151,006	129,740	21,266	123,540
Economic Development:				
Salaries and employee benefits	9,259	5,401	3,858	-
Operating expenditures	85,846	78,898	6,948	71,744
Total	95,105	84,299	10,806	71,744
Cooperative Extension:				
Salaries and employee benefits	402,746	377,323	25,423	382,711
Operating expenses	56,851	35,520	21,331	53,183
Capital outlay	1,000	18	982	-
Total	460,597	412,861	47,736	435,894
Conservation:				
Salaries and employee benefits	61,852	60,588	1,264	57,702
Operating expenses	8,150	4,292	3,858	3,986
Capital outlay	500	-	500	2,210
Total	70,502	64,880	5,622	63,898
Total economic and physical development	777,210	691,780	85,430	695,076

HOKE COUNTY, NORTH CAROLINA

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

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Human Services:				
Environmental Health:				
Operating expenses	30,050	25,906	4,144	32,397
Client Services:				
Operating expenses	54,980	45,776	9,204	53,070
Child Health:				
Operating expenses	64,177	56,425	7,752	42,594
Child Services Coordinator:				
Operating expenses	19,850	11,465	8,385	29,902
Pregnancy Care Management:				
Operating expenses	30,100	16,675	13,425	28,128
Ed/Risk Reduction:				
Operating expenses	65,166	56,504	8,662	14,264
WIC - Nutrition:				
Operating expenses	2,000	1,060	940	1,976
WIC - Administration:				
Operating expenses	300	100	200	657
NC Partnership for Children:				
Operating expenses	4,000	4,000	-	4,000
WIC - Breastfeeding:				
Operating expenses	6,175	3,038	3,137	5,255
WorkFirst Block Grant:				
Operating expenses	41,000	20,566	20,434	19,470
Program Integrity:				
Operating expenses	-	-	-	427
Public Assistance:				
Operating expenses	1,277,489	1,066,073	211,416	1,089,652
DSS - IV-D:				
Operating expenses	67,930	45,364	22,566	48,830
Title XX:				
Operating expenses	376,597	360,546	16,051	1,013,047

HOKE COUNTY, NORTH CAROLINA

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

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
DSS - Eligibility:				
Salaries and employee benefits	-	-	-	(588)
Operating expenses	-	-	-	1,613
Total	-	-	-	1,025
DSS-Food Stamps:				
Operating expenses	18,723	13,626	5,097	16,581
Veterans Service:				
Salaries and employee benefits	88,521	77,990	10,531	35,806
Operating expenses	6,740	4,947	1,793	5,900
Capital outlay	2,000	-	2,000	-
Total	97,261	82,937	14,324	41,706
Health Administration:				
Salaries and employee benefits	2,475,847	2,340,630	135,217	2,114,432
Operating expenses	489,252	459,123	30,129	398,899
Capital outlay	20,000	18,973	1,027	-
Total	2,985,099	2,818,726	166,373	2,513,331
Communicable Diseases:				
Operating expenses	24,500	17,638	6,862	27,426
Bioterrorism Grant:				
Operating expenses	12,100	10,201	1,899	5,722
Breast and Cervical Cancer Program:				
Operating expenses	20,145	6,862	13,283	11,086
Women's Preventive Health:				
Operating expenses	85,784	72,096	13,688	73,344
Maternal Care:				
Salaries and employee benefits	12,200	5,230	6,970	9,953
Operating expenses	48,909	41,826	7,083	26,788
Total	61,109	47,056	14,053	36,741
Activities Routes to School:				
Operating expenses	34,640	29,306	5,334	18,256
Immunization:				
Operating expenses	43,300	35,555	7,745	18,570

HOKE COUNTY, NORTH CAROLINA

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

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
DSS - Administration:				
Salaries and employee benefits	5,023,714	4,923,744	99,970	4,008,354
Operating expenses	736,541	518,178	218,363	386,453
Capital outlay	158,500	149,062	9,438	105,734
Total	5,918,755	5,590,984	327,771	4,500,541
Senior Services:				
Salaries and employee benefits	371,077	346,080	24,997	304,441
Operating expenses	640,534	499,674	140,860	483,283
Capital outlay	1,000	927	73	-
Total	1,012,611	846,681	165,930	787,724
Health Primary Care:				
Operating expenses	39,600	31,128	8,472	36,428
Special Appropriations	847,858	658,328	189,530	738,136
Total human services	13,241,299	11,974,622	1,266,677	11,210,286
Cultural and Recreational:				
Recreation:				
Salaries and employee benefits	504,323	469,616	34,707	456,161
Operating expenses	224,905	147,040	77,865	183,298
Capital outlay	26,715	-	26,715	50,125
Total	755,943	616,656	139,287	689,584
Literacy Council:				
Salaries and employee benefits	82,187	73,650	8,537	65,554
Operating expenses	10,100	4,273	5,827	3,064
Capital outlay	-	-	-	6,406
Total	92,287	77,923	14,364	75,024
Library:				
Salaries and employee benefits	325,189	305,750	19,439	292,819
Operating expenses	99,913	68,813	31,100	73,979
Total	425,102	374,563	50,539	366,798
Total cultural and recreational	1,273,332	1,069,142	204,190	1,131,406
Transportation:				
Salaries and employee benefits	883,128	779,380	103,748	716,735
Operating expenses	345,407	252,948	92,459	231,260
Capital outlay	385,372	327,320	58,052	28,366
Total	1,613,907	1,359,648	254,259	976,361

HOKE COUNTY, NORTH CAROLINA

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

	2019			2018
	Budget	**Actual**	**Variance Over/Under**	**Actual**
Education:				
Public school - current	5,483,304	5,482,635	669	4,824,884
Community colleges	432,762	432,762	-	432,762
Capital outlay	1,275,937	1,276,154	(217)	1,086,331
Total	7,192,003	7,191,551	452	6,343,977
Special Appropriations	475,040	464,005	11,035	162,679
Total education	7,667,043	7,655,556	11,487	6,506,656
Debt Service:				
Principal retirement - government	2,496,501	2,786,897	(290,396)	2,566,304
Interest and fees	1,367,034	876,514	490,520	853,352
Total debt service	3,863,535	3,663,411	200,124	3,419,656
Total expenditures	49,052,599	44,935,428	4,117,171	40,768,104
Revenues over (under) expenditures	(581,806)	4,830,363	5,412,169	6,161,485
Other Financing Sources (Uses):				
Intrafund transfers	(88,400)	(88,400)	-	(75,000)
Transfers to other funds:				
Capital project funds	(4,310,000)	(4,310,000)	-	(1,578,027)
Special revenue funds	-	-	-	(107,827)
Appropriated fund balance	4,980,206	-	(4,980,206)	-
Total other financing sources (uses)	581,806	(4,398,400)	(4,980,206)	(1,760,854)
Net change in fund balance	$ -	431,963	$ 431,963	4,400,631
Fund Balance:				
Beginning of year - July 1		26,354,767		21,954,136
End of year - June 30		$ 26,786,730		$ 26,354,767

HOKE COUNTY, NORTH CAROLINA

REGISTER OF DEEDS AUTOMATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance Over/Under
Expenditures:			
Operating expenditures	$ 25,000	$ -	$ 25,000
Other Financing Sources (Uses):			
Intrafund transfers	25,000	25,000	-
Net change in fund balance	$ -	25,000	$ 25,000
Fund Balance:			
Beginning of year - July 1		9,771	
End of year - June 30		$ 34,771	

HOKE COUNTY, NORTH CAROLINA

REVALUATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance Over/Under
Expenditures:			
Operating expenditures	$ 50,000	$ -	$ 50,000
Other Financing Sources (Uses):			
Intrafund transfers	50,000	50,000	-
Net change in fund balance	$ -	50,000	$ 50,000
Fund Balance:			
Beginning of year - July 1		231,672	
End of year - June 30		$ 281,672	

HOKE COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance Over/Under
Expenditures:			
Operating expenditures	$ 18,400	$ 13,207	$ 5,193
Other Financing Sources (Uses):			
Intrafund transfers	18,400	13,400	(5,000)
Net change in fund balance	$ -	193	$ 193
Fund Balance:			
Beginning of year - July 1		2,988	
End of year - June 30		$ 3,181	

HOKE COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Special Revenue Funds	Capital Project Funds	Total
Assets:			
Cash and cash equivalents	$ 728,907	$ 4,418,143	$ 5,147,050
Taxes receivable	165,893	-	165,893
Accounts receivable	64,614	-	64,614
Notes receivable	116,254	-	116,254
Restricted cash and cash equivalents	86,917	-	86,917
Total assets	$ 1,162,585	$ 4,418,143	$ 5,580,728
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	$ 60,201	$ 4,636	$ 64,837
Liability to be paid from restricted assets	86,917	-	86,917
Total liabilities	147,118	4,636	151,754
Deferred Inflows of Resources:			
Taxes receivable	165,893	-	165,893
Unavailable revenues	7,937	-	7,937
Total deferred inflows of resources	173,830	-	173,830
Fund Balances:			
Restricted:			
Stabilization by state statute	172,931	-	172,931
Public safety	215,785	-	215,785
Committed	-	4,413,507	4,413,507
Assigned	480,788	-	480,788
Unassigned	(27,867)	-	(27,867)
Total fund balances	841,637	4,413,507	5,255,144
Total liabilities, deferred inflows of resources, and fund balances	$ 1,162,585	$ 4,418,143	$ 5,580,728

HOKE COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Project Funds	Total
Revenues:			
Ad valorem taxes	$ 2,635,845	$ -	$ 2,635,845
Restricted intergovernmental	214,585	55,800	270,385
E-911 wireless	339,334	-	339,334
Total revenues	3,190,264	55,800	3,246,064
Expenditures:			
Current:			
Public safety	3,220,669	-	3,220,669
Economic and physical development	116,285	65,800	182,085
Cultural and recreational	-	1,918,948	1,918,948
Total expenditures	3,336,954	1,984,748	5,321,702
Revenues over (under) expenditures	(146,690)	(1,928,948)	(2,075,638)
Other Financing Sources (Uses):			
Transfers in	-	4,310,000	4,310,000
Net change in fund balances	(146,690)	2,381,052	2,234,362
Fund Balances:			
Beginning of year - July 1	988,327	2,032,455	3,020,782
End of year - June 30	$ 841,637	$ 4,413,507	$ 5,255,144

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HOKE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Revolving Loan Fund	Emergency Systems Telephone Fund	Asset Forfeiture Fund	Grant Projects Fund
Assets:				
Cash and cash equivalents	$ 469,387	$ 143,261	$ 49,490	$ 11,401
Taxes receivable	-	-	-	-
Accounts receivable	-	28,278	-	-
Notes receivable	116,254	-	-	-
Restricted cash and cash equivalents	-	-	-	-
Total assets	$ 585,641	$ 171,539	$ 49,490	$ 11,401
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	$ -	$ 11,142	$ -	$ -
Liability to be paid from restricted assets	-	-	-	-
Total liabilities	-	11,142	-	-
Deferred Inflows of Resources:				
Taxes receivable	-	-	-	-
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances:				
Restricted:				
Stabilization by state statute	116,254	28,278	-	-
Public safety	-	132,119	49,490	-
Assigned	469,387	-	-	11,401
Unassigned	-	-	-	-
Total fund balances	585,641	160,397	49,490	11,401
Total liabilities, deferred inflows of resources, and fund balances	$ 585,641	$ 171,539	$ 49,490	$ 11,401

HOKE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Fire District Fund	Multi-Year Grants Fund	Total
Assets:			
Cash and cash equivalents	$ 8,259	$ 47,109	$ 728,907
Taxes receivable	165,893	-	165,893
Accounts receivable	28,399	7,937	64,614
Notes receivable	-	-	116,254
Restricted cash and cash equivalents	-	86,917	86,917
Total assets	$ 202,551	$ 141,963	$ 1,162,585
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	$ 36,126	$ 12,933	$ 60,201
Liability to be paid from restricted assets	-	86,917	86,917
Total liabilities	36,126	99,850	147,118
Deferred Inflows of Resources:			
Taxes receivable	165,893	-	165,893
Unavailable revenues	-	7,937	7,937
Total deferred inflows of resources	165,893	7,937	173,830
Fund Balances:			
Restricted:			
Stabilization by state statute	28,399	-	172,931
Public safety		34,176	215,785
Assigned	-	-	480,788
Unassigned	(27,867)	-	(27,867)
Total fund balances	532	34,176	841,637
Total liabilities, deferred inflows of resources, and fund balances	$ 202,551	$ 141,963	$ 1,162,585

HOKE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Revolving Loan Fund	Emergency Systems Telephone Fund	Asset Forfeiture Fund	Grant Projects Fund
Revenues:				
Ad valorem taxes	$ -	$ -	$ -	$ -
Restricted intergovernmental	-	-	98,643	-
E-911 wireless	-	339,334	-	-
Investment earnings	-	500	-	-
Total revenues	-	339,834	98,643	-
Expenditures:				
Current:				
Public safety	-	345,612	167,976	-
Economic and physical development	-	-	-	-
Total expenditures	-	345,612	167,976	-
Net change in fund balances	-	(5,778)	(69,333)	-
Fund Balances:				
Beginning of year - July 1	585,641	166,175	118,823	11,401
End of year - June 30	$ 585,641	$ 160,397	$ 49,490	$ 11,401

HOKE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Fire District Fund	Multi-Year Grants Funds	Total
Revenues:			
Ad valorem taxes	$ 2,635,845	$ -	$ 2,635,845
Restricted intergovernmental	-	115,942	214,585
E-911 wireless	-	-	339,334
Investment earnings	-	-	500
Total revenues	2,635,845	115,942	3,190,264
Expenditures:			
Current:			
Public safety	2,699,487	7,594	3,220,669
Economic and physical development	-	116,285	116,285
Total expenditures	2,699,487	123,879	3,336,954
Net change in fund balances	(63,642)	(7,937)	(146,690)
Fund Balances:			
Beginning of year - July 1	64,174	42,113	988,327
End of year - June 30	$ 532	$ 34,176	$ 841,637

HOKE COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUND - REVOLVING LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance Over/Under
Revenues:			
Miscellaneous revenue	$ 83,016	$ 62,835	$ (20,181)
Expenditures:			
Economic incentive	83,016	-	83,016
Net change in fund balance	$ -	62,835	$ 62,835
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		(62,835)	
Fund Balance:			
Beginning of year - July 1		585,641	
End of year - June 30		$ 585,641	

HOKE COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUND - EMERGENCY SYSTEMS TELEPHONE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance Over/Under
Revenues:			
E-911	$ 352,399	$ 339,334	$ (13,065)
Investment earnings	-	500	500
Total revenues	352,399	339,834	(12,565)
Expenditures:			
Implemental functions	42,535	42,535	-
Telephone & furniture	150,611	143,824	6,787
Software and software maintenance	54,802	54,802	-
Hardware and hardware maintenance	102,368	102,368	-
Training	2,083	2,083	-
Total expenditures	352,399	345,612	6,787
Net change in fund balance	$ -	(5,778)	$ (5,778)
Fund Balance:			
Beginning of year - July 1		166,175	
End of year - June 30		$ 160,397	

HOKE COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUND - ASSET FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance Over/Under
Revenues:			
Federal asset forfeiture funds - Justice	$ 100,000	$ 39,382	$ (60,618)
Federal asset forfeiture treasury funds	3,529	3,528	(1)
State asset forfeiture funds	30,000	55,733	25,733
Total revenues	133,529	98,643	(34,886)
Expenditures:			
Operating expenditures:			
Federal asset forfeiture funds - Justice	139,600	140,091	(491)
Federal asset forfeiture treasury funds	3,529	-	3,529
State asset forfeiture funds	30,000	27,885	2,115
Total expenditures	173,129	167,976	5,153
Revenues over (under) expenditures	(39,600)	(69,333)	(29,733)
Other Financing Sources (Uses):			
Appropriated fund balance	69,600	-	(69,600)
Transfers to other fund	(30,000)	-	30,000
Total other financing sources (uses)	39,600	-	(39,600)
Net change in fund balance	$ -	(69,333)	$ (69,333)
Fund Balance:			
Beginning of year - July 1		118,823	
End of year - June 30		$ 49,490	

HOKE COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUND - GRANT PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance Over/Under
Net change in fund balance	$ -	$ -	$ -
Fund Balance:			
Beginning of year - July 1		11,401	
End of year - June 30		$ 11,401	

HOKE COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUND - FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance Over/Under
Revenues:			
Ad valorem taxes	$ 2,846,995	$ 2,635,845	$ (211,150)
Expenditures:			
Public Safety:			
Fire Districts:			
North Raeford Fire Department	232,645	222,957	9,688
Antioch Fire Department	160,150	138,385	21,765
North Scotland Fire Department	27,350	12,368	14,982
Puppy Creek Fire Department	959,000	944,305	14,695
Rockfish Fire Department	465,677	436,365	29,312
Hillcrest Fire Department	495,288	487,549	7,739
West Hoke Fire Department	154,116	149,014	5,102
Pine Hill Fire Department	168,347	133,424	34,923
Stonewall Fire Department	142,270	135,560	6,710
Crestline Fire Department	42,152	39,560	2,592
Total expenditures	2,846,995	2,699,487	147,508
Net change in fund balance	$ -	(63,642)	$ (63,642)
Fund Balance:			
Beginning of year - July 1		64,174	
End of year - June 30		$ 532	

HOKE COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUND - MULTI-YEAR GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted Intergovernmental Revenues:				
Urgent Home Repair Grant 2017	$ 100,000	$ 41,652	$ 58,348	$ 100,000
Urgent Home Repair Grant 2018	100,000	-	50,000	50,000
Emergency Management Performance Grant	189,021	285,922	7,594	293,516
Total revenues	389,021	327,574	115,942	443,516
Expenditures:				
Emergency Management Performance Grant:				
Operating expenses	364,910	285,922	7,594	293,516
Urgent Home Repair 2017	100,000	41,652	58,348	100,000
Urgent Home Repair 2018	100,000	-	57,937	57,937
Total expenditures	564,910	327,574	123,879	451,453
Revenues over (under) expenditures	(175,889)	-	(7,937)	(7,937)
Other Financing Sources (Uses):				
Transfers from other funds	175,889	42,113	-	42,113
Net change in fund balance	$ -	$ 42,113	(7,937)	$ 34,176
Fund Balance:				
Beginning of year - July 1			42,113	
End of year - June 30			$ 34,176	

HOKE COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Administrative Capital Projects Fund	CDBG Capital Projects Fund	Capital Reserve Fund	Total
Assets:				
Cash and cash equivalents	$ 3,477,989	$ -	$ 940,154	$ 4,418,143
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	$ 4,636	$ -	$ -	$ 4,636
Fund Balances:				
Committed	3,473,353	-	940,154	4,413,507
Total liabilities and fund balances	$ 3,477,989	$ -	$ 940,154	$ 4,418,143

HOKE COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Administrative Capital Projects Fund	CDBG Capital Projects Fund	Capital Reserve Fund	Total
Revenues:				
Restricted intergovernmental	$ -	$ 55,800	$ -	$ 55,800
Expenditures:				
Current:				
Economic and physical development	-	65,800	-	65,800
Cultural and recreational	1,918,948	-	-	1,918,948
Total expenditures	1,918,948	65,800	-	1,984,748
Revenues over (under) expenditures	(1,918,948)	(10,000)	-	(1,928,948)
Other Financing Sources (Uses):				
Transfers in	4,300,000	10,000	-	4,310,000
Net change in fund balances	2,381,052	-	-	2,381,052
Fund Balances:				
Beginning of year - July 1	1,092,301	-	940,154	2,032,455
End of year - June 30	$ 3,473,353	$ -	$ 940,154	$ 4,413,507

HOKE COUNTY, NORTH CAROLINA

ADMINISTRATIVE CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND - CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date
Expenditures:				
Cultural and Recreational:				
Cameron Village Community Center	$ 149,100	$ -	$ 138,081	$ 138,081
Cooperative Extension Building	4,339,741	-	751,578	751,578
401 PR Building	14,140,000	-	1,029,289	1,029,289
Total expenditures	18,628,841	-	1,918,948	1,918,948
Other Financing Sources (Uses):				
Transfers from General Fund	6,628,841	1,092,301	4,300,000	5,392,301
Long-term debt issued	12,000,000	-	-	-
Total other financing sources (uses)	18,628,841	1,092,301	4,300,000	5,392,301
Net change in fund balance	$ -	$ 1,092,301	2,381,052	$ 3,473,353
Fund Balance:				
Beginning of year - July 1			1,092,301	
End of year - June 30			$ 3,473,353	

HOKE COUNTY, NORTH CAROLINA

CDBG CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Single Family Rehabilitation Program 2015	$ 100,000	$ -	$ 55,800	$ 55,800
Expenditures:				
Single Family Rehab Program 2015:				
Professional services	10,000	-	10,000	10,000
Softcost	95,000	-	52,100	52,100
Miscellaneous	5,000	-	3,700	3,700
Total Single Family Rehab Program 2015	110,000	-	65,800	65,800
Revenues over (under) expenditures	(10,000)	-	(10,000)	(10,000)
Other Financing Sources (Uses):				
Transfers from General Fund	10,000	-	10,000	10,000
Net change in fund balance	$ -	$ -	-	$ -
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			$ -	

HOKE COUNTY, NORTH CAROLINA

CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance Over/Under
Net change in fund balance	$ -	-	$ -
Fund Balance:			
Beginning of year - July 1		940,154	
End of year - June 30		$ 940,154	

HOKE COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND - WATER AND SEWER DISTRICT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Over/Under
Revenues:			
Operating Revenues:			
Water and sewer charges	$ 6,956,100	$ 6,328,319	$ (627,781)
Tap and impact fees	622,200	660,538	38,338
Other operating revenues	105,338	42,718	(62,620)
Total revenues	7,683,638	7,031,575	(652,063)
Expenditures:			
Operating Expenses:			
Water and Sewer Operations:			
Salaries and benefits	1,513,594	1,447,256	66,338
Other operating expenses	3,906,209	2,871,726	1,034,483
Capital outlay	510,654	163,854	346,800
Charges for services	360,000	360,000	-
Total	6,290,457	4,842,836	1,447,621
Debt Service:			
Interest and fees	738,124	738,124	-
Debt principal	1,235,325	1,289,000	(53,675)
Total	1,973,449	2,027,124	(53,675)
Total expenditures	8,263,906	6,869,960	1,393,946
Revenues over (under) expenditures	(580,268)	161,615	741,883
Other Financing Sources (Uses):			
Transfer in (out):			
Intrafund transfers, net - to Waste Water Treatment Plant Fund	(755,657)	(74,347)	681,310
Appropriated fund balance	1,335,925	-	(1,335,925)
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 87,268	$ 87,268

HOKE COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND - WATER AND SEWER DISTRICT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Over/Under
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		$ 87,268	
Reconciling items:			
Depreciation		(2,021,382)	
Debt principal		1,289,000	
Intrafund transfer		74,347	
Capital outlay		136,596	
Capital contributions - project		4,790	
Compensated absences		844	
Change in deferred outflows of resources - OPEB		4,909	
Change in OPEB liability		26,067	
Change in deferred inflows of resources - OPEB		(50,255)	
Change in deferred outflows of resources - pensions		94,550	
Change in net pension liability		(108,285)	
Change in deferred inflows of resources - pensions		(279)	
Change in net position		$ (461,830)	

HOKE COUNTY, NORTH CAROLINA

WATER CONSTRUCTION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
NC DOT Reimbursement	$ 56,600	$ 61,221	$ -	$ 61,221
Investment earnings	-	107,110	-	107,110
Total revenues	56,600	168,331	-	168,331
NC211 / B-5127 Water Main Replacement:				
Professional services	11,300	11,300	-	11,300
Construction cost	120,300	124,268	-	124,268
Total NC211 / B-5127 Water Main Replacement	131,600	135,568	-	135,568
Best Rd and Trudeau Avenue Drainage Repair:				
Professional services	10,000	16,958	-	16,958
Construction cost	1,094,542	444,110	500,000	944,110
Contingencies	19,000	-	-	-
Total Best Rd and Trudeau Avenue Drainage Repair	1,123,542	461,068	500,000	961,068
Total expenditures	1,255,142	596,636	500,000	1,096,636
Revenues over (under) expenditures	(1,198,542)	(428,305)	(500,000)	(928,305)
Other Financing Sources (Uses) :				
Transfers in:				
Water and Sewer Fund	1,198,542	1,111,067	74,347	1,185,414
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 682,762	$ (425,653)	$ 257,109

HOKE COUNTY, NORTH CAROLINA

WATER RATE STABILIZATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Other Financing Sources (Uses) :				
Transfers in:				
Water and Sewer Fund	$ 276,000	$ 568,927	$ -	$ 568,927
Transfers out:				
Water and sewer projects	(276,000)	-	-	-
Total other financing sources (uses)	-	568,927	-	568,927
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 568,927	$ -	$ 568,927

HOKE COUNTY, NORTH CAROLINA

WASTE WATER TREATMENT PLANT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental - VFD	$ 150,000	$ -	$ -	$ -
Contribution - VFD	395,830	396,883	-	396,883
Restricted intergovernmental - Golf Course	161,625	-	4,790	4,790
Total revenues	707,455	396,883	4,790	401,673
Expenditures:				
VFD:				
Professional services	56,720	-	-	-
Construction	477,543	390,399	-	390,399
Contingencies	11,567	-	-	-
Total VFD	545,830	390,399	-	390,399
Golf Course Road Water Main Relocation:				
Construction	153,945	4,790	-	4,790
Contingency	7,680	-	-	-
Total Golf Course	161,625	4,790	-	4,790
Total expenditures	707,455	395,189	-	395,189
Revenues over (under) expenditures	-	1,694	4,790	6,484
Other Financing Sources (Uses) :				
Intrafund transfers, net:				
Water Sewer District Fund	-	34,072	-	34,072
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 35,766	$ 4,790	$ 40,556

HOKE COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND - SOLID WASTE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Solid waste charges	$ 2,676,000	$ 2,993,850	$ 317,850
Other	123,000	150,974	27,974
Total operating revenues	2,799,000	3,144,824	345,824
Non-operating revenues:			
Investment earnings	44,000	44,856	856
Total revenues	2,843,000	3,189,680	346,680
Expenditures:			
Landfill operations:			
Salaries and benefits	815,113	720,255	94,858
Other operating expenses	1,671,800	1,412,652	259,148
Capital outlay	190,000	179,172	10,828
Charges for services	350,000	350,000	-
Total expenditures	3,026,913	2,662,079	364,834
Revenues over (under) expenditures	(183,913)	527,601	711,514
Appropriated fund balance	183,913	-	(183,913)
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 527,601	$ 527,601

Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:	
Revenues and other financing sources over (under) expenditures and other financing uses	$ 527,601
Reconciling items:	
Capital outlay	179,172
Depreciation	(125,352)
Compensated absences	(9,722)
Change in deferred outflows of resources - OPEB	2,418
Change in OPEB liability	12,839
Change in deferred inflows of resources - OPEB	(24,752)
Change in deferred outflows of resources - pensions	47,275
Change in net pension liability	(54,143)
Change in deferred inflows of resources - pensions	(139)
Change in net position	$ 555,197

HOKE COUNTY, NORTH CAROLINA

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

	July 1, 2018	Additions	Deductions	June 30, 2019
Social Services Fund:				
Assets:				
Cash and cash equivalents	$ 19,244	$ 140,386	$ 136,097	$ 23,533
Liabilities:				
Accounts payable	$ 19,244	$ 281,818	$ 277,529	$ 23,533
Sheriff Execution Fund				
Assets:				
Cash and cash equivalents	$ 13	$ 33,844	$ 33,844	$ 13
Liabilities:				
Accounts payable	$ 13	$ 67,689	$ 67,689	$ 13
Jail Inmate Fund:				
Assets:				
Cash and cash equivalents	$ 8,819	$ 38,433	$ 35,824	$ 11,428
Liabilities:				
Accounts payable	$ 8,819	$ 171,993	$ 169,384	$ 11,428
Municipal Tax Fund:				
Assets:				
Cash and cash equivalents	$ 14,883	$ 172,131	$ 154,076	$ 32,938
Accounts receivable	44,120	12,856	19,442	37,534
Total assets	$ 59,003	$ 184,987	$ 173,518	$ 70,472
Liabilities:				
Accounts payable	$ 29,767	$ 199,397	$ 183,370	$ 45,794
Other liabilities	29,236	-	4,558	24,678
Total liabilities	$ 59,003	$ 199,397	$ 187,928	$ 70,472
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	$ 42,959	$ 384,794	$ 359,841	$ 67,912
Accounts receivable	44,120	12,856	19,442	37,534
Total assets	$ 87,079	$ 397,650	$ 379,283	$ 105,446
Liabilities:				
Accounts payable	$ 57,843	$ 720,897	$ 697,972	$ 80,768
Other liabilities	29,236	-	4,558	24,678
Total liabilities	$ 87,079	$ 720,897	$ 702,530	$ 105,446

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2019

Year Ended June 30	Uncollected Balance July 1, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2019	$ -	$ 27,547,375	$ 26,599,570	$ 947,805
2018	1,007,369		634,325	373,044
2017	377,026	-	190,314	186,712
2016	175,478	-	80,556	94,922
2015	90,153	-	36,488	53,665
2014	174,324	-	20,027	154,297
2013	216,004	-	12,564	203,440
2012	175,436	-	9,955	165,481
2011	137,835	-	6,765	131,070
2010	121,710	-	6,256	115,454
2009	123,300	-	123,300	-
Total	$ 2,598,635	$ 27,547,375	$ 27,720,120	2,425,890

Less: allowance for uncollectible accounts	(637,019)
Ad valorem taxes receivable, net	$ 1,788,871
Reconciliation with Revenues:	
Ad Valorem Taxes:	
General Fund	$ 27,227,304
Reconciling items:	
Interest collected	(216,559)
Discounts allowed	351,032
Taxes written off	123,300
Miscellaneous	224,051
Releases	10,992
Total reconciling items	492,816
Total collections and credits	$ 27,720,120

HOKE COUNTY, NORTH CAROLINA

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

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	$ 3,633,634,000	$ 0.75	$ 27,252,255	$ 24,137,668	$ 3,114,587
Interest and penalties	10,231,733	0.75	76,738	53,157	23,581
Total	3,643,865,733		27,328,993	24,190,825	3,138,168
Discoveries:					
Current year's taxes	431,733		3,238	3,238	-
Prior year's taxes and rollbacks	29,293,333		219,700	219,700	-
Total	29,725,067		222,938	222,938	-
Abatements			(4,556)	(4,556)	-
Total property valuation	$ 3,673,590,800				
Net Levy			27,547,375	24,409,207	3,138,168
Uncollected taxes at June 30, 2019			947,805	771,315	176,490
Current Year's Taxes Collected			$ 26,599,570	$ 23,637,892	$ 2,961,678
Current Levy Collection Percentage			96.56%	96.84%	94.38%

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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
Hoke County
Raeford, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hoke County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 26, 2019. Our report includes a reference to other auditors who audited the financial statements of the Hoke County ABC Board, as described in our report on Hoke County's financial statements. The financial statements of the Hoke County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2019-001 and 2019-002 to be material weaknesses.

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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. We consider the deficiency described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2019-003 to be a significant deficiency.

Compliance and Other Matters

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

County's Responses to Findings

Hoke County's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 26, 2019

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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
Hoke County
Raeford, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Hoke County, North Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Hoke County's major federal programs for the year ended June 30, 2019. Hoke County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hoke County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hoke County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Hoke County's compliance.

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Opinion on Each Major Federal Program

In our opinion, Hoke County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Hoke County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hoke County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hoke County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2019-004, 2019-005, and 2019-006, that we consider to be material weaknesses.

Hoke County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Hoke County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 26, 2019

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Report On Compliance For Each Major State Program;
Report On Internal Control Over Compliance; Required by Uniform Guidance;
And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Hoke County
Raeford, North Carolina

Report on Compliance for Each Major State Program

We have audited Hoke County, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Hoke County's major state programs for the year ended June 30, 2019. Hoke County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hoke County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Hoke County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Hoke County's compliance.

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Opinion on Each Major State Program

In our opinion, Hoke County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Hoke County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hoke County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hoke County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2019-004, 2019-005, and 2019-006, that we consider to be material weaknesses.

Hoke County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Hoke County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 26, 2019

HOKE COUNTY, NORTH CAROLINA

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

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness (es) identified?	Yes
• Significant deficiency (s) identified?	Yes
Non-compliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness (es) identified?	Yes
• Significant deficiency (s) 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)?	Yes

Identification of major federal programs:

Program Name	CFDA #
Medicaid Cluster	93.778
Supplemental Nutrition Assistance Program Cluster	10.561
Child Support Enforcement	93.563

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

HOKE COUNTY, NORTH CAROLINA

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

Section I – Summary of Auditor's Results (Continued)

State Awards

Internal control over major state programs:

• Material weakness (es) identified?	Yes
• Significant deficiency (s) identified?	None reported
Type of auditor's report issued on compliance for major state programs:	Unmodified
Any findings disclosed that are required to be Reported in accordance with the State Single Audit Implementation Act?	Yes

Identification of major state programs:

Program Name

Medicaid Cluster
School Nursing Funding Initiative
CHA/CHIP Peer Review
Public School Building Capital Fund - Lottery Proceeds
One N.C. Grant
Supplemental Nutrition Assistance Program Cluster

HOKE COUNTY, NORTH CAROLINA

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

Section II – Financial Statement Findings

<u>Material Weakness</u>

Finding 2019-001

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: Financial reporting under the accounting standards promulgated by the Financial Accounting Standards Board and the Governmental Accounting Standards Board requires a level of technical expertise not possessed by the County's personnel with regard to drafting full accrual, full disclosure financial statements. The external auditor prepared a draft of the basic financial statements, all required note disclosures, and supplemental schedules.

Effect: The County requires assistance from the external auditor in drafting the financial statements.

Cause: The cost of acquiring the technical expertise to comply with the financial reporting requirements discussed above is cost prohibitive.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2018-001.

Recommendation: The County should exercise due care in reviewing the financial statements drafted by the external auditor as the County is responsible for the accuracy of the audited financial statements.

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

Section II – Financial Statement Findings (Continued)

Material Weakness

Finding 2019-002

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. The existence of such material adjustments indicated that the County's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments. Furthermore, the County's central depository bank account was not reconciled to fund ledgers. Cash in the central depository fund did not agree to the other individual funds' ledgers.

Effect: Financial reports used for budget monitoring throughout the year do not properly reflect the account balances.

Cause: The general ledger is not reconciled to subsidiary ledgers on a regular basis and year-end journal entries are not booked prior to providing the auditors a final trial balance.

Identification of a Repeat Finding: This is a modified and repeated finding from the immediate previous audit, 2018-002.

Recommendation: Management should reconcile the subsidiary ledgers on a regular basis, reconcile year-end balances to subsidiary ledgers and post-closing entries needed, and improve the internal control system to prevent the adjustments in the future. Management should put procedures in place to reconcile from the central depository fund ledger to the other individual funds' ledgers if not reconciling directly to those fund ledgers.

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

Section II – Financial Statement Findings (Continued)

Significant Deficiency

Finding 2019-003

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: During our walkthrough of controls over payroll, we noted that the County did not have the correct payrate documented in an employee's personnel file. Upon further investigation, the employee was paid the correct salary, but the salary paid was not what was documented in the file.

Effect: Lack of implementation of internal control procedures greatly increases the risk of fraudulent activity and can result in improper financial reporting.

Cause: The County is not updating documentation in employee personnel files as applicable.

Recommendation: Management should put procedures in place to timely document changes that relate to personnel matters within the personnel files as applicable.

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

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

Section III – Federal Award Findings and Questioned Costs

US Department of Health and Human Services
Passed through the NC Dept. of Health and Human Services
Program Name: Medicaid Cluster
CFDA # 93.778
Grant Number: XIX-MAP19

Finding 2019-004

Material Weakness
Eligibility

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

Condition: Two cases had income over the limit of the documented program code for which they were currently receiving benefits. After review of the cases, both program codes should have been a different Medicaid program code based on the income. The system was not picking up the full household's income due to the case worker missing a step to ensure that all income would be included in the eligibility determinations. Both cases were tested for the new program codes and were found to still be eligible for Medicaid benefits.

Context: Of the 1,139,321 Medicaid benefit payments (valued at $68,121,117) during fiscal year 2019, we examined 60 (valued at $3,461) and determined that the above condition applied to two payments (3%). We determined that both were still eligible after redetermination with the correct income. These applicants did not have supporting documentation in their casefiles for the period tested to show they were eligible for the Medicaid program code they were receiving under.

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

Cause: Caseworkers did not take proper steps in selecting or rejecting suggested program code and checking that all participant's income was included.

Indication of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2018-003, modified.

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

Recommendation: Caseworkers should review their eligibility determinations and ensure all income is included and that the income level is accurate for selected program code.

View of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan submitted with this report.

Section III – Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services
Passed through the NC Dept. of Health and Human Services
Program Name: SNAP Cluster
CFDA # 10.561
Grant Number: 195NC406S2514

Finding 2019-005

<u>Material Weakness</u>
<u>Special Tests and Provisions</u>

Criteria: In accordance with 2 CFR section 200.514(c)(4), management should have an adequate system of internal control procedures in place to prevent or detect noncompliance with compliance requirements of a federal program. Counties must maintain adequate case documentation to substantiate a claim entry into the Enterprise Program Integrity Control System (EPICS). This information includes, but is not limited to, documentary evidence that an investigation occurred by the County prior to claim being collected on.

Condition: The County could not provide us with complete documentation for two samples. The form that the County uses to document an investigation, (form 1682), was missing the investigator's signature, although it did have a supervisor's signature. Typically, the form is signed by both parties.

Context: Of the 28 samples we tested, two were not supported with case documentation to substantiate an investigation; form 1682 was not signed by the investigator. The rest of the casefiles contained sufficient case documentation of the claim entries in EPICS.

Effect: There is no signed form 1682 from the investigator.

Cause: Documentation of an investigation was not completed thoroughly.

Indication of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2018-004, modified.

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

Recommendation: The County should put controls and procedures in place to ensure that documentation of investigations are accurate and complete.

View of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan submitted with this report.

Section III – Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services
Passed through the NC Dept. of Health and Human Services
Program Name: SNAP Cluster
CFDA # 10.561
Grant Number: 195NC406S2514

Finding 2019-006

Material Weakness
Eligibility

Criteria: In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to properly review and assess the eligibility determination of individuals to ensure the accuracy of the benefits being provided is within program requirements. Management must monitor activities under federal awards to assure compliance with federal requirements.

Condition: The County Department of Social Services did not follow control procedures to ensure the proper eligibility determinations were being made and documented. Two samples had deficiencies noted during the second party review but were not corrected within the County's policy guidelines.

Context: Of the 25 samples we tested, two were not tracked by the caseworker or the reviewer and were not corrected timely according to the County's policy. The County's policy indicates that deficiencies found in second party reviews are to be corrected within 3 business days.

Effect: Casefiles could be missing the required eligibility determination documentation, which would allow benefits to be provided to individuals who are not eligible.

Cause: Weakness in implementation of controls over second party review procedures.

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

Recommendation: Management should adhere to the County's policy, and other granting agency's policies applicable, in performing second party reviews. Evidence of documentation of reviews should be retained and include signatures of all parties involved during the review. Furthermore, if deficiencies are noted during a review, timely follow up and documentation of the correction should take place.

View of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan submitted with this report.

Section IV – State Award Findings and Questioned Costs

NC Dept. of Health and Human Services
Program Name: Medicaid Cluster

Material Weakness: Finding 2019-004 also applies to State requirements and State Awards.

NC Dept. of Health and Human Services
Program Name: SNAP Cluster

Material Weakness: Findings 2019-005 and 2019-006 also apply to State requirements and State Awards.

James Leach
Chairman

Harry Southerland
Vice Chairman

Tony Hunt
Commissioner

Allen Thomas, Jr.
Commissioner

Robert Wright
Commissioner

Grady Hunt
County Attorney

Letitia Edens
County Manager

Gwen McGougan
Clerk to the Board

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019

Section II – Financial Statements Findings

Finding: 2019-001

Name of Contact Person: E.J. Prevatte, Finance Director

Corrective Action/Management's Response: Management concurs and will diligently review financial data to ensure agreement with audited financial records. Finance Director and Assistant Finance Director will diligently review financial data. Finance Director and Assistant Finance Director will continue to attend training to gain the expertise for drafting full accrual financial statements.

Proposed Completion Date: Management and the Board will implement the above procedure immediately.

Finding: 2019-002

Name of Contact Person: E.J. Prevatte, Finance Director

Corrective Action/Management's Response: Assistant Finance Director and Finance Specialist will review end of year payables and receivables accounts, in addition to revenue and expense accounts to ensure all accruals and reversals are made prior to providing the preliminary trial balance to the auditors. Adjusting Journal entries will be prepared by the Assistant Finance Director, approved by the Finance Director and posted by the Accounting Technician. Assistant Finance Director and or Finance Specialist will reconcile grant revenue and expenditures to confirmations provided by grantors and or reports submitted for reimbursement. Procedures are in place to reconcile the central depository fund ledger to the individual funds' ledgers; however, procedures will be modified to ensure these reconciliations are performed again after year-end journal entries to ensure the funds remain in balance. Finance Specialist will reconcile all subsidiary ledgers monthly and maintain documentation to be approved by Assistant Finance Director and reviewed by Finance Director.

Proposed Completion Date: Management and the Board will implement the above procedure immediately.

Finding: 2019-003

Name of Contact Person: Letitia Edens, County Manager

Corrective Action/Management's Response: The former Human Resources Director did not follow procedures that were in place, regarding documentation and review of personnel files. This position is currently vacant. The Human Resources Director will routinely audit the personnel files and pay rates in Munis to ensure the pay rates are correct and documentation is up to date.

Terry Stanton
DIRECTOR

County of Hoke
Department of Social Services
P.O. Box 340
RAEFORD, NC 28376-0340

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(910) 875-1068

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019

Section III – Federal Award Findings and Questioned Costs

Finding: 2019-004

Name of Contact Person: Micka Terry Stanton, DSS Director

Corrective Action/Management's Response: Management concurs with the condition, context, and recommendations. Additional trainings will be conducted on eligibility determinations. In the trainings, the importance of getting the correct program code determination before moving on with the following steps of the case will be stressed. Training will be conducted on understanding the income guidelines and policy. The lead workers will continue to complete 2nd party review of cases and will check the determinations and income on all participants. All 2nd party review cases in error will be given back to the worker for corrections, which must be corrected and returned to the lead worker for follow up within 3 days. The lead workers will inform the supervisor of errors, which will be discussed at staff meetings and additional trainings as needed. A 2nd party monitoring tool will be provided to lead workers to develop as an aid for completing monthly 2nd party reviews.

Proposed Completion date: Initial training was conducted on 7/24/19. Management will review this implemented process and make changes as necessary to the above procedure immediately.

Finding: 2019-005

Name of Contact Person: Micka Terry Stanton, DSS Director

Corrective Action/Management's Response: Management concurs with the condition, context and recommendations. See as follows:

Root Cause: It has been determined that the root cause of the errors was a result of worker oversight and failing to sign the DSS-1682 after obtaining the supervisor's signature on the form. Additionally, the previous Program Integrity Supervisor failed to sign the DSS-1682 in one finding. The current supervisor reviewed the product investigative case and product liability claim to ensure accuracy of the claim and documented the case prior to signing the DSS-1682. The absence of documentation of the investigation and claim establishment finding was a result of the agency's inability to locate the hard file of a claim/case established prior to 1/14/2006. On 1/14/2006, Hoke County DSS experienced a building fire that resulted in the loss of many Program Integrity hard files. All available information located in EPICS (former program used to investigate and establish claims) has been transferred into the NCFAST product liability case on cases that were affected by the fire.

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CORRECTIVE ACTION PLAN (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Goal: DSS-1682 form will be signed and dated by Program Integrity Investigator and Supervisor with 100% accuracy. The Program Integrity Supervisor will not sign the DSS-1682 until the investigator has completed the investigation and signed the DSS-1682. Documentation will be completed on each investigation/referral/claim and a hard copy will be placed in the file chart. The documentation will also be scanned and attached to the Product liability claim in NCFAST. The documentation will also be saved on the Leia\user drive under the Program Integrity Investigator. The DSS-1682 will be reviewed by the Program Integrity Supervisor to ensure accuracy and completeness of the form with 100% accuracy. Claims established after 1/19/2019 are completed in NCFAST and all documentation and DSS-1682 forms are attached to the product liability claim. Case documentation and DSS-1682 for claims established prior to 1/19/2019 will be scanned into NCFAST and attached to the Product liability case with 100% accuracy.

Responsible Parties: Diane Simmons, Program Integrity Supervisor, will be responsible for ensuring the DSS-1682 and all documentation is completed correctly and timely. Diane Simmons will be responsible for completing a second party review of each case pursued to ensure that correct policy is applied and all data entered into NCFAST is correct. Wendy Sanders, Program Integrity Investigator, will be responsible for ensuring the DSS-1682 is completed and signed prior to submitting to the supervisor for second party review and signature. Wendy Sanders will be responsible for ensuring that documentation is completed and attached to the product liability claim for all investigations and established claims. Wendy Sanders will be responsible for ensuring a copy of the documentation is placed in the hard file and saved on Leia/user drive. Wendy Sanders will be responsible for ensuring that documentation and DSS-1682's for all claims established prior to 1/19/2019 will be scanned and attached to the product liability claims that were converted into NCFAST.

Second party review results will be reviewed with Program Integrity staff monthly. Remedial training will be conducted if any errors are found.

Proposed Completion Date: Management and the Board will review this implemented process and make changes as necessary to the above procedure immediately.

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CORRECTIVE ACTION PLAN (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Finding: 2019-006

Name of Contact Person: Micka Terry Stanton, DSS Director

Corrective Action/Management's Response: Management concurs with the condition, context, and recommendations. Additional trainings will be conducted on eligibility determinations. Training will be conducted on understanding the income guidelines and policy. The lead workers will continue to complete 2nd party review of cases and will check the determinations and income on all participants. All 2nd party review cases in error will be given back to the worker for corrections, which must be corrected and returned to the lead worker for follow up within 3 days. The lead workers will inform the supervisor of errors, which will be discussed at staff meetings and additional trainings as needed. A 2nd party monitoring tool will be provided to lead workers to develop as an aid for completing monthly 2nd party reviews.

Proposed Completion date: Management will review this implemented process and make changes as necessary to the above procedure immediately.

Section IV – State Award Findings and Questioned Costs

Findings 2019-005 and 2019-006 also apply to State requirements and State Awards. See Corrective Action/Management's Responses in Section III above.

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

Finding: 2018-001

Status: Repeated as 2019-001

Finding: 2018-002

Status: Modified and repeated as 2019-002

Finding: 2018-003

Status: Modified and repeated as 2019-004

Finding: 2018-004

Status: Modified and repeated as 2019-005

HOKE COUNTY, NORTH CAROLINA

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

	Federal CFDA #	State/ Pass-through Grantor's Number	Expenditures Federal	Expenditures State	Passed-through to Subrecipients
FEDERAL AWARDS:					
U.S. Department of Agriculture					
Passed-through the NC Department of Health and Human Services:					
Division of Social Services:					
Supplemental Nutrition Assistance Program Cluster:					
Administration:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Administration	10.561	195NC406S2514	$ 535,718	$ 30,852	$ -
Total Supplemental Nutrition Assistance Program Cluster			535,718	30,852	-
Division of Public Health:					
Administration:					
WIC Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	13A25403GJ47	362,488	-	-
Total U.S. Department of Agriculture			898,206	30,852	-
U. S. Department of Transportation					
Passed-through NC Department of Transportation:					
Formula Grants for Rural Areas:					
WBS - Admin 36233.51.19.1	20.509	WBS36233.51.19.1	80,104	5,006	-
WBS - Capital 36233.51.19.3	20.509	WBS36233.51.19.3	235,886	29,490	-
Total N.C. Department of Transportation			315,990	34,496	-
Passed-through Federal Transit Administration:					
Federal Transit - Formula Grants Cluster:					
Federal Transit Formula Grants - FY19 5307 Subs Operating	20.507	19-LU-078, WBS36231.37.2.2	130,712	-	-
Total Federal Transit - Formula Grants Cluster			130,712	-	-
Public Transportation Emergency Relief Program	20.527	WBS51092.26.1.2	27,988	-	-
Total Federal Transit Administration			158,700	-	-
Total U.S. Department of Transportation			474,690	34,496	-
U.S. Department of Health and Human Services					
Centers for Medicare and Medicaid Services					
Passed through NC Dept. of Health and Human Services					
Division of Health Benefits:					
Division of Social Services:					
Medicaid Cluster:					
Administration:					
Medical Assistance Program	93.778	XIX-MAP19	1,238,271	2,175	-
Total Medicaid Cluster			1,238,271	2,175	-
Division of Social Services:					
Administration:					
Children's Health Insurance Program - NC Health Choice	93.767	CHIP19	36,117	-	-
Total Centers for Medicare and Medicaid Services			1,274,388	2,175	-
Centers for Disease Control and Prevention					
Passed through NC Dept. of Health and Human Services					
Division of Public Health:					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	12642680EZ47	24,461	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1460272DNF47	50	-	-

HOKE COUNTY, NORTH CAROLINA

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

	Federal CFDA #	State/ Pass-through Grantor's Number	Expenditures Federal	Expenditures State	Passed-through to Subrecipients
Family Planning Services	93.217	13A1592AFP47	32,080	-	-
Immunization Cooperative Agreements	93.268	1331631EEJ47	14,410	-	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	11755176AA47	45,764	-	-
Preventative Health and Health Services Block Grant	93.991	12615503PH47	35,809	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	1320310BD747	3,570	-	-
HIV Cluster (Note 3):					
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311462ENB47	100	-	-
Total HIV Cluster (Note 3)			100	-	-
Total Centers for Disease Control and Prevention			156,244	-	-
Health Resources and Services Administration					
Passed through NC Dept. of Health and Human Services					
Division of Public Health:					
Maternal and Child Health Services Block Grant to the States	93.994	12715318AR47	56,470	1,871	-
Administration for Children and Families					
Passed through NC Dept. of Health and Human Services					
Division of Child Development and Early Education:					
Subsidized Child Care Cluster (Note 3)					
Child Care Development Fund Cluster:					
Division of Social Services:					
Administration:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1901NCCCDF	95,421	-	-
Total Subsidized Child Care Cluster (Note 3) / Child Care Development Fund Cluster			95,421	-	-
Passed through NC Dept. of Health and Human Services					
Division of Social Services:					
Foster Care and Adoption Cluster (Note 3):					
Administration:					
Foster Care Title IV-E	93.658	1901NCFOST	305,281	37,985	-
Adoption Assistance	93.659	1901NCADPT	12,860	126	-
Direct Benefit Payments:					
Foster Care Title IV-E	93.658	1901NCFOST	227,913	76,171	-
Total Foster Care and Adoption Cluster (Note 3)			546,054	114,282	-
Passed through NC Dept. of Health and Human Services					
Temporary Assistance for Needy Families Cluster:					
Division of Public Health					
Administration:					
Temporary Assistance for Needy Families - State Programs	93.558	13A15151T247	8,986	-	-
Division of Social Services					
Administration:					
Temporary Assistance for Needy Families - State Programs	93.558	1901NCTANF	70,730	-	-
Total TANF Cluster			79,716	-	-
Special Children Adoption Fund Cluster (Note 3)					
Promoting Safe and Stable Families	93.556	G1901NCFPSS	12,943	-	-
Total Special Children Adoption Fund Cluster (Note 3)			12,943	-	-

HOKE COUNTY, NORTH CAROLINA

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

	Federal CFDA #	State/ Pass-through Grantor's Number	Expenditures Federal	Expenditures State	Passed-through to Subrecipients
Passed through NC Dept. of Health and Human Services					
Division of Social Services					
Administration:					
Social Services Block Grant	93.667	G1901NCSOSR	215,358	-	-
Low-Income Home Energy Assistance	93.568	G19B1NCLIEA	591,532	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G1901NCCWSS	14,009	-	-
Child Support Enforcement	93.563	G1904NC4005	495,090	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	1901NCC1LP	9,881	2,470	-
Direct Benefit Payments:					
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	1901NCC1LP	1,356	-	-
Total Administration for Children and Families			2,061,360	116,752	-
Administration for Community Living					
Passed through the Lumber River Council of Governments					
Division of Aging and Adult Services:					
Aging Cluster:					
Special Programs for the Aging - Title III, Part C Nutrition Services:					
Congregate Nutrition Services	93.045	ZGA380-A	52,969	3,116	-
Home-Delivered Nutrition Services	93.045	ZGA380-A	20,439	1,202	-
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers:					
In-Home Services	93.044	ZGA380-A	79,381	4,669	-
Access Services	93.044	ZGA380-A	66,896	3,935	-
Nutrition Services Incentive Program	93.053	ZGA380-A	27,489	-	-
Total Aging Cluster			247,174	12,922	-
Social Services Block Grant	93.667	ZGA380-A	7,123	204	-
Total Administration for Community Living			254,297	13,126	-
Total U.S. Department of Health and Human Services			3,802,759	133,924	-
U.S. Department of Homeland Security					
Passed-through the N.C. Emergency Management Agency					
Emergency Management Performance Grants	97.042	EMA-2018-EP-00007	7,594	-	-
U.S. Department of Justice					
Direct Program:					
Equitable Sharing Program	16.922	NC0470000	140,886	-	-
TOTAL FEDERAL AWARDS			5,324,135	199,272	-
STATE AWARDS:					
N.C. Dept of Health and Human Services					
Division of Social Services:					
Administration:					
DCD Smart Start			-	25,000	-
ST Child Welfare/CPS/CS LD			-	24,927	-
Energy Assistance Private Grants			-	2,702	-
AFDC Incentive/Program Integrity			-	377	-
Direct benefits:					
F/C at Risk Maximization			-	520	-
SFHF Maximization			-	1,801	-
State Foster Home			-	18,359	-
Total Division of Social Services			-	73,686	-

HOKE COUNTY, NORTH CAROLINA

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

	Federal CFDA #	State/ Pass-through Grantor's Number	Expenditures Federal	Expenditures State	Passed-through to Subrecipients
Passed through the Lumber River Council of Governments					
Division of Aging and Adult Services:					
Division of Social Services:					
90% State Funds - In-Home Services			-	26,542	-
90% State Funds - Home Delivered Meals			-	29,595	-
Senior Services of Hoke County			-	3,563	-
Total Division of Aging and Adult Services			-	59,700	-
Division of Public Health:					
Other Reciepts / State Supported Expenditures					
Food and Lodging Fees			-	4,764	-
Mosquito Abatement (Hurricane Florence)			-	69,470	-
General Communicable Disease Control			-	3,652	-
Breast and Cervical Cancer Control			-	6,375	-
Active Routes to School			-	83,897	-
Health Communities			-	4,137	-
CHA/CHIP Peer Review			-	99,374	-
CLAS Standards Advancing Health Equity				18,000	-
Child Health			-	14,231	-
Family Planning - State			-	21,417	-
Maternal Health			-	47,274	-
HIV/STD State			-	500	-
STD Drugs			-	2,972	-
Women Health Service Fund			-	8,107	-
TB Control			-	13,282	-
School Nursing Funding Initiative			-	150,000	150,000
Total Division of Public Health			-	547,452	150,000
Total N.C. Dept of Health and Human Services			-	680,838	150,000
N.C. Dept of Transportation					
NC DOT Cluster ROAP/SMAP					
ROAP Elderly and Disabled Transportation Assistance Program	DOT-16CL	36220.10.8.1	-	60,404	-
ROAP Rural General Public Program	DOT-16CL	36228.22.8.1	-	55,482	-
ROAP Work First Transitional - Employment	DOT-16CL	36236.11.7.1	-	13,314	-
Total NC DOT Cluster ROAP/SMAP			-	129,200	-
N.C. Dept of Public Safety					
Division of Juvenile Justice and Delinquency Prevention					
Juvenile Crime Prevention Programs			-	131,933	-
N.C. Dept of Insurance					
SHIIP Grant			-	2,921	-
N.C. Dept of Environmental Quality					
Division of Waste Management					
Scrap Tire Program			-	73,706	-
N.C. Dept of Public Instruction					
Public School Building Capital Fund - Lottery Proceeds			-	392,000	-
N.C. Dept of Commerce					
One N.C. Grant		#2014-11251	-	109,040	-

HOKE COUNTY, NORTH CAROLINA

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

	Federal CFDA #	State/ Pass-through Grantor's Number	Expenditures Federal	Expenditures State	Passed-through to Subrecipients
N.C. Housing Finance Agency					
NC Housing Trust Fund/Urgent Repair Program					
Single Family Rehabilitation 2015		SFR 15	-	55,800	-
Urgent Home Repair 2017		URP-17	-	58,348	-
Urgent Home Repair 2018		URP-18	-	57,937	-
Total N.C. Housing Finance Agency			-	172,085	-
TOTAL STATE ASSISTANCE			-	1,691,723	150,000
TOTAL FEDERAL AND STATE ASSISTANCE			$ 5,324,135	$ 1,890,995	$ 150,000

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 Hoke County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal 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 Hoke County, it is not intended to and does not present the financial position, changes in net position or cash flows of Hoke 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: Cluster of Programs

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

Note 4: Indirect Cost Rates

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

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