

**HOKE COUNTY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

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, 2022

Board of County Commissioners

Allen Thomas, Jr. - Chairman

Tony Hunt- Vice Chairman

James A. Leach

Harry Southerland

Lonnie Baldwin

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 Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of the Hoke County ABC Board. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for the Hoke County ABC Board, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United State (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Hoke County ABC Board were not audited in accordance with *Government Auditing Standards*.

Change in Accounting Principle

As described in Note 5 to the financial statements, in 2022 the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Governmental Employees' Retirement System's Schedules of the

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-Employee Payroll be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hoke County's basic financial statements. The combining and individual fund financial statements, budget and actual 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual fund financial statements, budget and actual 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 30, 2022 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 30, 2022

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

Financial Highlights

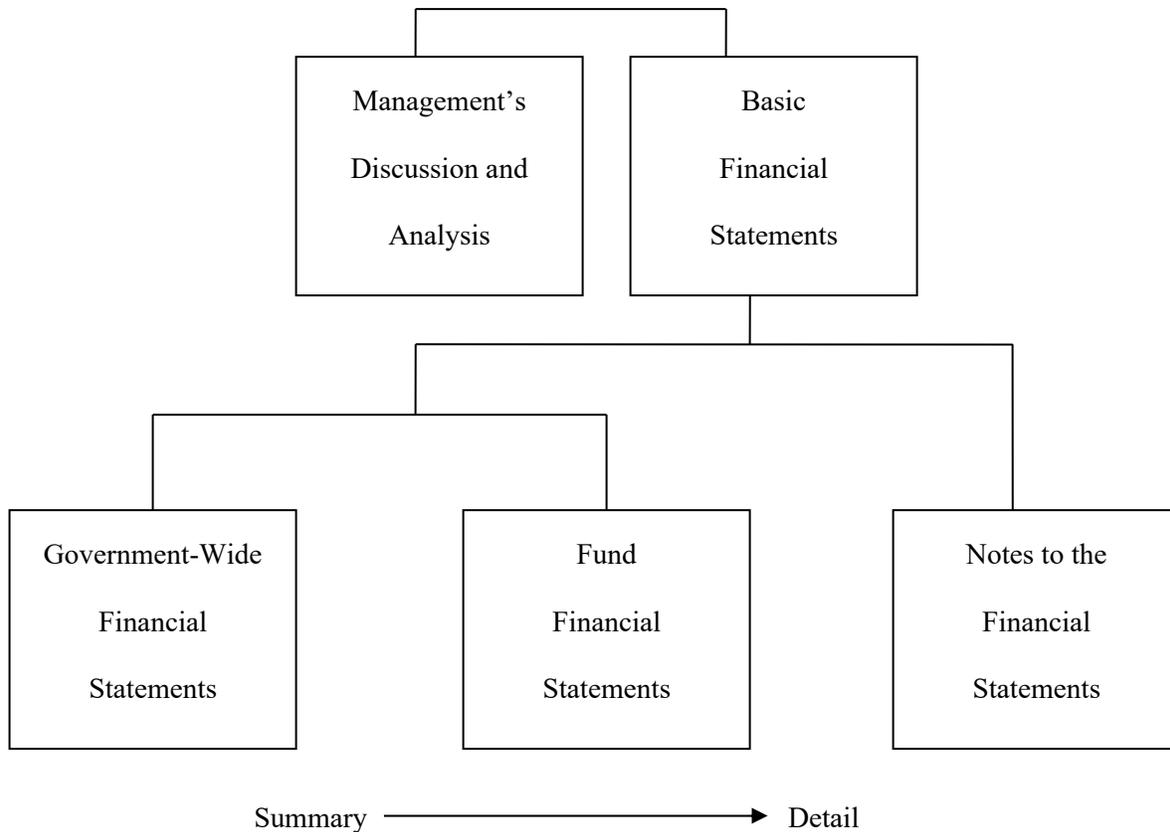
- The assets and deferred outflows of resources of Hoke County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$105,379,211 (net position).
- The County's total net position increased by \$13,442,581, primarily due to increased net position in the governmental activities.
- As of the close of the current fiscal year, Hoke County's governmental funds reported combined ending fund balances of \$56,073,587, after a net decrease in fund balance of \$5,858,646. Approximately 37.82% of this total amount, or \$21,208,589, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$34,215,797, or 65.64%, of total General Fund expenditures and transfers out for the fiscal year. Total fund balance of the General Fund, \$44,413,745, was 85.21% of total General Fund expenditures and transfers out for the year.
- Hoke County's total debt decreased by \$3,663,141. The decrease was mainly due to timely payment of debt service when due as well as installment purchases – direct placement being paid off in the General Fund. The County implemented GASB 87, *Leases*, during the fiscal year.
- S&P Global Ratings maintained its long-term rating of 'AA-' on Hoke County's N.C. general obligation (GO) bonds outstanding. At the same time, S&P Global Ratings maintained its long-term rating of 'A+' on the County's limited obligation appropriation debt outstanding. Moody's Investor Service maintained its rating of County's general obligation bonds of 'Aa2' and the outstanding limited obligation bonds of 'Aa3'.

Overview of the Financial Statements

This discussion and analysis are 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 K) are **fund financial statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes 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 and benefit 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 resource 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 three fiduciary funds, all of which are custodial 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 27 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 81 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 \$105,379,211 as of June 30, 2022. The County's net position increased by \$13,442,581 in the same period. One of the largest portions, \$62,111,305, 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, \$15,197,347 (14.42%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$28,070,559 is unrestricted.

Hoke County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 82,781,684	\$ 67,342,388	\$ 20,318,664	\$ 19,392,239	\$ 103,100,348	\$ 86,734,627
Capital assets, net of depreciation	51,357,650	35,195,848	63,143,758	63,496,267	114,501,408	98,692,115
Total assets	<u>134,139,334</u>	<u>102,538,236</u>	<u>83,462,422</u>	<u>82,888,506</u>	<u>217,601,756</u>	<u>185,426,742</u>
Deferred Outflows of Resources	<u>6,958,990</u>	<u>6,427,860</u>	<u>650,027</u>	<u>589,079</u>	<u>7,609,017</u>	<u>7,016,939</u>
Liabilities:						
Long-term liabilities outstanding	46,999,079	50,595,933	20,487,496	21,561,334	67,486,575	72,157,267
Other liabilities	41,391,346	22,679,226	4,586,621	4,532,798	45,977,967	27,212,024
Total liabilities	<u>88,390,425</u>	<u>73,275,159</u>	<u>25,074,117</u>	<u>26,094,132</u>	<u>113,464,542</u>	<u>99,369,291</u>
Deferred Inflows of Resources	<u>5,828,106</u>	<u>1,062,949</u>	<u>538,914</u>	<u>74,811</u>	<u>6,367,020</u>	<u>1,137,760</u>
Net Position:						
Net investment in capital assets	20,472,395	24,964,210	41,638,910	40,907,028	62,111,305	65,871,238
Restricted	15,197,347	8,393,553	-	-	15,197,347	8,393,553
Unrestricted	11,210,051	1,270,225	16,860,508	16,401,614	28,070,559	17,671,839
Total net position	<u>\$ 46,879,793</u>	<u>\$ 34,627,988</u>	<u>\$ 58,499,418</u>	<u>\$ 57,308,642</u>	<u>\$ 105,379,211</u>	<u>\$ 91,936,630</u>

Hoke County's Changes in Net Position
Figure 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 5,694,259	\$ 5,827,350	\$ 12,139,750	\$ 11,195,118	\$ 17,834,009	\$ 17,022,468
Operating grants	9,992,974	9,824,570	-	59,142	9,992,974	9,883,712
Capital grants	664,977	130,000	1,456,600	-	2,121,577	130,000
General revenues:						
Property taxes	33,271,463	32,166,023	-	-	33,271,463	32,166,023
Other taxes	15,144,581	13,919,635	-	-	15,144,581	13,919,635
Unrestricted:						
Intergovernmental	167,569	234,123	-	-	167,569	234,123
Miscellaneous	-	-	-	17,732	-	17,732
Investment income	133,923	13,812	44,641	41,792	178,564	55,604
Total revenues	<u>65,069,746</u>	<u>62,115,513</u>	<u>13,640,991</u>	<u>11,313,784</u>	<u>78,710,737</u>	<u>73,429,297</u>
Expenses:						
General government	8,549,434	8,602,376	-	-	8,549,434	8,602,376
Public safety	17,594,929	16,396,185	-	-	17,594,929	16,396,185
Economic and physical development	1,248,757	1,011,443	-	-	1,248,757	1,011,443
Human services	13,766,265	8,344,640	-	-	13,766,265	8,344,640
Cultural and recreational	1,627,735	6,571,024	-	-	1,627,735	6,571,024
Transportation	1,267,745	1,243,098	-	-	1,267,745	1,243,098
Education	7,456,145	7,657,475	-	-	7,456,145	7,657,475
Interest on long-term debt	1,306,931	1,716,112	-	-	1,306,931	1,716,112
Water Fund	-	-	9,235,365	8,135,171	9,235,365	8,135,171
Sanitation	-	-	3,214,850	3,032,115	3,214,850	3,032,115
Total expenses	<u>52,817,941</u>	<u>51,542,353</u>	<u>12,450,215</u>	<u>11,167,286</u>	<u>65,268,156</u>	<u>62,709,639</u>
Change in net position	<u>12,251,805</u>	<u>10,573,160</u>	<u>1,190,776</u>	<u>146,498</u>	<u>13,442,581</u>	<u>10,719,658</u>
Net Position:						
Beginning of year - July 1	34,627,988	24,023,446	57,308,642	57,162,144	91,936,630	81,185,590
Restatement	-	31,382	-	-	-	31,382
Beginning of year - July 1, as restated	<u>34,627,988</u>	<u>24,054,828</u>	<u>57,308,642</u>	<u>57,162,144</u>	<u>91,936,630</u>	<u>81,216,972</u>
End of year - June 30	<u>\$ 46,879,793</u>	<u>\$ 34,627,988</u>	<u>\$ 58,499,418</u>	<u>\$ 57,308,642</u>	<u>\$ 105,379,211</u>	<u>\$ 91,936,630</u>

Governmental Activities. Governmental activities increased the County's net position by \$12,251,805 mainly due to increases in cash and capital assets.

Business-Type Activities. Business-type activities increased the County's net position by \$1,190,776 mainly due to consistent collections of water and sewer charges and tap and impact fees collected.

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 \$37,490,429, while total fund balance reached \$44,413,745. The County currently has an available fund balance of 71.93% of total General Fund expenditures and transfers out, while total fund balance represents 85.21% of that same amount.

At June 30, 2022, the governmental funds of Hoke County reported a combined fund balance of \$56,073,587, a 9.46% decrease over last year. This decrease is mainly due to a decrease in fund balance of the major Administrative Capital Projects Fund of \$14,745,069. The County is in the final stages of building a new aquatic center. The total debt issued for the project in 2021 was \$24,413,134. There were unspent debt proceeds at the end of the current fiscal year of \$4,944,356. The Multi-Year Grants Fund is also major at the end of the fiscal year. The County has received and accepted its American Recovery Act funding in this fund but the funding remains unspent at the end of the year.

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 total revenues and other financing sources by \$4,178,255 (7.25%). The largest part of the increase was for ad valorem taxes and restricted intergovernmental revenues.

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 \$10,342,778 and \$6,517,730 for the Solid Waste Fund. The Water and Sewer District Fund reported an increase in net position of \$875,342, and the Solid Waste Fund reported a growth in net position of \$315,434 for a combined total increase in net position of \$1,190,776.

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, 2022 totals \$114,501,408 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Purchase of 24 vehicles in the General Fund
- Purchase of 1 vehicle and treatment and distribution equipment for the Water and Sewer Department
Purchase of equipment for Solid Wasted Department
- Continued construction of the James A. Leach Aquatic and Recreation Center
- Continued work on Hwy 401 Sewer Project

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 3,680,785	\$ 3,680,785	\$ 671,456	\$ 671,456	\$ 4,352,241	\$ 4,352,241
Land improvements	295,055	279,332	-	-	295,055	279,332
Building	21,270,086	21,765,531	59,523,601	61,450,092	80,793,687	83,215,623
Equipment	1,076,583	1,091,500	937,224	797,201	2,013,807	1,888,701
Vehicles	1,901,177	1,657,108	516,202	543,639	2,417,379	2,200,747
Construction in progress	23,133,964	6,721,592	1,495,275	33,879	24,629,239	6,755,471
Total	<u>\$ 51,357,650</u>	<u>\$ 35,195,848</u>	<u>\$ 63,143,758</u>	<u>\$ 63,496,267</u>	<u>\$114,501,408</u>	<u>\$ 98,692,115</u>

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, 2022, Hoke County had total debt outstanding of \$71,581,912.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
General obligation bonds -						
direct placement	\$ -	\$ -	\$ 1,760,000	\$ 2,184,000	\$ 1,760,000	\$ 2,184,000
Installment purchases -						
direct placement	-	426,667	-	-	-	426,667
Installment purchases -						
direct borrowing	-	-	297,500	467,500	297,500	467,500
Revenue bonds -						
direct placement	-	-	10,988,000	11,201,000	10,988,000	11,201,000
Limited obligation bonds -						
direct placement	44,518,600	46,425,398	7,360,000	7,585,000	51,878,600	54,010,398
Bond premium	5,434,201	5,803,749	1,099,387	1,151,739	6,533,588	6,955,488
Lease liabilities	109,886	-	14,338	-	124,224	-
Total	<u>\$ 50,062,687</u>	<u>\$ 52,655,814</u>	<u>\$ 21,519,225</u>	<u>\$ 22,589,239</u>	<u>\$ 71,581,912</u>	<u>\$ 75,245,053</u>

As mentioned in the financial highlights section of this document, S&P Global Ratings maintained its long-term rating of 'AA-' on Hoke County’s N.C. general obligation (GO) bonds outstanding. At the same time, S&P Global Ratings maintained its long-term rating of 'A+' on the County's limited obligation appropriation debt outstanding. Moody’s Investor Service maintained the County’s general obligation bonds rating of ‘Aa3’ and the outstanding limited obligation bonds of ‘A1’.

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 \$277,861,000.

Additional information regarding Hoke County’s long-term debt can be found in Note 2.B. beginning on page 67 of this audited financial report.

Economic Factors and Next Year’s Budget

Hoke County encompasses 391 square miles of which (37%) is located on the Fort Bragg military reservation. Fort Bragg is one of the largest military complexes in the world with approximately 56,000 military personnel, 14,000 civilian employees and 23,000 family members associated with the base. The base contributes to growth in the local economy, particularly for sales tax revenues. The County anticipates continued commercial and residential growth along the highway 401 corridor with the addition in recent years of two hospital systems and Veteran’s Medical Facility and the completion of the County’s James A. Leach Aquatic and Recreation Center expected in FY23.

The County continued to take a fiscally conservative approach in preparing and adopting the fiscal year 2023 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, 2023

Governmental Activities. The valuation of property for the upcoming year is estimated to be \$4.1 billion. This reflects the revaluation coupled with a tax rate decrease. The tax rate decreased to \$.73 from \$.75 per one hundred dollars of valuation of property listed as of January 1, 2022.

Budgeted expenditures in the General Fund are expected to increase to \$64,784,457 compared to an original budget of \$57,625,706 in fiscal year 2022. This is primarily due to increases in salaries and benefits and operational expenses due to inflation.

Business-Type Activities. Water, sewer and solid waste revenues are anticipated to remain stable.

Governmental Activities. Property taxes are expected to reflect 52.4% of the total General Fund budget of \$64.7 million.

The largest component of General Fund expenditures is expected to be employee compensation, which represents 47.29% 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.

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hoke County ABC Board
Assets:				
Cash and cash equivalents	\$ 46,778,474	\$ 15,974,901	\$ 62,753,375	\$ 943,457
Receivables, net	7,734,905	2,617,886	10,352,791	44,370
Inventories	6,380	150,941	157,321	371,470
Prepaid expenses	1,173,101	-	1,173,101	34,380
Restricted cash and cash equivalents	26,873,953	1,560,559	28,434,512	-
Net pension asset	105,395	-	105,395	-
Right to use assets	109,476	14,377	123,853	-
Other assets	-	-	-	2,990
Capital assets:				
Land, improvements, and construction in progress	26,814,749	2,166,731	28,981,480	3,000
Other capital assets, net of depreciation	24,542,901	60,977,027	85,519,928	129,661
Capital assets, net	51,357,650	63,143,758	114,501,408	132,661
Total assets	134,139,334	83,462,422	217,601,756	1,529,328
Deferred Outflows of Resources:				
OPEB deferrals	1,355,946	134,104	1,490,050	-
Pension deferrals	5,603,044	515,923	6,118,967	32,048
Total deferred outflows of resources	6,958,990	650,027	7,609,017	32,048
Liabilities:				
Accounts payable and accrued liabilities	2,796,788	732,764	3,529,552	348,869
Advances from grantor	21,868,941	-	21,868,941	-
Accrued interest payable	179,484	47,821	227,305	-
Due in less than one year	4,380,905	1,153,324	5,534,229	-
Payable from restricted assets	16,286	1,560,559	1,576,845	-
Net pension liability - LGERS	3,348,954	331,216	3,680,170	-
Total pension liability - LEOSSA	1,305,685	-	1,305,685	-
Total OPEB liability	7,494,303	760,937	8,255,240	-
Due in more than one year	46,999,079	20,487,496	67,486,575	26,224
Total liabilities	88,390,425	25,074,117	113,464,542	375,093
Deferred Inflows of Resources:				
OPEB deferrals	534,102	52,825	586,927	-
Pension deferrals	5,132,178	486,089	5,618,267	37,488
Prepaid taxes	161,826	-	161,826	-
Total deferred inflows of resources	5,828,106	538,914	6,367,020	37,488
Net Position:				
Net investment in capital assets	20,472,395	41,638,910	62,111,305	132,661
Restricted:				
Stabilization by state statute	6,118,666	-	6,118,666	-
Human services	1,114,531	-	1,114,531	-
Register of Deeds	187,263	-	187,263	-
Register of Deeds' pension plan	112,595	-	112,595	-
Education	-	-	-	-
Cultural and recreational	5,520,102	-	5,520,102	-
Public safety	2,144,190	-	2,144,190	-
Working capital	-	-	-	147,583
Unrestricted	11,210,051	16,860,508	28,070,559	868,551
Total net position	\$ 46,879,793	\$ 58,499,418	\$ 105,379,211	\$ 1,148,795

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 8,549,434	\$ 3,122,033	\$ 368,975	\$ -
Public safety	17,594,929	1,060,499	513,037	327,927
Economic and physical development	1,248,757	16,105	189,855	-
Human services	13,766,265	461,249	8,767,989	-
Cultural and recreational	1,627,735	86,943	1,370	-
Transportation	1,267,745	947,430	78,680	337,050
Education	7,456,145	-	73,068	-
Interest on long-term debt	1,306,931	-	-	-
Total governmental activities	<u>52,817,941</u>	<u>5,694,259</u>	<u>9,992,974</u>	<u>664,977</u>
Business-Type Activities:				
Water and sewer	9,235,365	8,654,107	-	1,456,600
Landfill	3,214,850	3,485,643	-	-
Total business-type activities	<u>12,450,215</u>	<u>12,139,750</u>	<u>-</u>	<u>1,456,600</u>
Total primary government	<u>\$ 65,268,156</u>	<u>\$ 17,834,009</u>	<u>\$ 9,992,974</u>	<u>\$ 2,121,577</u>
Component Unit:				
ABC Board	<u>\$ 4,742,579</u>	<u>\$ 4,945,466</u>	<u>\$ -</u>	<u>\$ -</u>

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	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	\$ (5,058,426)	\$ -	\$ (5,058,426)	
Public safety	(15,693,466)	-	(15,693,466)	
Economic and physical development	(1,042,797)	-	(1,042,797)	
Human services	(4,537,027)	-	(4,537,027)	
Cultural and recreational	(1,539,422)	-	(1,539,422)	
Transportation	95,415	-	95,415	
Education	(7,383,077)	-	(7,383,077)	
Interest on long-term debt	(1,306,931)	-	(1,306,931)	
Total governmental activities	<u>(36,465,731)</u>	<u>-</u>	<u>(36,465,731)</u>	
Business-Type Activities:				
Water and sewer	-	875,342	875,342	
Landfill	-	270,793	270,793	
Total business-type activities	<u>-</u>	<u>1,146,135</u>	<u>1,146,135</u>	
Total primary government	<u>(36,465,731)</u>	<u>1,146,135</u>	<u>(35,319,596)</u>	
Component Unit:				
ABC Board				<u>\$ 202,887</u>
General Revenues:				
Taxes:				
Ad valorem taxes	33,271,463	-	33,271,463	-
Local option sales tax	15,125,180	-	15,125,180	-
Other taxes	19,401	-	19,401	-
Unrestricted intergovernmental	167,569	-	167,569	-
Investment earnings	133,923	44,641	178,564	91
Total general revenues	<u>48,717,536</u>	<u>44,641</u>	<u>48,762,177</u>	<u>91</u>
Change in net position	12,251,805	1,190,776	13,442,581	202,978
Net Position:				
Beginning of year - July 1	<u>34,627,988</u>	<u>57,308,642</u>	<u>91,936,630</u>	<u>945,817</u>
End of year - June 30	<u>\$ 46,879,793</u>	<u>\$ 58,499,418</u>	<u>\$ 105,379,211</u>	<u>\$ 1,148,795</u>

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

HOKE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	Major			Nonmajor	Total Governmental Funds
	General Fund	Administrative Capital Projects Fund	Multi-Year Grants Fund	Other Governmental Funds	
Assets:					
Cash and cash equivalents	\$ 39,440,505	\$ 6,438,033	\$ 46,873	\$ 853,063	\$ 46,778,474
Taxes receivable, net	1,399,615	-	-	122,096	1,521,711
Accounts receivable, net	5,710,689	176,690	-	106,935	5,994,314
Note receivable	-	-	-	218,880	218,880
Inventory	6,380	-	-	-	6,380
Prepays	1,173,101	-	-	-	1,173,101
Due from other funds	33,146	-	-	-	33,146
Restricted cash and cash equivalents	60,656	21,194,356	5,618,941	-	26,873,953
Total assets	<u>\$ 47,824,092</u>	<u>\$ 27,809,079</u>	<u>\$ 5,665,814</u>	<u>\$ 1,300,974</u>	<u>\$ 82,599,959</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,821,621	\$ 917,931	\$ 4,760	\$ 52,476	\$ 2,796,788
Advances from grantor	-	16,250,000	5,618,941	-	21,868,941
Liabilities payable from restricted assets	16,286	-	-	-	16,286
Due to other funds	10,999	-	-	22,147	33,146
Total liabilities	<u>1,848,906</u>	<u>17,167,931</u>	<u>5,623,701</u>	<u>74,623</u>	<u>24,715,161</u>
Deferred Inflows of Resources:					
Taxes receivable	1,399,615	-	-	122,096	1,521,711
Prepaid taxes	161,826	-	-	-	161,826
Unavailable revenues - grants	-	127,674	-	-	127,674
Total deferred inflows of resources	<u>1,561,441</u>	<u>127,674</u>	<u>-</u>	<u>122,096</u>	<u>1,811,211</u>
Fund Balances:					
Non-spendable:					
Inventories	6,380	-	-	-	6,380
Prepaid items	1,173,101	-	-	-	1,173,101
Restricted:					
Stabilization by state statute	5,743,835	49,016	-	325,815	6,118,666
Human services	1,076,156	-	-	38,375	1,114,531
Register of Deeds	187,263	-	-	-	187,263
Cultural and recreational	-	10,464,458	-	-	10,464,458
Public safety	1,666,843	-	42,113	435,234	2,144,190
Committed	44,370	-	-	-	44,370
Assigned	300,000	-	-	378,162	678,162
Unassigned	34,215,797	-	-	(73,331)	34,142,466
Total fund balances	<u>44,413,745</u>	<u>10,513,474</u>	<u>42,113</u>	<u>1,104,255</u>	<u>56,073,587</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 47,824,092</u>	<u>\$ 27,809,079</u>	<u>\$ 5,665,814</u>	<u>\$ 1,300,974</u>	<u>\$ 82,599,959</u>

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

HOKE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

		<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances		\$ 56,073,587
Capital assets used in governmental activities are not financial resources and, therefore, are not reported:		
Total capital assets and right to use assets	\$ 67,460,023	
Less accumulated depreciation and amortization	<u>(15,992,897)</u>	
Net capital assets	<u>\$ 51,467,126</u>	51,467,126
Net pension asset		105,395
Net pension liability (LGERS)		(3,348,954)
Total pension liability (LEOSSA)		(1,305,685)
Total OPEB liability		(7,494,303)
Deferred inflows of resources related to pensions are not reported in the funds.		
ROD	\$ (12,882)	
LGERS	(4,914,910)	
LEOSSA	<u>(204,386)</u>	
	<u>\$ (5,132,178)</u>	(5,132,178)
Deferred inflows of resources related to OPEB are not reported in the funds.		
Deferred outflows of resources related to pensions are not reported in the funds.		
ROD	\$ 20,082	
LGERS	5,216,576	
LEOSSA	<u>366,386</u>	
	<u>\$ 5,603,044</u>	5,603,044
Deferred outflows of resources related to OPEB are not reported in the funds.		
Liabilities for deferred inflows in the fund statements but not the government-wide statements		
		1,649,385
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:		
Bonds, leases, and installment financing	\$ (50,062,687)	
Accrued interest payable	(179,484)	
Compensated absences	<u>(1,317,297)</u>	
Total	<u>\$ (51,559,468)</u>	<u>(51,559,468)</u>
Net position of governmental activities		<u>\$ 46,879,793</u>

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, 2022

	Major			Nonmajor	Total Governmental Funds
	General Fund	Administrative Capital Projects Fund	Multi-Year Grants Fund	Other Governmental Funds	
Revenues:					
Ad valorem taxes	\$ 30,420,204	\$ -	\$ -	\$ 3,118,566	\$ 33,538,770
Local option sales taxes	15,125,180	-	-	-	15,125,180
Other taxes and licenses	19,401	-	-	-	19,401
Unrestricted intergovernmental	167,569	-	-	-	167,569
Restricted intergovernmental	10,458,597	667,303	246,726	327,626	11,700,252
E-911 wireless	-	-	-	314,695	314,695
Permits and fees	2,636,462	-	-	-	2,636,462
Sales and services	1,703,127	-	-	-	1,703,127
Investment earnings	133,523	-	-	400	133,923
Total revenues	<u>60,664,063</u>	<u>667,303</u>	<u>246,726</u>	<u>3,761,287</u>	<u>65,339,379</u>
Expenditures:					
Current:					
General government	8,499,472	-	-	-	8,499,472
Public safety	13,849,520	351,600	135,731	3,342,487	17,679,338
Economic and physical development	790,660	339,376	110,995	78,860	1,319,891
Human services	13,445,499	-	-	174,403	13,619,902
Cultural and recreational	1,443,979	15,721,396	-	-	17,165,375
Transportation	1,557,844	-	-	-	1,557,844
Education	7,456,145	-	-	-	7,456,145
Debt service:					
Principal retirements	2,403,693	-	-	-	2,403,693
Interest and fees	1,676,479	-	-	-	1,676,479
Total expenditures	<u>51,123,291</u>	<u>16,412,372</u>	<u>246,726</u>	<u>3,595,750</u>	<u>71,378,139</u>
Revenues over (under) expenditures	<u>9,540,772</u>	<u>(15,745,069)</u>	<u>-</u>	<u>165,537</u>	<u>(6,038,760)</u>
Other Financing Sources (Uses):					
Lease liabilities issued	180,114	-	-	-	180,114
Transfers in	-	1,000,000	-	-	1,000,000
Transfers out	(1,000,000)	-	-	-	(1,000,000)
Total other financing sources (uses)	<u>(819,886)</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>180,114</u>
Net change in fund balances	8,720,886	(14,745,069)	-	165,537	(5,858,646)
Fund Balances:					
Beginning of year - July 1	<u>35,692,859</u>	<u>25,258,543</u>	<u>42,113</u>	<u>938,718</u>	<u>61,932,233</u>
End of year - June 30	<u>\$ 44,413,745</u>	<u>\$ 10,513,474</u>	<u>\$ 42,113</u>	<u>\$ 1,104,255</u>	<u>\$ 56,073,587</u>

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

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, 2022

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ (5,858,646)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities:	
Current year capital outlay and right to use assets	17,665,492
Depreciation and amortization expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not the fund statements	(1,394,214)
Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue; rather it is an increase in liabilities.	(180,114)
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.	2,773,241
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.	(105,296)
Pension expense - LEOSSA	(166,642)
Pension expense - LGERS	528,865
Pension expense - ROD	3,233
OPEB plan expense	(744,481)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements.	<u>(269,633)</u>
Changes in net position of governmental activities (Exhibit B)	<u>\$ 12,251,805</u>

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, 2022**

	Budget Amounts		Actual	Variance with Final Budget Over/Under
	Original Budget	Final Budget		
Revenues:				
Ad valorem taxes	\$ 28,448,486	\$ 29,448,486	\$ 30,420,204	\$ 971,718
Local option sales taxes	13,336,991	13,790,849	15,125,180	1,334,331
Other taxes and licenses	9,305	9,305	19,401	10,096
Unrestricted intergovernmental	225,000	225,000	167,569	(57,431)
Restricted intergovernmental	11,019,221	12,160,508	10,458,597	(1,701,911)
Permits and fees	1,823,104	1,953,104	2,636,462	683,358
Sales and services	1,190,459	1,325,459	1,703,127	377,668
Investment earnings	12,500	12,500	133,523	121,023
Total revenues	<u>56,065,066</u>	<u>58,925,211</u>	<u>60,664,063</u>	<u>1,738,852</u>
Expenditures:				
Current:				
General government	11,413,233	10,876,205	8,265,679	2,610,526
Public safety	14,781,311	15,949,212	13,826,376	2,122,836
Economic and physical development	888,225	907,425	790,660	116,765
Human services	15,389,714	16,847,936	13,445,499	3,402,437
Cultural and recreational	1,416,071	1,521,559	1,443,979	77,580
Transportation	1,678,496	1,712,968	1,557,844	155,124
Intergovernmental - education	7,450,885	7,450,885	7,456,145	(5,260)
Debt service:				
Principal retirements	2,752,713	2,752,713	2,403,693	349,020
Interest and fees	1,731,058	2,511,058	1,676,479	834,579
Total expenditures	<u>57,501,706</u>	<u>60,529,961</u>	<u>50,866,354</u>	<u>9,663,607</u>
Revenues over (under) expenditures	<u>(1,436,640)</u>	<u>(1,604,750)</u>	<u>9,797,709</u>	<u>11,402,459</u>
Other Financing Sources (Uses):				
Transfers out	(124,000)	(1,274,000)	(1,174,000)	100,000
Lease liabilities issued	-	-	180,114	(180,114)
Appropriated fund balance	1,560,640	2,878,750	-	2,878,750
Total other financing sources (uses)	<u>1,436,640</u>	<u>1,604,750</u>	<u>(993,886)</u>	<u>(2,598,636)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	8,803,823	<u>\$ 8,803,823</u>
Fund Balance:				
Beginning of year - July 1			<u>35,391,096</u>	
End of year - June 30			<u>\$ 44,194,919</u>	

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Major		Total
	Water and Sewer District	Solid Waste	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 9,049,077	\$ 6,925,824	\$ 15,974,901
Accounts receivable, net	2,416,241	201,645	2,617,886
Inventories	150,941	-	150,941
Total current assets	<u>11,616,259</u>	<u>7,127,469</u>	<u>18,743,728</u>
Non-current assets:			
Restricted cash and cash equivalents	1,560,559	-	1,560,559
Right to use assets	14,377	-	14,377
Land and construction in progress	1,984,079	182,652	2,166,731
Other capital assets, net of depreciation	<u>59,772,091</u>	<u>1,204,936</u>	<u>60,977,027</u>
Total non-current assets	<u>63,331,106</u>	<u>1,387,588</u>	<u>64,718,694</u>
Total assets	<u>74,947,365</u>	<u>8,515,057</u>	<u>83,462,422</u>
Deferred Outflows of Resources:			
OPEB deferrals	89,586	44,518	134,104
Pension deferrals	<u>343,949</u>	<u>171,974</u>	<u>515,923</u>
Total deferred outflows of resources	<u>433,535</u>	<u>216,492</u>	<u>650,027</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	489,147	243,617	732,764
Accrued interest expense	47,821	-	47,821
Current portion of long-term debt	1,140,309	13,015	1,153,324
Liabilities to be paid from restricted assets:			
Customer deposits	<u>1,560,559</u>	<u>-</u>	<u>1,560,559</u>
Total current liabilities	<u>3,237,836</u>	<u>256,632</u>	<u>3,494,468</u>
Non-current liabilities:			
Net pension liability	220,810	110,406	331,216
Total OPEB liability	495,279	265,658	760,937
Long-term obligations	<u>20,474,482</u>	<u>13,014</u>	<u>20,487,496</u>
Total non-current liabilities	<u>21,190,571</u>	<u>389,078</u>	<u>21,579,649</u>
Total liabilities	<u>24,428,407</u>	<u>645,710</u>	<u>25,074,117</u>
Deferred Inflows of Resources:			
OPEB deferrals	34,334	18,491	52,825
Pension deferrals	<u>324,059</u>	<u>162,030</u>	<u>486,089</u>
Total deferred inflows of resources	<u>358,393</u>	<u>180,521</u>	<u>538,914</u>
Net Position:			
Net investment in capital assets	40,251,322	1,387,588	41,638,910
Unrestricted	<u>10,342,778</u>	<u>6,517,730</u>	<u>16,860,508</u>
Total net position	<u>\$ 50,594,100</u>	<u>\$ 7,905,318</u>	<u>\$ 58,499,418</u>

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Major		Total
	Water and Sewer District	Solid Waste	
Operating Revenues:			
Water and sewer charges	\$ 7,382,619	\$ -	\$ 7,382,619
Tap and impact fees	1,016,076	-	1,016,076
Solid waste collection fees	-	3,284,188	3,284,188
Other operating revenues	255,412	201,455	456,867
Total operating revenues	<u>8,654,107</u>	<u>3,485,643</u>	<u>12,139,750</u>
Operating Expenses:			
Water administration	1,379,894	-	1,379,894
Water treatment	1,122,067	-	1,122,067
Water distribution	2,430,721	-	2,430,721
Sewer operations	500,096	-	500,096
Sewer plant operations	1,161,938	-	1,161,938
Landfill operations	-	3,063,531	3,063,531
Amortization	(47,262)	-	(47,262)
Depreciation	2,079,410	151,319	2,230,729
Total operating expenses	<u>8,626,864</u>	<u>3,214,850</u>	<u>11,841,714</u>
Operating income (loss)	<u>27,243</u>	<u>270,793</u>	<u>298,036</u>
Non-Operating Revenues (Expenses):			
Investment earnings	-	44,641	44,641
Interest and other charges	(608,501)	-	(608,501)
Total non-operating revenues (expenses)	<u>(608,501)</u>	<u>44,641</u>	<u>(563,860)</u>
Income (loss) before capital contributions	(581,258)	315,434	(265,824)
Capital contributions	<u>1,456,600</u>	<u>-</u>	<u>1,456,600</u>
Change in net position	875,342	315,434	1,190,776
Net Position:			
Beginning of year - July 1	<u>49,718,758</u>	<u>7,589,884</u>	<u>57,308,642</u>
End of year - June 30	<u>\$ 50,594,100</u>	<u>\$ 7,905,318</u>	<u>\$ 58,499,418</u>

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, 2022

	Major		Total
	Water and Sewer District	Solid Waste	
Cash Flows from Operating Activities:			
Cash received from customers	\$ 8,705,012	\$ 3,505,426	\$ 12,210,438
Cash paid for goods and services	(3,977,072)	(2,281,325)	(6,258,397)
Cash paid to employees for services	(1,897,636)	(734,057)	(2,631,693)
Net cash provided (used) by operating activities	<u>2,830,304</u>	<u>490,044</u>	<u>3,320,348</u>
Cash Flows from Capital and Related Financing Activities:			
Principal payments on long-term debt	(1,037,129)	-	(1,037,129)
Interest paid on debt	(593,262)	-	(593,262)
Capital contribution - grants	(4,790)	-	(4,790)
Acquisition and construction of capital assets	(1,917,425)	(112,104)	(2,029,529)
Net cash provided (used) by capital and related financing activities	<u>(3,552,606)</u>	<u>(112,104)</u>	<u>(3,664,710)</u>
Cash Flows from Investing Activities:			
Interest on investments	-	44,641	44,641
Net increase (decrease) in cash and cash equivalents	(722,302)	422,581	(299,721)
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>11,331,938</u>	<u>6,503,243</u>	<u>17,835,181</u>
End of year - June 30	<u>\$ 10,609,636</u>	<u>\$ 6,925,824</u>	<u>\$ 17,535,460</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	<u>\$ 27,243</u>	<u>\$ 270,793</u>	<u>\$ 298,036</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	2,079,410	151,319	2,230,729
Amortization	(47,262)	-	(47,262)
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
(Increase) decrease in accounts receivable	7,174	19,784	26,958
(Increase) decrease in inventory	222,663	-	222,663
(Increase) decrease in deferred outflows of resources - pensions	(46,221)	(23,111)	(69,332)
Increase (decrease) in net pension liability	(308,729)	(154,364)	(463,093)
Increase (decrease) in deferred inflows of resources - pensions	320,080	160,040	480,120
Increase (decrease) in accounts payable	475,432	40,034	515,466
Increase (decrease) in customer deposits	43,730	-	43,730
Increase (decrease) in deferred inflows of resources - OPEB	(11,371)	(4,645)	(16,016)
(Increase) decrease in deferred outflows of resources - OPEB	5,951	2,432	8,383
Increase (decrease) in OPEB payable	57,698	23,567	81,265
Increase (decrease) in accrued vacation pay	4,506	4,195	8,701
Total adjustments	<u>2,803,061</u>	<u>219,251</u>	<u>3,022,312</u>
Net cash provided (used) by operating activities	<u>\$ 2,830,304</u>	<u>\$ 490,044</u>	<u>\$ 3,320,348</u>
Non-Cash Financing Activities:			
Leases	<u>\$ 19,467</u>	<u>\$ -</u>	<u>\$ 19,467</u>

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

HOKE COUNTY, NORTH CAROLINA

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

	Custodial Funds
Assets:	
Cash and cash equivalents	\$ 65,948
Taxes receivable for other governments, net	<u>18,058</u>
Total assets	<u>84,006</u>
Liabilities:	
Accounts payable and accrued liabilities	14,000
Due to other governments	<u>34,795</u>
Total liabilities	<u>48,795</u>
Net Position:	
Restricted:	
Individuals, organizations, and other governments	<u>\$ 35,211</u>

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

HOKE COUNTY, NORTH CAROLINA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Custodial Funds</u>
Additions:	
Ad valorem taxes and interest for other governments	\$ 215,591
Collections on behalf of individuals/organizations	<u>57,499</u>
Total additions	<u>273,090</u>
Deductions:	
Tax and interest distributions to other governments	217,269
Payments on behalf of individuals/organizations	<u>61,614</u>
Total deductions	<u>278,883</u>
Net increase (decrease) in fiduciary net position	(5,793)
Net position, beginning, July 1	<u>41,004</u>
Net position, ending June 30	<u>\$ 35,211</u>

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

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HOKE COUNTY, NORTH CAROLINA

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

1. Summary of Significant Accounting Policies

The accounting policies of 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.

HOKE COUNTY, NORTH CAROLINA

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

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 funds:

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.

Administrative Capital Projects Fund. This fund is used to account for construction of administrative capital projects.

HOKE COUNTY, NORTH CAROLINA

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

Special Revenue Fund Multi-Year Grants Fund. This fund is used to account for activities of several of the County's grants that span over more than a year.

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 has several enterprise fund capital project funds: Water Construction Capital Projects Fund, Water Rate Stabilization Fund, and Waste Water Treatment Plant Fund are consolidated with the Water and Sewer District Fund for reporting purposes.

The County reports the following fund types:

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but that are not revenues to the County, the Jail Inmate Fund, which holds cash deposits made to inmates as payment for work performed while incarcerated as well as cash collections for the benefit of inmates from their friends and families, and the Sheriff's Execution Fund, which accounts for monies collected by the sheriff's department that are required to be remitted to governmental agencies.

Nonmajor Funds. The County maintains seven 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 Representative Payee Fund, are reported as nonmajor special revenue funds. The CDBG Capital Projects Fund is reported as a nonmajor capital project fund.

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. 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,

HOKE COUNTY, NORTH CAROLINA

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

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

HOKE COUNTY, NORTH CAROLINA

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

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, the Representative Payee Fund, and all special revenue funds except for the Multi-Year Grants Special Revenue Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the capital project funds and the enterprise capital projects funds.

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

HOKE COUNTY, NORTH CAROLINA

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

The County's investments are carried at fair value. The North Carolina Capital Management Trust (NCCMT) is authorized by G.S. 159-30(c)(8). The Government Portfolio is a 2a7 fund that invests in treasuries and government agencies and is rated AAAM by S&P and AAA-mf by Moody Investor Services. The Government Portfolio is reported at fair value.

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

Deposits in the General Fund and customer deposits in the Water and Sewer Fund 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 and debt proceeds of the Other Governmental Funds are restricted for the purpose of which the funds were accumulated for, such as capital construction, or is to be used for a specific purpose only.

Restricted cash was comprised of the following at June 30, 2022:

Governmental Activities:	
General Fund:	
Restricted for revaluation	\$ 44,370
Deposits	16,286
Other Governmental Funds:	
Unexpended grant proceeds	21,868,941
Unexpended debt proceeds	<u>4,944,356</u>
Total governmental activities	<u>26,873,953</u>
Business-Type Activities	
Water and Sewer District Fund:	
Customer deposits	<u>1,560,559</u>
Total restricted cash	<u>\$ 28,434,512</u>

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

HOKE COUNTY, NORTH CAROLINA

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

January 1, 2021. 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. Prepaid items for the County's governmental funds are treated using the consumption method.

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 value at the date of donation. 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.

HOKE COUNTY, NORTH CAROLINA

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

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

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Plant and distribution systems	40 years
Infrastructure	30 years
Improvements	25 years
Land improvements	11 years
Furniture and equipment	10 years
Vehicles	6 years
Computer equipment	3 years

Right to Use Assets

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

Deferred Outflows/Inflows of Resources

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

HOKE COUNTY, NORTH CAROLINA

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

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.

Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded. North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

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

The County will be receiving a portion of this settlement; however during Fiscal Year 2022, nothing has been received. Per the terms of the MOA, the County will create a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds will be restricted until expended. No funds have been expended as of June 30, 2022. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The County was allocated \$10,728,557 of fiscal recovery funds to be paid in two equal installments. The first installment of \$5,364,278 was received in September 2021. The second installment was received in October 2022. County staff and the Board of Commissioners have elected to use \$10,000,000 of the ARPA funds for revenue replacement. Revenue replacement funds will be transferred to the general fund once the funds are used for the intended purpose.

HOKE COUNTY, NORTH CAROLINA

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

The County plans on using the rest of the funds for the purchase radios for fire districts and to expand broadband service in the county in Fiscal Years 2023/2024.

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 represents 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 – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by state statute

HOKE COUNTY, NORTH CAROLINA

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

(RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as “restricted by state statute.” Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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 in the General Fund. The balance in the other governmental fund is restricted for the purposes of trust beneficiaries of the DSS trust account.

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 Cultural and Recreational – portion of fund balance that is restricted by revenue source for cultural and recreational activities in the Administrative Capital Projects fund.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for public safety activities such as building inspections revenue collected for that purpose in the General Fund and fire protection, police, and E911 expenditures in the other governmental funds. Revenues restricted by third parties in the Multi-Year Grants Fund can only be used for the purpose in which the funds were provided for.

<u>Purpose</u>	<u>General Fund</u>	<u>Administrative Capital Projects Fund</u>	<u>Multi-Year Grants Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Human services	\$ 1,076,156	\$ -	\$ -	\$ 38,375	\$ 1,114,531
Register of Deeds	187,263	-	-	-	187,263
Cultural and recreational	-	10,464,458	-	-	10,464,458
Public safety	1,666,843	-	42,113	435,234	2,144,190
Total	<u>\$ 2,930,262</u>	<u>\$ 10,464,458</u>	<u>\$ 42,113</u>	<u>\$ 473,609</u>	<u>\$13,910,442</u>

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$4,944,356 for the major Administrative Capital Projects Fund and the amount of the Register of Deeds’ pension plan of \$112,595.

HOKE COUNTY, NORTH CAROLINA

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

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.

<u>Purpose</u>	<u>General Fund</u>
Tax revaluation	\$ 44,370

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 General Government – portion of fund balance that has been budgeted in a special revenue fund by the Board for general government 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.

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
General government	\$ -	\$ 11,401	\$ 11,401
Economic development	-	366,761	366,761
Subsequent year's expenditures	300,000	-	300,000
Total	\$ 300,000	\$ 378,162	\$ 678,162

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. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in the governmental funds, other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned balance in that fund.

HOKE COUNTY, NORTH CAROLINA

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

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	\$ 44,413,745
Less:	
Inventories	6,380
Prepays	1,173,101
Stabilization by state statute	5,743,835
Total available fund balance	<u>\$ 37,490,429</u>

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, 2022

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)	\$ <u>44,194,919</u>
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Register of Deeds Automation Fund:

Expenditures:

Transfers in	74,000
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Fund balance, beginning	<u>113,263</u>
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Fund balance, ending	<u>187,263</u>
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Revaluation Fund:

Expenditures:

General government	(233,793)
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Transfers in	100,000
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Fund balance, beginning	<u>178,163</u>
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Fund balance, ending	<u>44,370</u>
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Law Enforcement Officer Fund:

Expenditures:

Public safety	(23,144)
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Fund balance, beginning	<u>10,337</u>
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Fund balance, ending	<u>(12,807)</u>
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Total ending fund balance (Exhibit D)	<u>\$ 44,413,745</u>
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HOKE COUNTY, NORTH CAROLINA

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

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 complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2022, the County's deposits had a carrying amount of \$48,065,347 and a bank balance of \$49,372,404. Of the bank balance, \$750,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

At June 30, 2022, Hoke County had \$4,103 cash on hand.

Investments

At June 30, 2022, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>
N.C. Capital Management Trust - Government Portfolio	Fair Value - Level 1	<u>\$ 43,184,385</u>	<u>\$ 43,184,385</u>

HOKE COUNTY, NORTH CAROLINA

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

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from Standard and Poor's (S&P) and AAAMf by Moody's Investor Service. The County has no 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.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 962,271	\$ -	\$ 962,271
2020	962,178	-	962,178
2021	647,060	-	647,060
2022	<u>1,442,875</u>	-	<u>1,442,875</u>
Total	<u>\$ 4,014,384</u>	<u>\$ -</u>	<u>\$ 4,014,384</u>

Receivables

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

	<u>Accounts</u>	<u>Taxes</u>	<u>Due From Other Governments</u>	<u>Notes Receivable</u>	<u>Total</u>
Governmental Activities:					
General	\$ 27,876	\$ 1,757,563	\$ 5,682,813	\$ -	\$ 7,468,252
Other governmental	106,935	167,553	176,690	218,880	670,058
Allowance for doubtful accounts	-	<u>(403,405)</u>	-	-	<u>(403,405)</u>
Total receivables	<u>\$ 134,811</u>	<u>\$ 1,521,711</u>	<u>\$ 5,859,503</u>	<u>\$ 218,880</u>	<u>\$ 7,734,905</u>
Business-Type Activities:					
Water and sewer district	\$ 536,450	\$ -	\$ 2,871,690	\$ -	\$ 3,408,140
Solid waste	361,148	-	34,497	-	395,645
Allowance for doubtful accounts	<u>(1,185,899)</u>	-	-	-	<u>(1,185,899)</u>
Total business-type activities	<u>\$ (288,301)</u>	<u>\$ -</u>	<u>\$ 2,906,187</u>	<u>\$ -</u>	<u>\$ 2,617,886</u>

HOKE COUNTY, NORTH CAROLINA

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

Due from other governments consists of the following:

Governmental Activities:

Local option sales tax	\$ 2,361,199
Refundable sales tax	370,373
MV taxes, state	360,593
Gasoline taxes, state	5,436
ABC distribution	96,895
Other governmental, state	1,101,658
Grants receivable	<u>1,563,349</u>
Total	<u>\$ 5,859,503</u>

Business-Type Activities:

Grants receivable	\$ 2,871,690
Others	<u>34,497</u>
Total	<u>\$ 2,906,187</u>

HOKE COUNTY, NORTH CAROLINA

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

Capital Assets

Primary Government

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

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 3,680,785	\$ -	\$ -	\$ 3,680,785
Construction in progress	<u>6,721,592</u>	<u>16,412,372</u>	<u>-</u>	<u>23,133,964</u>
Total non-depreciable capital assets	<u>10,402,377</u>	<u>16,412,372</u>	<u>-</u>	<u>26,814,749</u>
Depreciable Assets:				
Land improvements	288,750	37,012	-	325,762
Buildings	28,384,405	110,931	-	28,495,336
Equipment	5,480,348	168,611	-	5,648,959
Vehicles and motor equipment	<u>5,288,735</u>	<u>756,452</u>	<u>50,084</u>	<u>5,995,103</u>
Total depreciable capital assets	<u>39,442,238</u>	<u>1,073,006</u>	<u>50,084</u>	<u>40,465,160</u>
Less Accumulated Depreciation:				
Land improvements	9,418	21,289	-	30,707
Buildings	6,618,874	606,376	-	7,225,250
Equipment	4,388,848	183,528	-	4,572,376
Vehicles and motor equipment	<u>3,631,627</u>	<u>512,383</u>	<u>50,084</u>	<u>4,093,926</u>
Total accumulated depreciation	<u>14,648,767</u>	<u>1,323,576</u>	<u>50,084</u>	<u>15,922,259</u>
Total depreciable capital assets, net	<u>24,793,471</u>	<u>(250,570)</u>	<u>-</u>	<u>24,542,901</u>
Governmental activities capital assets, net	<u>\$ 35,195,848</u>	<u>\$ 16,161,802</u>	<u>\$ -</u>	<u>\$ 51,357,650</u>

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

General government	\$ 208,791
Public safety	708,774
Economic and physical development	13,670
Human services	140,979
Cultural and recreational	198,610
Transportation	<u>52,752</u>
Total	<u>\$ 1,323,576</u>

HOKE COUNTY, NORTH CAROLINA

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

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

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Business-Type Activities:				
Water and Sewer District:				
Non-Depreciable Assets:				
Land	\$ 488,804	\$ -	\$ -	\$ 488,804
Construction in progress	33,879	1,461,396	-	1,495,275
Total non-depreciable capital assets	522,683	1,461,396	-	1,984,079
Depreciable Assets:				
Plant and distribution system	81,181,496	-	-	81,181,496
Furniture and maintenance equipment	1,794,743	276,484	-	2,071,227
Buildings	124,620	-	-	124,620
Vehicles	1,038,616	28,236	64,536	1,002,316
Total depreciable capital assets	84,139,475	304,720	64,536	84,379,659
Less Accumulated Depreciation:				
Plant and distribution system	20,611,697	1,900,967	-	22,512,664
Furniture and maintenance equipment	1,206,729	92,474	-	1,299,203
Buildings	30,738	2,493	-	33,231
Vehicles	743,530	83,476	64,536	762,470
Total accumulated depreciation	22,592,694	\$ 2,079,410	\$ 64,536	24,607,568
Total depreciable capital assets, net	61,546,781			59,772,091
Water and sewer capital assets, net	62,069,464			61,756,170
Solid Waste:				
Non-Depreciable Assets:				
Land	182,652	\$ -	\$ -	182,652
Depreciable Assets:				
Buildings and improvements	38,016	-	-	38,016
Plant and distribution system	1,075,504	-	-	1,075,504
Furniture and maintenance equipment	1,047,639	-	-	1,047,639
Vehicles	795,482	112,104	-	907,586
Total depreciable capital assets	2,956,641	112,104	-	3,068,745
Less Accumulated Depreciation:				
Buildings and improvements	2,190	1,521	-	3,711
Plant and distribution system	324,919	21,510	-	346,429
Furniture and maintenance equipment	838,452	43,987	-	882,439
Vehicles	546,929	84,301	-	631,230
Total accumulated depreciation	1,712,490	\$ 151,319	\$ -	1,863,809
Total depreciable capital assets, net	1,244,151			1,204,936
Solid waste capital assets, net	1,426,803			1,387,588
Business-type activities capital assets, net	\$ 63,496,267			\$ 63,143,758

HOKE COUNTY, NORTH CAROLINA

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

Net Investment in Capital Assets

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

	Governmental Activities	Business-Type Activities
Capital assets and right to use assets	\$ 51,467,126	\$ 63,158,135
Long-term debt	50,062,687	21,519,225
Less:		
School debt to which County does not hold title	14,123,600	-
Unexpended proceeds	4,944,356	-
Total capital debt	30,994,731	21,519,225
Net investment in capital assets	\$ 20,472,395	\$ 41,638,910

Construction Commitments

The government has active construction projects at year-end. At June 30, 2022, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Governmental Activities:		
401 PR building	\$ 22,312,988	\$ 6,240,147
Business-Type Activities:		
Grow Hoke sewer project	\$ 1,433,475	\$ 543,207

Right to Use Leased Assets

The County has recorded eighteen right to use leased assets. The assets are right to use assets for leased computer equipment. The related leases are discussed in the Leases subsection of the Long-term Obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

HOKE COUNTY, NORTH CAROLINA

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

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

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Governmental Activities:				
Right to use assets:				
Leased equipment	\$ -	\$ 180,114	\$ -	\$ 180,114
Less Accumulated Amortization:				
Leased equipment	-	70,638	-	70,638
Right to use assets, net	\$ -	\$ 109,476	\$ -	\$ 109,476
 Business-Type Activities:				
Right to use assets:				
Leased equipment	\$ -	\$ 19,467	\$ -	\$ 19,467
Less Accumulated Amortization:				
Leased equipment	-	5,090	-	5,090
Right to use assets, net	\$ -	\$ 14,377	\$ -	\$ 14,377

B. Liabilities

Payables

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

	Accounts Payable	Salaries and Benefits	Total
Governmental Activities:			
General	\$ 1,239,516	\$ 586,865	\$ 1,826,381
Other governmental	970,407	-	970,407
Total governmental activities	\$ 2,209,923	\$ 586,865	\$ 2,796,788
 Business-Type Activities:			
Water and sewer district	\$ 448,297	\$ 40,850	\$ 489,147
Solid waste	225,349	18,268	243,617
Total business-type activities	\$ 673,646	\$ 59,118	\$ 732,764

HOKE COUNTY, NORTH CAROLINA

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

Pension Plan and Other Post-Employment Obligations

Local Governmental 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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.

HOKE COUNTY, NORTH CAROLINA

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2022 was 12.04% of compensation for law enforcement officers and 11.43% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$2,158,809 for the year ended June 30, 2022.

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

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

At June 30, 2022, the County reported a liability of \$3,680,170 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the County's proportionate share was 0.240% (measured as of June 30, 2021), which was a decrease of 0.007% from its proportion as of June 30, 2021 (measured as of June 30 2020).

HOKE COUNTY, NORTH CAROLINA

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

For the year ended June 30, 2022, the County recognized pension expense of \$1,577,640. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,170,795	\$ -
Changes of assumptions	2,312,087	-
Net difference between projected and actual earnings on pension plan investments	-	5,257,858
Changes in proportion and differences between County contributions and proportionate share of contributions	90,808	143,141
County contributions subsequent to the measurement date	2,158,809	-
Total	\$ 5,732,499	\$ 5,400,999

\$2,158,809 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ 321,206
2024	(102,916)
2025	(436,661)
2026	(1,608,938)
2027	-
Thereafter	-
Total	\$ (1,827,309)

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

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

HOKE COUNTY, NORTH CAROLINA

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

The plan actuary currently uses mortality rates based on the *R-P 2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e., general, law enforcement officer) and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Opportunistic fixed income	7.0%	6.0%
Inflation sensitive	6.0%	4.0%
Total	<u>100%</u>	

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

HOKE COUNTY, NORTH CAROLINA

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

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	\$ 14,286,115	\$ 3,680,170	\$ (5,047,906)

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

HOKE COUNTY, NORTH CAROLINA

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

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

Inactive members currently receiving benefits	3
Active plan members	<u>67</u>
Total	<u><u>70</u></u>

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

Inflation	2.50 percent per annum
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor per annum
Discount rate	2.25 percent per annum, compounded annually

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, 2020, valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

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

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

HOKE COUNTY, NORTH CAROLINA

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

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

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

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

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

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement 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. 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 \$15,883 as benefits came due for the reporting period.

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

At June 30, 2022, the County reported a total pension liability of \$1,305,685. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was rolled forward to June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$188,107.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,393	\$ 155,346
Changes of assumptions	348,268	49,040
County benefit payments and plan administrative expense made subsequent to the measurement date	12,725	-
Total	<u>\$ 366,386</u>	<u>\$ 204,386</u>

HOKE COUNTY, NORTH CAROLINA

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

\$12,725 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2023	\$ 35,628
2024	24,774
2025	45,745
2026	47,226
2027	7,775
Thereafter	<u>(11,873)</u>
Total	<u>\$ 149,275</u>

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

	<u>1%</u> <u>Decrease</u> <u>(1.25%)</u>	<u>Discount</u> <u>Rate</u> <u>(2.25%)</u>	<u>1%</u> <u>Increase</u> <u>(3.25%)</u>
Total pension liability	<u>\$ 1,443,623</u>	<u>\$ 1,305,685</u>	<u>\$ 1,181,337</u>

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

	<u>2022</u>
Beginning balance	\$ 1,321,460
Service cost	126,352
Interest on the total pension liability	25,351
Difference between expected and actual experience in the measurement of the total pension liability	(108,975)
Changes of assumptions or other inputs	(42,620)
Benefit payments	<u>(15,883)</u>
Ending balance of the total pension liability	<u>\$ 1,305,685</u>

HOKE COUNTY, NORTH CAROLINA

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

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate rate from 1.93 percent at December 30, 2020 to 2.25 percent at December 30, 2021 (measurement 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, 2020, valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five year period ending December 31, 2019.

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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 \$176,103 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 Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Annual Comprehensive Financial

HOKE COUNTY, NORTH CAROLINA

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

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$5,997 for the year ended June 30, 2022.

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

At June 30, 2022, the County reported an asset of \$105,395 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At the County's proportion was 0.549% (measured as date of June 30, 2021), which was an increase of 0.035% from its proportion measured as of June 30, 2021 (measured as of June 30, 2020).

HOKE COUNTY, NORTH CAROLINA

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

For the year ended June 30, 2022, the County recognized pension expense of \$2,764. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,125	\$ 1,278
Changes of assumptions	7,685	-
Net difference between projected and actual earnings on pension plan investments	-	324
Changes in proportion and differences between County contributions and proportionate share of contributions	5,275	11,280
County contributions subsequent to the measurement date	5,997	-
Total	\$ 20,082	\$ 12,882

\$5,997 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ (633)
2024	(375)
2025	(247)
2026	2,458
2027	-
Thereafter	-
Total	\$ 1,203

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

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

HOKE COUNTY, NORTH CAROLINA

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2021 is 1.4%.

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

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

HOKE COUNTY, NORTH CAROLINA

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

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

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	\$ (83,716)	\$ (105,395)	\$ (123,613)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report 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 measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020. The total pension liability for LEOSSA was measured as of December 31, 2021, with an actuarial valuation date of December 31, 2020. 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)	\$ 3,680,170	\$ (105,395)	n/a	\$ 3,574,775
Proportion of the net pension liability (asset)	0.23997%	0.54856%	n/a	-
Total pension liability	-	-	\$ 1,305,685	1,305,685
Pension expense	1,577,640	2,764	188,107	1,768,511

HOKE COUNTY, NORTH CAROLINA

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

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Outflows of Resources:				
Pensions - difference between expected and actual experience	\$ 1,170,795	\$ 1,125	\$ 5,393	\$ 1,177,313
Changes of assumptions	2,312,087	7,685	348,268	2,668,040
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	90,808	5,275	-	96,083
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	2,158,809	5,997	12,725	2,177,531
Total	<u>\$ 5,732,499</u>	<u>\$ 20,082</u>	<u>\$ 366,386</u>	<u>\$ 6,118,967</u>
Deferred Inflows of Resources:				
Pensions - difference between expected and actual experience	\$ -	\$ 1,278	\$ 155,346	\$ 156,624
Net difference between projected and actual earnings on pension plan investments	5,257,858	324	-	5,258,182
Changes of assumptions	-	-	49,040	49,040
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	143,141	11,280	-	154,421
Total	<u>\$ 5,400,999</u>	<u>\$ 12,882</u>	<u>\$ 204,386</u>	<u>\$ 5,618,267</u>

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.

County employees who retire before the age of 65 under the provisions set forth under the North Carolina Local Government Employees’ Retirement System may continue coverage in the County’s group health plan until they reach age 65. Elected officials with at least 20 years of service with the County are eligible to retire at any age and continue coverage in the County’s group health plan for a period of five years.

HOKE COUNTY, NORTH CAROLINA

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

The County will contribute to the cost of retiree insurance premium based on the years of creditable service with the County at retirement using the following schedule:

<u>County Contributions Based on Years of Creditable Service</u>	
<u>Years of Service with County at Retirement</u>	<u>County Pays</u>
30+	100%
25 - 29	75%
15 - 24	50%
12 - 14	25%
5 - 11	0%

All Commissioners receive benefits at no cost to the retiree upon reaching 20 years of service. Health care and prescription drug coverage are provided in the County's group health plan. The retiree may continue dependent coverage (and pay the full cost of this coverage) if enrolled in dependent coverage at the time of retirement. Dependent coverage terminates upon the retiree becoming eligible for Medicare (attaining age 65), upon the spouse becoming eligible for Medicare (attaining age 65), or upon the retiree's death, whichever comes first.

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, 2020:

Inactive plan members or beneficiaries currently receiving benefit payments	8
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>414</u>
Total	<u><u>422</u></u>

HOKE COUNTY, NORTH CAROLINA

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

Total OPEB Liability

The County's total OPEB liability of \$8,255,240 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020 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	0.75 percent
Wage inflation	3.25 percent
Salary increases:	
General employees	3.25 to 8.41 percent, including wage inflation
Law enforcement officers	3.25 to 7.90 percent, including wage inflation
Municipal Bond Index Rate:	
Prior measurement date	2.21 percent
Measurement date	2.16 percent
Healthcare cost trends:	
Pre-Medicare Medical and Prescription Drug	7.00 percent for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare Medical and Prescription Drug	5.25 percent for 2020 decreasing to an ultimate rate of 4.50% by 2024

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2021	\$ 7,352,298
Changes for the year:	
Service cost	692,060
Interest	176,420
Differences between expected and actual experience	17,080
Changes of assumptions or other inputs	141,193
Benefit payments	(123,811)
Net changes	<u>902,942</u>
Balance at June 30, 2022	<u>\$ 8,255,240</u>

HOKE COUNTY, NORTH CAROLINA

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

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2020 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the plan, determined using the discount rate of 2.16%, as well as what the plan’s total OPEB liability would be if it were determined using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 9,267,765	\$ 8,255,240	\$ 7,356,654

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the plan, determined using current health care cost trend rates, as well as what the plan’s total OPEB liability would be if it were determined using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 6,985,846	\$ 8,255,240	\$ 9,808,969

HOKE COUNTY, NORTH CAROLINA

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

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$936,016. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 295,066	\$ 473,774
Changes of assumptions	1,061,512	113,153
Benefit payments and plan administrative expense made subsequent to the measurement date	133,472	-
Total	\$ 1,490,050	\$ 586,927

\$133,472 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2023	\$ 67,536
2024	67,536
2025	76,868
2026	175,685
2027	214,088
Thereafter	167,938
Total	\$ 769,651

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.

HOKE COUNTY, NORTH CAROLINA

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

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 inflows and outflows of resources at year-end are comprised of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB deferrals	\$ 1,490,050	\$ 586,927
Pension deferrals	6,118,967	5,618,267
Prepaid taxes not yet earned (general)	-	161,826
Unavailable revenues - grants (CPF)	-	127,674
Taxes receivable, net (general)	-	1,399,615
Taxes receivable, net (special revenue)	-	122,096
Total	<u>\$ 7,609,017</u>	<u>\$ 8,016,405</u>

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 is insured through Dial Insurance Agency for Property, Liability, Automobile and Worker's Compensation.

Traveler's Insurance Company is the carrier for Property, Liability and Automobile insurance. Bitco is the carrier for Worker's Compensation. BCS Liability is the carrier for Cyber Liability. The County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$113 million for any one occurrence, general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per

HOKE COUNTY, NORTH CAROLINA

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

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 coverages are subject to per occurrence deductibles, as selected by the County.

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

Long-Term Obligations

Leases

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

Serviced by the General Fund:

On 07/01/2021, the County entered into a 39month lease as Lessee for the use of COECO Copier Finance. An initial lease liability was recorded in the amount of \$3,815. As of 06/30/2022, the value of the lease liability is \$2,650. Hoke County is required to make monthly fixed payments of \$99. The lease has an interest rate of 0.7270%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$3,815 with accumulated amortization of \$1,160 is included with Equipment on the right to use asset rollforward schedule. Hoke County has 1 extension option(s), each for 12 months.

On 07/01/2021, the County entered into a 38-month lease as Lessee for the use of Dex Copier Health Dept. An initial lease liability was recorded in the amount of \$21,938. As of 06/30/2022, the value of the lease liability is \$15,060. Hoke County is required to make monthly fixed payments of \$584. The lease has an interest rate of 0.7270%. The Equipment

HOKE COUNTY, NORTH CAROLINA

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

estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$21,938 with accumulated amortization of \$6,838 is included with Equipment on the right to use asset rollforward schedule. Hoke County has the option to purchase the Equipment for \$1.

On 07/01/2021, the County entered into a 46-month lease as Lessee for the use of Pitney Bowes Finance. An initial lease liability was recorded in the amount of \$15,428. As of 06/30/2022, the value of the lease liability is \$11,348. Hoke County is required to make quarterly fixed payments of \$1,046. The lease has an interest rate of 0.8930%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$15,428 with accumulated amortization of \$4,010 is included with Equipment on the right to use asset rollforward schedule.

On 07/01/2021, the County entered into a 39-month lease as Lessee for the use of Pitney Bowes DSS. An initial lease liability was recorded in the amount of \$7,182. As of 06/30/2022, the value of the lease liability is \$6,374. Hoke County is required to make quarterly fixed payments of \$809. The lease has an interest rate of 0.7270%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$7,182 with accumulated amortization of \$2,195 is included with Equipment on the right to use asset rollforward schedule.

On 07/01/2021, the County entered into a 23-month lease as Lessee for the use of Dex Sheriff Copystar Great Amer. Fin. An initial lease liability was recorded in the amount of \$32,609. As of 06/30/2022, the value of the lease liability is \$15,635. Hoke County is required to make monthly fixed payments of \$1,425. The lease has an interest rate of 0.5140%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$32,609 with accumulated amortization of \$16,373 is included with Equipment on the right to use asset rollforward schedule.

On 07/01/2021, the County entered into a 23-month lease as Lessee for the use of Systel Copier Coop. Ext. An initial lease liability was recorded in the amount of \$4,378. As of 06/30/2022, the value of the lease liability is \$2,098. Hoke County is required to make monthly fixed payments of \$191. The lease has an interest rate of 0.5140%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$4,378 with accumulated amortization of \$2,245 is included with Equipment on the right to use asset rollforward schedule.

On 07/01/2021, the County entered into a 46-month lease as Lessee for the use of Dex Copier Tax Collections. An initial lease liability was recorded in the amount of \$7,686. As of 06/30/2022, the value of the lease liability is \$5,705. Hoke County is required to make monthly fixed payments of \$170. The lease has an interest rate of 0.8930%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$7,687 with accumulated amortization of \$2,005 is included with Equipment on the right to use asset rollforward schedule. Hoke County has the option to purchase the Equipment for \$1.

HOKE COUNTY, NORTH CAROLINA

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

On 07/01/2021, the County entered into a 13-month lease as Lessee for the use of COECO Copier Communications. An initial lease liability was recorded in the amount of \$2,302. As of 06/30/2022, the value of the lease liability is \$177. Hoke County is required to make monthly fixed payments of \$177. The lease has an interest rate of 0.3870%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$2,302 with accumulated amortization of \$2,051 is included with Equipment on the right to use asset rollforward schedule.

On 07/01/2021, the County entered into a 44-month lease as Lessee for the use of Copiers Plus Printers HATS. An initial lease liability was recorded in the amount of \$16,512. As of 06/30/2022, the value of the lease liability is \$12,062. Hoke County is required to make monthly fixed payments of \$382. The lease has an interest rate of 0.8930%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$16,512 with accumulated amortization of \$4,504 is included with Equipment on the right to use asset rollforward schedule.

On 07/01/2021, the County entered into a 13-month lease as Lessee for the use of Dex Copiers Jail. An initial lease liability was recorded in the amount of \$15,569. As of 06/30/2022, the value of the lease liability is \$1,200. Hoke County is required to make monthly fixed payments of \$1,200. The lease has an interest rate of 0.3870%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$15,569 with accumulated amortization of \$14,153 is included with Equipment on the right to use asset rollforward schedule.

On 07/01/2021, the County entered into a 46-month lease as Lessee for the use of Dex Copier Tax Assessment. An initial lease liability was recorded in the amount of \$9,047. As of 06/30/2022, the value of the lease liability is \$6,712. Hoke County is required to make monthly fixed payments of \$200. The lease has an interest rate of 0.8930%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$9,047 with accumulated amortization of \$2,360 is included with Equipment on the right to use asset rollforward schedule.

On 07/01/2021, the County entered into a 49-month lease as Lessee for the use of Dex Copier DMV. An initial lease liability was recorded in the amount of \$4,813. As of 06/30/2022, the value of the lease liability is \$3,648. Hoke County is required to make monthly fixed payments of \$100. The lease has an interest rate of 0.8930%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$4,813 with accumulated amortization of \$1,165 is included with Equipment on the right to use asset rollforward schedule.

On 07/01/2021, the County entered into a 17-month lease as Lessee for the use of Systel Copier ROD. An initial lease liability was recorded in the amount of \$2,306. As of 06/30/2022, the value of the lease liability is \$679. Hoke County is required to make monthly fixed payments of \$136. The lease has an interest rate of 0.3870%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$2,306 with accumulated amortization of \$1,578 is included with Equipment on the right to use asset rollforward schedule.

HOKE COUNTY, NORTH CAROLINA

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

On 07/01/2021, the County entered into a 59-month lease as Lessee for the use of Canon Image Runner Copier. An initial lease liability was recorded in the amount of \$15,814. As of 06/30/2022, the value of the lease liability is \$12,655. Hoke County is required to make monthly fixed payments of \$275. The lease has an interest rate of 1.0590%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$15,814 with accumulated amortization of \$3,206 is included with Equipment on the right to use asset rollforward schedule.

On 07/01/2021, the County entered into a 49-month lease as Lessee for the use of Canon Copier Veterans Services. An initial lease liability was recorded in the amount of \$5,294. As of 06/30/2022, the value of the lease liability is \$4,013. Hoke County is required to make monthly fixed payments of \$110. The lease has an interest rate of 0.8930%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$5,294 with accumulated amortization of \$1,295 is included with Equipment on the right to use asset rollforward schedule.

On 08/31/2021, the County entered into a 60-month lease as Lessee for the use of Systel Copier Senior Services. An initial lease liability was recorded in the amount of \$6,732. As of 06/30/2022, the value of the lease liability is \$5,518. Hoke County is required to make monthly fixed payments of \$115. The lease has an interest rate of 0.9640%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$6,732 with accumulated amortization of \$1,144 is included with Equipment on the right to use asset rollforward schedule.

On 07/01/2021, the County entered into a 24-month lease as Lessee for the use of Copystar Copier-Library. An initial lease liability was recorded in the amount of \$8,689. As of 06/30/2022, the value of the lease liability is \$4,352. Hoke County is required to make quarterly fixed payments of \$1,091. The lease has an interest rate of 0.5140%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$8,689 with accumulated amortization of \$4,344 is included with Equipment on the right to use asset rollforward schedule.

Serviced by the Water and Sewer Fund:

On 07/01/2021, the County entered into a 45-month lease as Lessee for the use of Canon Copiers Utilities Department. An initial lease liability was recorded in the amount of \$19,467. As of 06/30/2022, the value of the lease liability is \$14,338. Hoke County is required to make monthly fixed payments of \$440. The lease has an interest rate of 0.8930%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$19,467 with accumulated amortization of \$5,090 is included with Equipment on the right to use asset rollforward schedule.

HOKE COUNTY, NORTH CAROLINA

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

Annual debt services requirements to maturity for the County’s lease liabilities are as follows:

Year Ending June 30	General Fund		Water and Sewer	
	Principal	Interest	Principal	Interest
2023	\$ 54,491	\$ 734	\$ 5,174	\$ 106
2024	31,458	373	5,219	61
2025	19,233	128	3,945	15
2026	4,589	24	-	-
2027	115	-	-	-
Total	<u>\$ 109,886</u>	<u>\$ 1,259</u>	<u>\$ 14,338</u>	<u>\$ 182</u>

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 istrict 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 obligation bond long-term debt at June 30, 2022 is comprised of the following individual issues:

General Obligation Bonds:

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

\$ 1,760,000

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

Year Ending June 30	Water and Sewer	
	Principal	Interest
2023	\$ 426,000	\$ 42,064
2024	436,000	31,883
2025	445,000	21,462
2026	453,000	10,827
Total	<u>\$ 1,760,000</u>	<u>\$ 106,236</u>

HOKE COUNTY, NORTH CAROLINA

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

The County's notes payable debt at June 30, 2022 is comprised of the following individual issues:

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 \$ 297,500

The County's outstanding notes from direct borrowing related to business-type activities in the amount of \$297,500 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 June 30	Water and Sewer	
	Principal	Interest
2023	\$ 170,000	\$ -
2024	127,500	-
Total	<u>\$ 297,500</u>	<u>\$ -</u>

HOKE COUNTY, NORTH CAROLINA

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

Limited Obligations- Direct Placement:

General Fund:

\$18,710,000 Non-General Obligation Qualified School Construction
Bond; tax credit rate 4.38%, maturing in 2032 \$ 14,123,600

\$31,730,000 refinancing limited obligation bonds; due in annual installments,
interest rate ranging from 2-5%, maturing in 2041 30,395,000

Total limited obligation bonds - General Fund \$ 44,518,600

Water and Sewer Fund:

\$7,585,000 refinancing limited obligation bonds; due in annual installments,
interest rate ranging from 2-5%, maturing in 2043 \$ 7,360,000

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. In the event of a default, the County agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the County.

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

Year Ending June 30	General Fund		Water and Sewer	
	Principal	Interest	Principal	Interest
2023	\$ 3,298,217	\$ 2,189,709	\$ 220,000	\$ 265,900
2024	3,259,575	2,069,959	230,000	254,900
2025	3,270,185	1,961,959	240,000	243,400
2026	3,275,398	1,852,959	255,000	231,400
2027	3,194,008	1,743,209	265,000	218,650
2028-2032	15,761,217	7,554,297	1,550,000	879,500
2033-2037	6,920,000	1,418,900	1,910,000	520,350
2038-2042	5,540,000	360,600	2,215,000	208,850
2043-2047	-	-	475,000	9,500
Total	<u>\$ 44,518,600</u>	<u>\$ 19,151,592</u>	<u>\$ 7,360,000</u>	<u>\$ 2,832,450</u>

HOKE COUNTY, NORTH CAROLINA

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

Revenue Bonds Payable -

Water and Sewer Fund: Direct Placement

\$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.

\$ 8,239,000

\$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.

1,560,000

\$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.

1,189,000

Total revenue bonds payable

\$ 10,988,000

The County's revenue bonds from direct placement related to USDA bonds for business-type activities is in the amount of \$10,988,000. 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. In the event of a default, the County agrees to pay to the Purchase, on demand, interest on any and all amounts due and owing by the County.

HOKE COUNTY, NORTH CAROLINA

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

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

Year Ending June 30	Water and Sewer	
	Principal	Interest
2023	\$ 219,000	\$ 274,700
2024	224,000	269,225
2025	230,000	263,625
2026	234,000	257,875
2027	241,000	252,025
2028-2032	1,298,000	1,166,675
2033-2037	1,471,000	995,975
2038-2042	1,662,000	802,875
2043-2047	1,882,000	584,350
2048-2052	2,126,000	337,200
2053-2057	1,401,000	70,425
Total	<u>\$ 10,988,000</u>	<u>\$ 5,274,950</u>

The County is in compliance with the covenants as to rates and charges in Section 5.01 of 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.

HOKE COUNTY, NORTH CAROLINA

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

The debt service coverage ratio calculation for the year ended June 30, 2022 is as follows:

Operating revenues	\$ 8,654,107
Operating expenses*	<u>6,547,454</u>
Net revenues	<u>\$ 2,106,653</u>

Net revenues must be no less than 110% for current year debt service requirements

Current year debt service	\$ 493,025
Current year debt service percent coverage	427%

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	\$ 1,171,047
Debt service on subordinated indebtedness percent coverage	180%

Net revenues may not be less than 100% of the amount necessary to meet annual debt service obligations coming due with respect to all bonds, leases, and installment financing obligations

Debt service	\$ 1,622,944
Debt services on debt coming due in next fiscal year percent of coverage	130%

*Per revenue bond covenant, this does not include depreciation and amortization expense of \$2,032,148.

The County has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$10,988,000 in water and sewer system revenue bonds 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 2055. 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 \$16,262,950. Principal and interest paid for the current year and total customer net revenues were \$493,025 and \$2,998,263, respectively.

HOKE COUNTY, NORTH CAROLINA

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

Debt Related to Capital Activities – Of the total governmental activities debt listed, only \$35,939,087 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, 2022:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Current</u> <u>Portion</u>
Governmental Activities:					
Limited obligation bonds	\$ 46,425,398	\$ -	\$ 1,906,798	\$ 44,518,600	\$ 3,298,217
Bond premium	5,803,749	-	369,548	5,434,201	369,548
Installment purchases - direct placement	426,667	-	426,667	-	-
Lease liabilities	-	180,114	70,228	109,886	54,491
Compensated absences	1,286,265	144,103	113,071	1,317,297	658,649
Total OPEB liability	6,672,626	821,677	-	7,494,303	-
Net pension liability (LGRS)	8,031,339	-	4,682,385	3,348,954	-
Total pension liability (LEOSSA)	1,321,460	-	15,775	1,305,685	-
Total governmental activities	<u>\$ 69,967,504</u>	<u>\$ 1,145,894</u>	<u>\$ 7,584,472</u>	<u>\$ 63,528,926</u>	<u>\$ 4,380,905</u>
Business-Type Activities:					
Water and Sewer District:					
General obligation bonds	\$ 2,184,000	\$ -	\$ 424,000	\$ 1,760,000	\$ 426,000
Limited obligation bonds	7,585,000	-	225,000	7,360,000	220,000
Bond premium	1,151,739	-	52,352	1,099,387	52,352
Revenue bonds - direct placement	11,201,000	-	213,000	10,988,000	219,000
Installment purchases - direct borrowing	467,500	-	170,000	297,500	170,000
Lease liabilities	-	19,467	5,129	14,338	5,174
Compensated absences	91,060	12,602	8,096	95,566	47,783
Total OPEB liability	437,581	57,698	-	495,279	-
Net pension liability (LGRS)	529,539	-	308,729	220,810	-
Total water and sewer	<u>23,647,419</u>	<u>89,767</u>	<u>1,406,306</u>	<u>22,330,880</u>	<u>1,140,309</u>
Solid Waste:					
Compensated absences	21,834	5,274	1,079	26,029	13,015
Total OPEB liability	242,091	23,567	-	265,658	-
Net pension liability (LGRS)	264,770	-	154,364	110,406	-
Total solid waste	<u>528,695</u>	<u>28,841</u>	<u>155,443</u>	<u>402,093</u>	<u>13,015</u>
Total business-type activities	<u>\$ 24,176,114</u>	<u>\$ 118,608</u>	<u>\$ 1,561,749</u>	<u>\$ 22,732,973</u>	<u>\$ 1,153,324</u>

HOKE COUNTY, NORTH CAROLINA

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

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

At June 30, 2022, the County had a legal debt margin of approximately \$277,861,000.

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, 2022, there were no industrial revenue bonds outstanding.

Interfund Balances and Activity

Transfer to/from other funds during the year ended June 30, 2022, consist of the following:

	From	To	Purpose
General Fund	\$ 1,000,000	\$ -	
Administrative Capital Projects Fund	-	1,000,000	Fund project costs
Total	\$ 1,000,000	\$ 1,000,000	

Balances due to/from other funds at June 30, 2022 consist of the following:

	From	To	Purpose
Special Revenue Funds:			
Fire District Fund	\$ 22,147	\$ -	Deficit cash
General Fund	10,999	22,147	
Law Enforcement Officer fund	-	10,999	Deficit cash
Total	\$ 33,146	\$ 33,146	

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.

HOKE COUNTY, NORTH CAROLINA

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

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. Summary Disclosure of Significant Contingencies

Federal and State-Assisted Programs

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

HOKE COUNTY, NORTH CAROLINA

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

5. Change in Accounting Principle

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

HOKE COUNTY, NORTH CAROLINA

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

	Total OPEB Liability				
	2022	2021	2020	2019	2018
Beginning balance	\$ 7,352,298	\$ 5,452,009	\$ 4,745,333	\$ 5,177,633	\$ 5,003,061
Service cost	692,060	421,568	391,659	400,281	428,343
Interest on TOL and cash flows	176,420	203,325	182,457	182,444	149,495
Changes of benefit terms	-	23,421	-	-	-
Differences between expected and actual experience	17,080	371,947	6,643	(1,011,377)	(13,129)
Changes of assumptions or other inputs	141,193	1,009,747	236,818	102,895	(316,667)
Benefit payments	(123,811)	(129,719)	(110,901)	(106,543)	(73,470)
Ending balance of the total OPEB liability	<u>\$ 8,255,240</u>	<u>\$ 7,352,298</u>	<u>\$ 5,452,009</u>	<u>\$ 4,745,333</u>	<u>\$ 5,177,633</u>
Covered-employee payroll	\$ 16,369,375	\$ 16,369,375	\$ 13,956,925	\$ 13,956,925	\$ 12,985,118
Total OPEB liability as a percentage of covered-employee payroll	50.43%	44.91%	39.06%	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:

<u>Fiscal Year</u>	<u>Rate</u>
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

Hoke County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 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 THE COUNTY'S PROPORTIONATE SHARE OF NET
PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS***

	Local Governmental Employees' Retirement System				
	2022	2021	2020	2019	2018
County's proportion of the net pension liability (asset) %	0.23997%	0.24698%	0.24203%	0.23994%	0.25446%
County's proportionate share of the net pension liability (asset) \$	\$ 3,680,170	\$ 8,825,648	\$ 6,609,651	\$ 5,692,198	\$ 3,887,445
County's covered payroll	\$ 17,522,437	\$ 17,634,521	\$ 16,685,246	\$ 15,160,605	\$ 15,610,906
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.00%	50.05%	39.61%	37.55%	24.90%
Plan fiduciary net position as a percentage of the total pension liability **	95.51%	88.61%	90.86%	91.63%	94.18%

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

** This will be the same percentage for all participant employers in the LGERS plan.

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

	Local Governmental Employees' Retirement System			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.25636%	0.26065%	0.24745%	0.24320%
County's proportionate share of the net pension liability (asset) \$	\$ 5,440,818	\$ 1,169,782	\$ (1,459,327)	\$ 2,931,494
County's covered payroll	\$ 14,222,807	\$ 14,477,764	\$ 13,843,764	\$ 12,040,294
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.25%	8.08%	-10.54%	24.35%
Plan fiduciary net position as a percentage of the total pension liability **	91.47%	98.09%	102.64%	94.35%

HOKE COUNTY, NORTH CAROLINA

**SCHEDULE OF COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

Local Governmental Employees' Retirement System					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 2,158,809	\$ 1,812,630	\$ 1,615,106	\$ 1,325,183	\$ 1,165,976
Contributions in relation to the contractually required contribution	<u>2,158,809</u>	<u>1,812,630</u>	<u>1,615,106</u>	<u>1,325,183</u>	<u>1,165,976</u>
Contribution deficiency (excess)	<u>\$ -</u>				
County's covered payroll	\$ 18,696,481	\$ 17,522,437	\$ 17,634,521	\$ 16,685,246	\$ 15,160,605
Contributions as a percentage of covered payroll	11.55%	10.34%	9.16%	7.94%	7.69%

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 CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

Local Governmental Employees' Retirement System				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,165,712	\$ 972,034	\$ 1,032,713	\$ 987,199
Contributions in relation to the contractually required contribution	<u>1,165,712</u>	<u>972,034</u>	<u>1,032,713</u>	<u>987,199</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 15,610,906	\$ 14,222,807	\$ 14,477,764	\$ 13,843,764
Contributions as a percentage of covered payroll	7.47%	6.83%	7.13%	7.13%

HOKE COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund				
	2022	2021	2020	2019	2018
County's proportion of the net pension liability (asset) %	0.54856%	0.51359%	0.41085%	0.51979%	0.44527%
County's proportionate share of the net pension liability (asset) \$	\$ (105,395)	\$ (117,705)	\$ (81,110)	\$ (86,093)	\$ (76,003)
County's covered payroll	\$ 58,286	\$ 57,098	\$ 31,095	\$ 48,271	\$ 52,424
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-180.82%	-206.15%	-260.85%	-178.35%	-144.98%
Plan fiduciary net position as a percentage of the total pension liability **	156.53%	173.62%	164.11%	153.31%	153.77%

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

** This will be the same percentage for all participant employers in the ROD plan.

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 NINE FISCAL YEARS***

	Register of Deeds' Supplemental Pension Fund			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.50084%	0.47544%	0.50351%	0.51401%
County's proportionate share of the net pension liability (asset) \$	\$ (93,637)	\$ (110,178)	\$ (114,142)	\$ (109,793)
County's covered payroll	\$ 48,153	\$ 47,971	\$ 46,805	\$ 55,480
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-194.46%	-229.68%	-243.87%	-197.90%
Plan fiduciary net position as a percentage of the total pension liability **	160.17%	197.29%	193.88%	190.50%

HOKE COUNTY, NORTH CAROLINA

**SCHEDULE OF COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

Register of Deeds' Supplemental Pension Fund					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 5,997	\$ 6,583	\$ 4,918	\$ 3,905	\$ 4,051
Contributions in relation to the contractually required contribution	<u>5,997</u>	<u>6,583</u>	<u>4,918</u>	<u>3,905</u>	<u>4,051</u>
Contribution deficiency (excess)	<u>\$ -</u>				
County's covered payroll	\$ 65,598	\$ 58,286	\$ 57,098	\$ 31,095	\$ 48,271
Contributions as a percentage of covered payroll	9.14%	11.29%	8.61%	12.56%	8.39%

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 CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

Register of Deeds' Supplemental Pension Fund				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,266	\$ 4,092	\$ 3,392	\$ 3,309
Contributions in relation to the contractually required contribution	<u>4,266</u>	<u>4,092</u>	<u>3,392</u>	<u>3,309</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 52,424	\$ 48,153	\$ 47,971	\$ 46,805
Contributions as a percentage of covered payroll	8.14%	8.50%	7.07%	7.07%

HOKE COUNTY, NORTH CAROLINA

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

Law Enforcement Officers' Special Separation Allowance			
	2022	2021	2020
Beginning balance	\$ 1,321,460	\$ 778,845	\$ 708,903
Service cost	126,352	82,586	65,431
Interest on the total pension liability	25,351	25,070	25,484
Differences between expected and actual experience in the measurement of the total pension liability	(108,975)	(9,949)	(30,784)
Changes of assumptions or other inputs	(42,620)	464,551	27,401
Benefit payments	(15,883)	(19,643)	(17,590)
Ending balance of the total pension liability	<u>\$ 1,305,685</u>	<u>\$ 1,321,460</u>	<u>\$ 778,845</u>

*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

SCHEDULES OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SIX 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	<u>\$ 708,903</u>	<u>\$ 778,869</u>	<u>\$ 593,731</u>

HOKE COUNTY, NORTH CAROLINA

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

	Law Enforcement Officers' Special Separation Allowance		
	2022	2021	2020
Total pension liability	\$ 1,305,685	\$ 1,321,460	\$ 778,845
Covered-employee payroll	3,295,982	3,384,694	2,973,469
Total pension liability as a percentage of covered-employee payroll	39.61%	39.04%	26.19%

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 TOTAL PENSION LIABILITY AS A
PERCENTAGE OF COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SIX FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance		
	2019	2018	2017
Total pension liability	\$ 708,903	\$ 778,869	\$ 593,731
Covered-employee payroll	2,891,199	3,109,566	2,740,426
Total pension liability as a percentage of covered-employee payroll	24.52%	25.05%	21.67%

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GENERAL FUND CONSOLIDATED
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Register of Deeds Automation Fund	Revaluation Fund	Law Enforcement Officer Fund	Total
Revenues:					
Ad valorem taxes	\$ 30,420,204	\$ -	\$ -	\$ -	\$ 30,420,204
Local option sales taxes	15,125,180	-	-	-	15,125,180
Other taxes and licenses	19,401	-	-	-	19,401
Unrestricted intergovernmental	167,569	-	-	-	167,569
Restricted intergovernmental	10,458,597	-	-	-	10,458,597
Permits and fees	2,636,462	-	-	-	2,636,462
Sales and services	1,703,127	-	-	-	1,703,127
Investment earnings	133,523	-	-	-	133,523
Total revenues	<u>60,664,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,664,063</u>
Expenditures:					
Current:					
General government	8,265,679	-	233,793	-	8,499,472
Public safety	13,826,376	-	-	23,144	13,849,520
Economic and physical development	790,660	-	-	-	790,660
Human services	13,445,499	-	-	-	13,445,499
Cultural and recreational	1,443,979	-	-	-	1,443,979
Transportation	1,557,844	-	-	-	1,557,844
Intergovernmental - education	7,456,145	-	-	-	7,456,145
Debt service:					
Principal retirements	2,403,693	-	-	-	2,403,693
Interest and fees	1,676,479	-	-	-	1,676,479
Total expenditures	<u>50,866,354</u>	<u>-</u>	<u>233,793</u>	<u>23,144</u>	<u>51,123,291</u>
Revenues over (under) expenditures	<u>9,797,709</u>	<u>-</u>	<u>(233,793)</u>	<u>(23,144)</u>	<u>9,540,772</u>
Other Financing Sources (Uses):					
Intrafund transfers	(174,000)	74,000	100,000	-	-
Transfers out	(1,000,000)	-	-	-	(1,000,000)
Long-term debt issued	180,114	-	-	-	180,114
Total other financing sources (uses)	<u>(993,886)</u>	<u>74,000</u>	<u>100,000</u>	<u>-</u>	<u>(819,886)</u>
Net change in fund balance	8,803,823	74,000	(133,793)	(23,144)	8,720,886
Fund Balance:					
Beginning of year - July 1	<u>35,391,096</u>	<u>113,263</u>	<u>178,163</u>	<u>10,337</u>	<u>35,692,859</u>
End of year - June 30	<u>\$ 44,194,919</u>	<u>\$ 187,263</u>	<u>\$ 44,370</u>	<u>\$ (12,807)</u>	<u>\$ 44,413,745</u>

HOKE COUNTY, NORTH CAROLINA

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

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 29,174,171	\$ 30,190,098	\$ 1,015,927	\$ 29,179,480
Interest	274,315	230,106	(44,209)	196,623
Total	29,448,486	30,420,204	971,718	29,376,103
Local Option Sales Tax:				
Article 39 - one percent	2,634,312	3,349,554	715,242	3,098,140
Article 40 - 1/2 of a percent	4,757,842	4,849,133	91,291	4,360,102
Article 42 - 1/2 of a percent	2,098,000	2,244,591	146,591	2,094,163
Article 44 - 1/2 of a percent	2,600,695	2,815,096	214,401	2,456,255
Medicaid hold harmless	1,700,000	1,866,806	166,806	1,891,010
Total	13,790,849	15,125,180	1,334,331	13,899,670
Other Taxes and Licenses:				
Privilege licenses	-	2,138	2,138	1,840
Cable TV franchise tax	9,305	17,263	7,958	18,125
Total	9,305	19,401	10,096	19,965
Unrestricted Intergovernmental:				
Payments in lieu of taxes	25,000	29,234	4,234	28,023
Beer and wine tax	200,000	138,335	(61,665)	206,100
Total	225,000	167,569	(57,431)	234,123
Restricted Intergovernmental:				
Social services	5,392,444	4,847,547	(544,897)	4,218,415
Health department	2,965,856	3,506,512	540,656	2,404,564
Law enforcement grants	384,269	286,255	(98,014)	313,000
Juvenile justice	165,302	165,302	-	201,089
Transportation	1,404,512	947,430	(457,082)	1,014,622
Emergency management grant	26,000	17,500	(8,500)	5,162
Elections	-	-	-	399,854
Senior services grants	316,737	417,260	100,523	346,167
ABC profits for law enforcement	125,000	203,673	78,673	121,777
Other	1,380,388	67,118	(1,313,270)	1,652,997
Total	12,160,508	10,458,597	(1,701,911)	10,677,647
Permits and Fees:				
Inspection fees	681,000	1,085,964	404,964	909,716
Sheriff fees	449,955	479,735	29,780	372,674
Court facility fees	40,000	44,048	4,048	40,674
Register of Deeds fees	635,749	836,312	200,563	760,286
Tax administration	146,400	190,403	44,003	183,128
Total	1,953,104	2,636,462	683,358	2,266,478

HOKE COUNTY, NORTH CAROLINA

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

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Sales and Services:				
Health department fees	201,832	221,567	19,735	204,752
Jail fees	327,304	265,260	(62,044)	209,441
Corporative extensions	137,068	137,068	-	133,068
Economic development	16,000	16,105	105	15,981
Library	8,800	6,029	(2,771)	1,561
Parks and recreation	21,500	63,219	41,719	23,179
Elections	2,000	14,914	12,914	188
Transportation	52,000	78,680	26,680	56,016
Planning and zoning	110,000	238,555	128,555	149,460
Miscellaneous revenue	448,955	661,730	212,775	718,931
Total	<u>1,325,459</u>	<u>1,703,127</u>	<u>377,668</u>	<u>1,512,577</u>
Investment Earnings	<u>12,500</u>	<u>133,523</u>	<u>121,023</u>	<u>13,812</u>
Total revenues	<u>58,925,211</u>	<u>60,664,063</u>	<u>1,738,852</u>	<u>58,000,375</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	604,344	505,169	99,175	510,915
Operating expenses	214,200	168,454	45,746	119,632
Capital outlay	25,000	827	24,173	7,675
Charges for services	(24,997)	(24,997)	-	(24,997)
Total	<u>818,547</u>	<u>649,453</u>	<u>169,094</u>	<u>613,225</u>
Administration:				
Salaries and employee benefits	331,229	351,790	(20,561)	320,325
Operating expenses	3,007,603	1,881,192	1,126,411	1,661,986
Capital outlay	107,500	10,560	96,940	841,431
Charges for services	(288,913)	(288,913)	-	(288,913)
Total	<u>3,157,419</u>	<u>1,954,629</u>	<u>1,202,790</u>	<u>2,534,829</u>
Human Resources:				
Salaries and employee benefits	239,322	162,666	76,656	192,993
Operating expenses	52,099	25,552	26,547	30,344
Charges for services	(46,710)	(46,710)	-	(46,710)
Total	<u>244,711</u>	<u>141,508</u>	<u>103,203</u>	<u>176,627</u>
Grants Management:				
Salaries & employee benefits	131,221	105,378	25,843	75,806
Operating expenses	93,759	49,696	44,063	37,711
Operating expenses	10,856	10,856	-	-
Capital outlay	44,573	44,573	-	-
Total	<u>280,409</u>	<u>210,503</u>	<u>69,906</u>	<u>113,517</u>

HOKE COUNTY, NORTH CAROLINA

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

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Audio Video Maintenance:				
Salaries & employee benefits	206,406	202,235	4,171	113,768
Operating expenses	153,570	137,236	16,334	87,913
Capital outlay	13,000	-	13,000	56
Total	<u>372,976</u>	<u>339,471</u>	<u>33,505</u>	<u>201,737</u>
Elections:				
Salaries and employee benefits	180,041	161,744	18,297	147,920
Operating expenses	170,000	89,647	80,353	575,399
Capital outlay	32,000	34,680	(2,680)	2,300
Total	<u>382,041</u>	<u>286,071</u>	<u>95,970</u>	<u>725,619</u>
Finance:				
Salaries and employee benefits	745,250	766,788	(21,538)	633,543
Operating expenses	329,835	143,079	186,756	169,102
Charges for services	(211,111)	(211,111)	-	(211,111)
Total	<u>863,974</u>	<u>717,999</u>	<u>145,975</u>	<u>591,534</u>
Tax Administration:				
Salaries and employee benefits	566,690	443,151	123,539	441,697
Operating expenses	102,625	65,585	37,040	65,800
Capital outlay	-	9,047	(9,047)	-
Total	<u>669,315</u>	<u>517,783</u>	<u>151,532</u>	<u>507,497</u>
Tax Collections:				
Salaries and employee benefits	425,808	426,571	(763)	393,382
Operating expenses	68,305	48,131	20,174	39,188
Capital outlay	-	7,687	(7,687)	-
Total	<u>494,113</u>	<u>482,389</u>	<u>11,724</u>	<u>432,570</u>
DMV:				
Operating expenses	146,600	157,275	(10,675)	159,494
Capital outlay	-	4,813	(4,813)	-
Total	<u>146,600</u>	<u>162,088</u>	<u>(15,488)</u>	<u>159,494</u>
Legal:				
Special legal services	142,385	112,324	30,061	130,264
Register of Deeds:				
Salaries and employee benefits	313,942	244,284	69,658	246,631
Operating expenses	66,600	78,476	(11,876)	84,372
Capital outlay	1,000	2,306	(1,306)	-
Total	<u>381,542</u>	<u>325,066</u>	<u>56,476</u>	<u>331,003</u>

HOKE COUNTY, NORTH CAROLINA

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

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Central Garage:				
Salaries and employee benefits	120,685	119,377	1,308	111,484
Operating expenses	17,280	5,072	12,208	4,745
Capital outlay	9,000	-	9,000	13,472
Charges for services	(31,736)	(31,736)	-	(31,736)
Total	115,229	92,713	22,516	97,965
Public Buildings:				
Salaries and employee benefits	830,224	717,961	112,263	618,793
Operating expenses	722,175	577,735	144,440	535,965
Capital outlay	69,867	217,440	(147,573)	351,036
Charges for services	(39,862)	(39,862)	-	(39,862)
Total	1,582,404	1,473,274	109,130	1,465,932
Groundskeeping:				
Salaries and employee benefits	62,484	61,885	599	58,968
Operating expenses	27,920	24,287	3,633	14,773
Capital outlay	179,799	10,614	169,185	16,757
Total	270,203	96,786	173,417	90,498
Information Technology:				
Salaries and employee benefits	536,789	496,608	40,181	484,045
Operating expenses	474,219	263,685	210,534	371,497
Charges for services	(56,671)	(56,671)	-	(56,671)
Total	954,337	703,622	250,715	798,871
Total general government	10,876,205	8,265,679	2,610,526	8,971,182
Public Safety:				
Sheriff:				
Salaries and employee benefits	6,249,678	5,663,816	585,862	4,804,964
Operating expenses	1,311,219	1,137,384	173,835	678,237
Capital outlay	584,525	571,605	12,920	396,176
Total	8,145,422	7,372,805	772,617	5,879,377
Court Facilities:				
Operating expenses	108,500	97,867	10,633	92,494
Capital outlay	33,000	6,693	26,307	45,862
Total	141,500	104,560	36,940	138,356
Jail:				
Salaries and employee benefits	2,990,025	2,639,369	350,656	2,517,275
Operating expenses	1,525,131	1,126,991	398,140	1,114,705
Capital outlay	15,569	15,569	-	19,979
Total	4,530,725	3,781,929	748,796	3,651,959

HOKE COUNTY, NORTH CAROLINA

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

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Communications:				
Salaries and employee benefits	1,112,718	996,847	115,871	1,026,684
Operating expenses	232,064	159,959	72,105	158,312
Capital outlay	29,500	2,302	27,198	-
Total	1,374,282	1,159,108	215,174	1,184,996
Emergency Management:				
Salaries and employee benefits	357,066	275,299	81,767	254,272
Operating expenses	94,750	50,564	44,186	48,450
Capital outlay	31,000	30,058	942	861
Total	482,816	355,921	126,895	303,583
Animal Control:				
Salaries and employee benefits	352,264	319,861	32,403	307,918
Operating expenses	87,140	78,234	8,906	59,844
Capital outlay	30,000	30,557	(557)	-
Total	469,404	428,652	40,752	367,762
Juvenile Justice:				
Operating expenses	173,322	169,255	4,067	206,151
Inspections:				
Salaries and employee benefits	392,141	286,192	105,949	286,336
Operating expenses	46,600	28,639	17,961	22,397
Capital outlay	68,000	62,865	5,135	57,070
Total	506,741	377,696	129,045	365,803
Medical Examiner:				
Contracted services	125,000	76,450	48,550	104,250
Total public safety	15,949,212	13,826,376	2,122,836	12,202,237
Economic and Physical Development:				
Planning and Zoning:				
Salaries and employee benefits	160,719	142,949	17,770	136,173
Operating expenses	14,162	9,710	4,452	11,771
Total	174,881	152,659	22,222	147,944
Economic Development:				
Salaries and employee benefits	12,000	-	12,000	-
Operating expenditures	112,000	66,323	45,677	64,082
Total	124,000	66,323	57,677	64,082
Cooperative Extension:				
Salaries and employee benefits	442,676	429,955	12,721	403,940
Operating expenses	50,407	37,616	12,791	38,982
Capital outlay	5,136	5,136	-	-
Total	498,219	472,707	25,512	442,922

HOKE COUNTY, NORTH CAROLINA

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

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Conservation:				
Salaries and employee benefits	69,025	67,566	1,459	63,814
Operating expenses	11,400	2,524	8,876	1,978
Capital outlay	29,900	28,881	1,019	42
Total	<u>110,325</u>	<u>98,971</u>	<u>11,354</u>	<u>65,834</u>
Total economic and physical development	<u>907,425</u>	<u>790,660</u>	<u>116,765</u>	<u>720,782</u>
Human Services:				
Environmental Health:				
Operating expenses	84,700	42,578	42,122	38,811
Capital outlay	-	-	-	23,856
Total	<u>84,700</u>	<u>42,578</u>	<u>42,122</u>	<u>62,667</u>
Client Services:				
Operating expenses	<u>88,329</u>	<u>86,671</u>	<u>1,658</u>	<u>58,811</u>
Child Health:				
Operating expenses	<u>50,649</u>	<u>42,313</u>	<u>8,336</u>	<u>43,739</u>
Child Services Coordinator:				
Operating expenses	<u>14,000</u>	<u>6,862</u>	<u>7,138</u>	<u>6,201</u>
Pregnancy Care Management:				
Operating expenses	<u>15,600</u>	<u>6,250</u>	<u>9,350</u>	<u>6,588</u>
Ed/Risk Reduction:				
Operating expenses	<u>82,287</u>	<u>56,638</u>	<u>25,649</u>	<u>106,135</u>
WIC - Nutrition:				
Operating expenses	<u>1,250</u>	<u>1,182</u>	<u>68</u>	<u>1,690</u>
WIC - Administration:				
Operating expenses	<u>300</u>	<u>265</u>	<u>35</u>	<u>13</u>
NC Partnership for Children:				
Operating expenses	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
WIC - Breastfeeding:				
Operating expenses	<u>3,650</u>	<u>2,660</u>	<u>990</u>	<u>1,768</u>
WorkFirst Block Grant:				
Operating expenses	<u>38,500</u>	<u>1,178</u>	<u>37,322</u>	<u>1,746</u>
Public Assistance:				
Operating expenses	<u>1,893,773</u>	<u>1,272,733</u>	<u>621,040</u>	<u>879,876</u>

HOKE COUNTY, NORTH CAROLINA

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

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
DSS - IV-D:				
Operating expenses	67,930	47,220	20,710	48,040
Title XX:				
Operating expenses	387,176	363,946	23,230	312,443
DSS-Food Stamps:				
Operating expenses	12,000	11,921	79	10,910
Veterans Service:				
Salaries and employee benefits	101,983	75,720	26,263	83,692
Operating expenses	1,976	2,603	(627)	3,322
Capital outlay	5,294	5,294	-	-
Total	109,253	83,617	25,636	87,014
Health Administration:				
Salaries and employee benefits	2,949,849	2,356,320	593,529	2,497,372
Operating expenses	422,000	377,964	44,036	377,635
Capital outlay	400,000	370,163	29,837	23,199
Total	3,771,849	3,104,447	667,402	2,898,206
Communicable Diseases:				
Operating expenses	29,500	27,270	2,230	15,815
Bioterrorism Grant:				
Operating expenses	26,229	20,528	5,701	260,943
Breast and Cervical Cancer Program:				
Operating expenses	14,300	8,819	5,481	4,670
Women's Preventive Health:				
Operating expenses	75,898	74,560	1,338	49,373
Maternal Care:				
Salaries and employee benefits	10,000	6,902	3,098	11,447
Operating expenses	35,350	31,538	3,812	32,703
Total	45,350	38,440	6,910	44,150
Immunization:				
Operating expenses	48,000	36,840	11,160	39,733
Safe Routes to School:				
Operating expenses	23,200	946	22,254	14,756
Opioid Grant:				
Operating expenses	360,000	161,018	198,982	-

HOKE COUNTY, NORTH CAROLINA

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

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Covid Health:				
Operating expenses	483,806	438,284	45,522	-
DSS - Administration:				
Salaries and employee benefits	5,902,050	4,808,707	1,093,343	5,375,986
Operating expenses	752,679	628,890	123,789	655,247
Senior Services:				
Salaries and employee benefits	537,918	531,321	6,597	478,789
Operating expenses	664,538	436,540	227,998	387,859
Capital outlay	30,966	30,966	-	-
Total	1,233,422	998,827	234,595	866,648
Health Primary Care:				
Operating expenses	45,100	34,338	10,762	32,198
Special Appropriations	1,183,156	1,026,369	156,787	730,526
Total human services	16,847,936	13,445,499	3,402,437	12,619,892
Cultural and Recreational:				
Recreation:				
Salaries and employee benefits	629,581	612,558	17,023	579,426
Operating expenses	311,819	305,607	6,212	144,596
Capital outlay	19,492	9,373	10,119	-
Total	960,892	927,538	33,354	724,022
Literacy Council:				
Salaries and employee benefits	108,783	76,074	32,709	80,204
Library:				
Salaries and employee benefits	351,914	351,861	53	323,248
Operating expenses	91,281	79,817	11,464	69,997
Capital outlay	8,689	8,689	-	-
Total	451,884	440,367	11,517	393,245
Total cultural and recreational	1,521,559	1,443,979	77,580	1,197,471
Transportation:				
Salaries and employee benefits	955,562	882,313	73,249	735,996
Operating expenses	351,264	269,389	81,875	274,270
Capital outlay	406,142	406,142	-	131,400
Total	1,712,968	1,557,844	155,124	1,141,666

HOKE COUNTY, NORTH CAROLINA

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

	2022		Variance Over/Under	2021
	Budget	Actual		Actual
Education:				
Public school - current	5,700,000	5,700,000	-	5,700,000
Public school - additional appropriation	-	11,597	(11,597)	15,000
Community colleges	488,885	488,885	-	488,885
Capital outlay	1,004,000	997,663	6,337	1,210,590
Total	<u>7,192,885</u>	<u>7,198,145</u>	<u>(5,260)</u>	<u>7,414,475</u>
Special Appropriations	<u>258,000</u>	<u>258,000</u>	<u>-</u>	<u>243,000</u>
Total education	<u>7,450,885</u>	<u>7,456,145</u>	<u>(5,260)</u>	<u>7,657,475</u>
Debt Service:				
Principal retirement - government	2,752,713	2,403,693	349,020	15,405,543
Interest and fees	2,511,058	1,676,479	834,579	1,716,112
Total debt service	<u>5,263,771</u>	<u>4,080,172</u>	<u>1,183,599</u>	<u>17,121,655</u>
Total expenditures	<u>60,529,961</u>	<u>50,866,354</u>	<u>9,663,607</u>	<u>61,632,360</u>
Revenues over (under) expenditures	<u>(1,604,750)</u>	<u>9,797,709</u>	<u>11,402,459</u>	<u>(3,631,985)</u>
Other Financing Sources (Uses):				
Intrafund transfers	(274,000)	(174,000)	100,000	(123,412)
Transfers to other funds:				
Capital project funds	(1,000,000)	(1,000,000)	-	(4,000,000)
Lease liabilities issued	-	180,114	180,114	11,235,000
Premium on debt issued	-	-	-	1,885,615
Appropriated fund balance	<u>2,878,750</u>	<u>-</u>	<u>(2,878,750)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,604,750</u>	<u>(993,886)</u>	<u>(2,598,636)</u>	<u>8,997,203</u>
Net change in fund balance	<u>\$ -</u>	<u>8,803,823</u>	<u>\$ 8,803,823</u>	<u>5,365,218</u>
Fund Balance:				
Beginning of year - July 1		<u>35,391,096</u>		<u>30,025,878</u>
End of year - June 30		<u>\$ 44,194,919</u>		<u>\$ 35,391,096</u>

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, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operating expenditures	\$ 50,000	\$ -	\$ 50,000
Revenues over (under) expenditures	(50,000)	-	50,000
Other Financing Sources (Uses):			
Intrafund transfers	50,000	74,000	24,000
Net change in fund balance	<u>\$ -</u>	74,000	<u>\$ 74,000</u>
Fund Balance:			
Beginning of year - July 1		<u>113,263</u>	
End of year - June 30		<u>\$ 187,263</u>	

HOKE COUNTY, NORTH CAROLINA

REVALUATION FUND

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operating expenditures	\$ 250,000	\$ 233,793	\$ 16,207
Revenues over (under) expenditures	<u>(250,000)</u>	<u>(233,793)</u>	<u>16,207</u>
Other Financing Sources (Uses):			
Appropriated fund balance	50,000	-	(50,000)
Intrafund transfers	<u>200,000</u>	<u>100,000</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>250,000</u>	<u>100,000</u>	<u>(150,000)</u>
Net change in fund balance	<u>\$ -</u>	(133,793)	<u>\$ (133,793)</u>
Fund Balance:			
Beginning of year - July 1		<u>178,163</u>	
End of year - June 30		<u>\$ 44,370</u>	

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, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operating expenditures	\$ 39,000	\$ 23,144	\$ 15,856
Revenues over (under) expenditures	(39,000)	(23,144)	15,856
Other Financing Sources (Uses):			
Intrafund transfers	<u>39,000</u>	<u>-</u>	<u>(39,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(23,144)</u>	<u>\$ (23,144)</u>
Fund Balance:			
Beginning of year - July 1		<u>10,337</u>	
End of year - June 30		<u>\$ (12,807)</u>	

HOKE COUNTY, NORTH CAROLINA

ADMINISTRATIVE CAPITAL PROJECTS FUND - MAJOR FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND -
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Actual			Budget Variance
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 32,278,475	\$ -	\$ 667,303	\$ 667,303	\$ (31,611,172)
Local contributions	-	4,739	-	4,739	4,739
Total revenues	<u>32,278,475</u>	<u>4,739</u>	<u>667,303</u>	<u>672,042</u>	<u>(31,606,433)</u>
Expenditures:					
General Government:					
General administration projects	1,000,000	-	-	-	1,000,000
Administration projects State grant funds	750,000	-	-	-	750,000
Total general government	<u>1,750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,750,000</u>
Public Safety:					
Goose pond debris	398,475	-	351,600	351,600	46,875
New courthouse 2022	31,000,000	-	-	-	31,000,000
Total public safety	<u>31,398,475</u>	<u>-</u>	<u>351,600</u>	<u>351,600</u>	<u>31,046,875</u>
Cultural and Recreational:					
401 PR building	<u>28,553,135</u>	<u>6,591,592</u>	<u>15,721,396</u>	<u>22,312,988</u>	<u>6,240,147</u>
Transportation:					
BUS53 section 5310 mobility	<u>130,000</u>	<u>130,000</u>	<u>339,376</u>	<u>469,376</u>	<u>(339,376)</u>
Total expenditures	<u>61,831,610</u>	<u>6,721,592</u>	<u>16,412,372</u>	<u>23,133,964</u>	<u>38,697,646</u>
Revenues over (under) expenditures	<u>(29,553,135)</u>	<u>(6,716,853)</u>	<u>(15,745,069)</u>	<u>(22,461,922)</u>	<u>7,091,213</u>
Other Financing Sources (Uses):					
Transfers from General Fund	5,140,000	7,562,262	1,000,000	8,562,262	3,422,262
Premium on debt issued	3,918,134	3,918,134	-	3,918,134	-
Long-term debt issued	20,495,001	20,495,000	-	20,495,000	(1)
Total other financing sources (uses)	<u>29,553,135</u>	<u>31,975,396</u>	<u>1,000,000</u>	<u>32,975,396</u>	<u>3,422,261</u>
Net change in fund balance	\$ -	\$ 25,258,543	(14,745,069)	\$ 10,513,474	\$ 10,513,474
Fund Balance:					
Beginning of year - July 1			25,258,543		
End of year - June 30			<u>\$ 10,513,474</u>		

HOKE COUNTY, NORTH CAROLINA

**SPECIAL REVENUE FUND - MULTI-YEAR GRANTS FUND - MAJOR
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

	Project Authorization	Actual			Budget Variance
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted Intergovernmental Revenues:					
Urgent Home Repair grant 2020	\$ 100,000	\$ 59,810	\$ 40,190	\$ 100,000	\$ -
Urgent Home Repair grant 2021	100,000	-	70,805	70,805	(29,195)
Emergency Management Performance grant	277,021	317,967	62,214	380,181	103,160
NC Office of Recovery Resiliency grant	240,000	65,116	67,017	132,133	(107,867)
Homeland Security grant	8,000	-	6,500	6,500	(1,500)
City of Raeford Water Project	2,000,000	-	-	-	(2,000,000)
STRAP Stream Debris Removal	375,507	-	-	-	(375,507)
Opioid Settlement project	406,374	-	-	-	(406,374)
Total revenues	<u>3,506,902</u>	<u>442,893</u>	<u>246,726</u>	<u>689,619</u>	<u>(2,817,283)</u>
Expenditures:					
Emergency Management Performance Grant:					
Operating expenses	452,910	317,967	61,868	379,835	73,075
Emergency Management Performance Grant S:					
Operating expenses	-	-	346	346	(346)
Urgent Home Repair 2020	100,000	59,810	40,190	100,000	-
Urgent Home Repair 2021	100,000	-	70,805	70,805	29,195
Homeland Security Grant	8,000	-	6,500	6,500	1,500
NC Office of Recovery Resiliency Grant	240,000	65,116	67,017	132,133	107,867
City of Raeford Water Project	2,000,000	-	-	-	2,000,000
STRAP Stream Debris Removal	375,507	-	-	-	375,507
Opioid Settlement Project	<u>406,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>406,374</u>
Total expenditures	<u>3,682,791</u>	<u>442,893</u>	<u>246,726</u>	<u>689,619</u>	<u>2,993,172</u>
Revenues over (under) expenditures	(175,889)	-	-	-	175,889
Other Financing Sources (Uses):					
Transfers from other funds	<u>175,889</u>	<u>42,113</u>	<u>-</u>	<u>42,113</u>	<u>(133,776)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 42,113</u>	<u>-</u>	<u>\$ 42,113</u>	<u>\$ 42,113</u>
Fund Balance:					
Beginning of year - July 1			<u>42,113</u>		
End of year - June 30			<u>\$ 42,113</u>		

HOKE COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	<u>Special Revenue Funds</u>	<u>Capital Project Fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 853,063	\$ -	\$ 853,063
Taxes receivable	122,096	-	122,096
Accounts receivable	106,935	-	106,935
Notes receivable	218,880	-	218,880
Total assets	<u>\$ 1,300,974</u>	<u>\$ -</u>	<u>\$ 1,300,974</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 52,476	\$ -	\$ 52,476
Due to other funds	22,147	-	22,147
Total liabilities	<u>74,623</u>	<u>-</u>	<u>74,623</u>
Deferred Inflows of Resources:			
Taxes receivable	122,096	-	122,096
Fund Balances:			
Restricted:			
Stabilization by state statute	325,815	-	325,815
Public safety	435,234	-	435,234
Human services	38,375	-	38,375
Assigned	378,162	-	378,162
Unassigned	(73,331)	-	(73,331)
Total fund balances	<u>1,104,255</u>	<u>-</u>	<u>1,104,255</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,300,974</u>	<u>\$ -</u>	<u>\$ 1,300,974</u>

HOKE COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Special Revenue Funds</u>	<u>Capital Project Fund</u>	<u>Total</u>
Revenues:			
Ad valorem taxes	\$ 3,118,566	\$ -	\$ 3,118,566
Restricted intergovernmental	248,766	78,860	327,626
E-911 wireless	314,695	-	314,695
Investment earnings	400	-	400
Total revenues	<u>3,682,427</u>	<u>78,860</u>	<u>3,761,287</u>
Expenditures:			
Current:			
Public safety	3,342,487	-	3,342,487
Economic and physical development	-	78,860	78,860
Human services	174,403	-	174,403
Total expenditures	<u>3,516,890</u>	<u>78,860</u>	<u>3,595,750</u>
Net change in fund balances	165,537	-	165,537
Fund Balances:			
Beginning of year - July 1	<u>938,718</u>	<u>-</u>	<u>938,718</u>
End of year - June 30	<u>\$ 1,104,255</u>	<u>\$ -</u>	<u>\$ 1,104,255</u>

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HOKE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Revolving Loan Fund	Emergency Systems Telephone Fund	Asset Forfeiture Fund	Grant Projects Fund
Assets:				
Cash and cash equivalents	\$ 366,761	\$ 257,193	\$ 179,333	\$ 11,401
Taxes receivable	-	-	-	-
Accounts receivable	-	26,225	-	-
Notes receivable	218,880	-	-	-
Total assets	<u>\$ 585,641</u>	<u>\$ 283,418</u>	<u>\$ 179,333</u>	<u>\$ 11,401</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 1,292	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>1,292</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted:				
Stabilization by state statute	218,880	26,225	-	-
Public safety	-	255,901	179,333	-
Human services	-	-	-	-
Assigned	366,761	-	-	11,401
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>585,641</u>	<u>282,126</u>	<u>179,333</u>	<u>11,401</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 585,641</u>	<u>\$ 283,418</u>	<u>\$ 179,333</u>	<u>\$ 11,401</u>

HOKE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Fire District Fund	Representative Payee Fund	Total
Assets:			
Cash and cash equivalents	\$ -	\$ 38,375	\$ 853,063
Taxes receivable	122,096	-	122,096
Accounts receivable	80,710	-	106,935
Notes receivable	-	-	218,880
Total assets	<u>\$ 202,806</u>	<u>\$ 38,375</u>	<u>\$ 1,300,974</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 51,184	\$ -	\$ 52,476
Due to other funds	22,147	-	22,147
Total liabilities	<u>73,331</u>	<u>-</u>	<u>74,623</u>
Deferred Inflows of Resources:			
Taxes receivable	<u>122,096</u>	<u>-</u>	<u>122,096</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	80,710	-	325,815
Public safety	-	-	435,234
Human services	-	38,375	38,375
Assigned	-	-	378,162
Unassigned	<u>(73,331)</u>	<u>-</u>	<u>(73,331)</u>
Total fund balances	<u>7,379</u>	<u>38,375</u>	<u>1,104,255</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 202,806</u>	<u>\$ 38,375</u>	<u>\$ 1,300,974</u>

HOKE COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2022**

	Revolving Loan Fund	Emergency Systems Telephone Fund	Asset Forfeiture Fund	Grant Projects Fund
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	73,551	-
E-911 wireless	-	314,695	-	-
Investment earnings	-	400	-	-
Total revenues	<u>-</u>	<u>315,095</u>	<u>73,551</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	-	125,718	98,207	-
Human services	-	-	-	-
Total expenditures	<u>-</u>	<u>125,718</u>	<u>98,207</u>	<u>-</u>
Net change in fund balances	-	189,377	(24,656)	-
Fund Balances:				
Beginning of year - July 1	<u>585,641</u>	<u>92,749</u>	<u>203,989</u>	<u>11,401</u>
End of year - June 30	<u>\$ 585,641</u>	<u>\$ 282,126</u>	<u>\$ 179,333</u>	<u>\$ 11,401</u>

HOKE COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2022**

	Fire District Fund	Representative Payee Fund	Total
Revenues:			
Ad valorem taxes	\$ 3,118,566	\$ -	\$ 3,118,566
Restricted intergovernmental	-	175,215	248,766
E-911 wireless	-	-	314,695
Investment earnings	-	-	400
Total revenues	<u>3,118,566</u>	<u>175,215</u>	<u>3,682,427</u>
Expenditures:			
Current:			
Public safety	3,118,562	-	3,342,487
Human services	-	174,403	174,403
Total expenditures	<u>3,118,562</u>	<u>174,403</u>	<u>3,516,890</u>
Net change in fund balances	4	812	165,537
Fund Balances:			
Beginning of year - July 1	<u>7,375</u>	<u>37,563</u>	<u>938,718</u>
End of year - June 30	<u>\$ 7,379</u>	<u>\$ 38,375</u>	<u>\$ 1,104,255</u>

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, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Miscellaneous revenue	\$ 200,000	\$ 84,083	\$ (115,917)
Expenditures:			
Economic incentive	200,000	-	200,000
Revenues over (under) expenditures	<u>\$ -</u>	84,083	<u>\$ 84,083</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(84,083)</u>	
Net change in fund balance		-	
Fund Balance:			
Beginning of year - July 1		<u>585,641</u>	
End of year - June 30		<u>\$ 585,641</u>	

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, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
E-911	\$ 314,696	\$ 314,695	\$ (1)
Investment earnings	-	400	400
Total revenues	<u>314,696</u>	<u>315,095</u>	<u>399</u>
Expenditures:			
Telephone & furniture	21,473	21,473	-
Software and software maintenance	11,795	11,795	-
Hardware and hardware maintenance	278,764	89,786	188,978
Training	575	575	-
Capital outlay	<u>2,089</u>	<u>2,089</u>	-
Total expenditures	<u>314,696</u>	<u>125,718</u>	<u>188,978</u>
Net change in fund balance	<u>\$ -</u>	189,377	<u>\$ 189,377</u>
Fund Balance:			
Beginning of year - July 1		<u>92,749</u>	
End of year - June 30		<u>\$ 282,126</u>	
PSAP Reconciliation:			
Amounts reported on the Emergency Telephone System Fund budget to actual are different from the PSAP revenue - expenditure report because:			
Ending fund balance, reported on budget to actual		\$ 282,126	
Difference in beginning fund balance due to transposition error on PSAP report		<u>9,956</u>	
Ending balance, PSAP revenue - expenditure report		<u>\$ 292,082</u>	

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, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Federal asset forfeiture funds - justice	\$ 40,000	\$ 4,651	\$ (35,349)
Federal asset forfeiture treasury funds	50,000	58,474	8,474
State asset forfeiture funds	<u>20,000</u>	<u>10,426</u>	<u>(9,574)</u>
Total revenues	<u>110,000</u>	<u>73,551</u>	<u>(36,449)</u>
Expenditures:			
Operating expenditures:			
Federal asset forfeiture funds - justice	40,000	25,000	15,000
Federal asset forfeiture treasury funds	50,000	36,242	13,758
State asset forfeiture funds	<u>38,000</u>	<u>36,965</u>	<u>1,035</u>
Total expenditures	<u>128,000</u>	<u>98,207</u>	<u>29,793</u>
Revenues over (under) expenditures	<u>(18,000)</u>	<u>(24,656)</u>	<u>(6,656)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	88,000	-	(88,000)
Transfers to other fund	<u>(70,000)</u>	<u>-</u>	<u>70,000</u>
Total other financing sources (uses)	<u>18,000</u>	<u>-</u>	<u>(18,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(24,656)</u>	<u>\$ (24,656)</u>
Fund Balance:			
Beginning of year - July 1		<u>203,989</u>	
End of year - June 30		<u>\$ 179,333</u>	

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, 2022

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

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, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 3,270,364	\$ 3,118,566	\$ (151,798)
Expenditures:			
Public Safety:			
Fire Districts:			
North Raeford Fire Department	268,045	238,000	30,045
Antioch Fire Department	185,150	157,842	27,308
North Scotland Fire Department	18,350	14,537	3,813
Puppy Creek Fire Department	1,061,000	1,063,101	(2,101)
Rockfish Fire Department	516,877	468,131	48,746
Hillcrest Fire Department	614,227	592,066	22,161
West Hoke Fire Department	185,516	172,016	13,500
Pine Hill Fire Department	143,347	145,359	(2,012)
Stonewall Fire Department	222,700	218,802	3,898
Crestline Fire Department	55,152	48,708	6,444
Total expenditures	<u>3,270,364</u>	<u>3,118,562</u>	<u>151,802</u>
Net change in fund balance	<u>\$ -</u>	4	<u>\$ 4</u>
Fund Balance:			
Beginning of year - July 1		<u>7,375</u>	
End of year - June 30		<u>\$ 7,379</u>	

HOKE COUNTY, NORTH CAROLINA

**SPECIAL REVENUE FUND - REPRESENTATIVE PAYEE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 603,337	\$ 175,215	\$ 778,552
Expenditures:			
Payments made for the benefit of beneficiaries	603,337	174,403	777,740
Net change in fund balance	<u>\$ -</u>	812	<u>\$ 812</u>
Fund Balance:			
Beginning of year, July 1		<u>37,563</u>	
End of year, June 30		<u>\$ 38,375</u>	

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, 2022**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Budget Variance</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Single family rehab disaster recovery grant	\$ 150,000	\$ 90,140	\$ 78,860	\$ 169,000	\$ 19,000
Expenditures:					
Economic and Physical Development:					
Single Family Rehab Disaster Recovery:					
Professional services	192,927	90,140	78,860	169,000	23,927
Revenues over (under) expenditures	(42,927)	-	-	-	42,927
Other Financing Sources (Uses):					
Transfers from General Fund	42,927	-	-	-	(42,927)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating Revenues:			
Water and sewer charges	\$ 7,390,911	\$ 7,382,619	\$ (8,292)
Tap and impact fees	1,132,608	1,016,076	(116,532)
Other operating revenues	76,585	255,412	178,827
Total operating revenues	<u>8,600,104</u>	<u>8,654,107</u>	<u>54,003</u>
Non-operating revenues:			
Miscellaneous	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total revenues	<u>8,601,104</u>	<u>8,654,107</u>	<u>53,003</u>
Expenditures:			
Water and Sewer Operations:			
Salaries and benefits	1,729,198	1,897,635	(168,437)
Other operating expenses	4,712,374	4,305,700	406,674
Capital outlay	301,351	343,654	(42,303)
Charges for services	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Total	<u>7,092,923</u>	<u>6,896,989</u>	<u>195,934</u>
Debt Service:			
Interest and fees	593,262	593,262	-
Debt principal	<u>1,037,131</u>	<u>1,037,129</u>	<u>2</u>
Total	<u>1,630,393</u>	<u>1,630,391</u>	<u>2</u>
Total expenditures	<u>8,723,316</u>	<u>8,527,380</u>	<u>195,936</u>
Revenues over (under) expenditures	<u>(122,212)</u>	<u>126,727</u>	<u>248,939</u>
Other Financing Sources (Uses):			
Intrafund transfers	(860,788)	-	860,788
Long-term debt issued	<u>-</u>	<u>19,467</u>	<u>19,467</u>
Total other financing sources (uses)	<u>(860,788)</u>	<u>19,467</u>	<u>880,255</u>
Appropriated fund balance	<u>983,000</u>	<u>-</u>	<u>(983,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 146,194</u>	<u>\$ 146,194</u>

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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 146,194	
Reconciling items:			
Depreciation and amortization		(2,079,410)	
Amortization - premium from refunding		52,352	
Amortization - leases		(5,090)	
Debt principal		1,037,129	
Change in accrued interest		(15,239)	
Capital outlay		304,720	
Right to use asset		19,467	
Capital contributions - project		1,456,600	
Change in compensated absences		(4,506)	
Change in deferred outflows of resources - OPEB		(5,951)	
Change in OPEB liability		(57,698)	
Change in deferred inflows of resources - OPEB		11,371	
Change in deferred outflows of resources - pensions		46,221	
Change in net pension liability		308,729	
Change in deferred inflows of resources - pensions		(320,080)	
Debt proceeds		<u>(19,467)</u>	
Change in net position		<u>\$ 875,342</u>	

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, 2022

	Project Authorization	Actual			Budget Variance
		Prior Years	Current Year	Total to Date	
Revenues:					
NC DOT reimbursement	\$ 56,600	\$ -	\$ 56,600	\$ 56,600	\$ -
Investment earnings	-	107,110	-	107,110	107,110
Total revenues	<u>56,600</u>	<u>107,110</u>	<u>56,600</u>	<u>163,710</u>	<u>107,110</u>
Expenditures:					
NC211 / B-5127 Water Main Replacement:					
Professional services	11,300	-	61,800	61,800	(50,500)
Construction cost	195,300	-	-	-	195,300
Total NC211 / B-5127 Water Main Replacement	<u>206,600</u>	<u>-</u>	<u>61,800</u>	<u>61,800</u>	<u>144,800</u>
Total expenditures	<u>206,600</u>	<u>-</u>	<u>61,800</u>	<u>61,800</u>	<u>144,800</u>
Revenues over (under) expenditures	(150,000)	107,110	(5,200)	101,910	251,910
Other Financing Sources (Uses):					
Transfers in:					
Water and Sewer Fund	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 107,110</u>	<u>\$ (5,200)</u>	<u>\$ 101,910</u>	<u>\$ 101,910</u>

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, 2022

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Other Financing Sources (Uses) :					
Transfers in:					
Water and Sewer Fund	\$ 276,000	\$ 568,927	\$ -	\$ 568,927	\$ 292,927
Transfers out:					
Water and Sewer projects	(276,000)	-	-	-	276,000
Total other financing sources (uses)	<u>-</u>	<u>568,927</u>	<u>-</u>	<u>568,927</u>	<u>568,927</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 568,927</u>	<u>\$ -</u>	<u>\$ 568,927</u>	<u>\$ 568,927</u>

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, 2022

	Project Authorization	Actual			Budget Variance
		Prior Years	Current Year	Total to Date	
Revenues:					
Golden Leaf Fund - 401SP	\$ 1,400,000	\$ -	\$ 1,400,000	\$ 1,400,000	\$ -
Contribution - VFD	-	6,484	-	6,484	6,484
Total revenues	<u>1,400,000</u>	<u>6,484</u>	<u>1,400,000</u>	<u>1,406,484</u>	<u>6,484</u>
Expenditures:					
Grow Hoke Sewer Project:					
Professional services	<u>1,976,682</u>	<u>33,879</u>	<u>1,399,596</u>	<u>1,433,475</u>	<u>543,207</u>
Rockfish Area Sewer 2022 Project:					
Professional services	275,000	-	-	-	275,000
Construction	<u>1,202,000</u>	-	-	-	<u>1,202,000</u>
Total Grow Hoke sewer project	<u>1,477,000</u>	-	-	-	<u>1,477,000</u>
Total expenditures	<u>3,453,682</u>	<u>33,879</u>	<u>1,399,596</u>	<u>1,433,475</u>	<u>2,020,207</u>
Revenues over (under) expenditures	(2,053,682)	(27,395)	404	(26,991)	2,026,691
Other Financing Sources (Uses) :					
Intrafund transfers, net:					
Water Sewer District Fund	<u>2,053,682</u>	<u>576,682</u>	-	<u>576,682</u>	<u>(1,477,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 549,287</u>	<u>\$ 404</u>	<u>\$ 549,691</u>	<u>\$ 549,691</u>

HOKE COUNTY, NORTH CAROLINA

**MAJOR ENTERPRISE FUND - SOLID WASTE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Solid waste charges	\$ 3,117,566	\$ 3,284,188	\$ 166,622
Other	151,000	201,455	50,455
Total operating revenues	<u>3,268,566</u>	<u>3,485,643</u>	<u>217,077</u>
Non-operating revenues:			
Investment earnings	<u>40,000</u>	<u>44,641</u>	<u>4,641</u>
Total revenues	<u>3,308,566</u>	<u>3,530,284</u>	<u>221,718</u>
Expenditures:			
Landfill operations:			
Salaries and benefits	933,538	734,058	199,480
Other operating expenses	2,263,761	1,966,918	296,843
Capital outlay	227,500	116,545	110,955
Charges for services	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Total expenditures	<u>3,774,799</u>	<u>3,167,521</u>	<u>607,278</u>
Revenues over (under) expenditures	<u>(466,233)</u>	<u>362,763</u>	<u>828,996</u>
Appropriated fund balance	<u>466,233</u>	<u>-</u>	<u>(466,233)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 362,763</u>	<u>\$ 362,763</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 362,763	
Reconciling items:			
Capital outlay		112,104	
Depreciation		(151,319)	
Change in compensated absences		(4,195)	
Change in deferred outflows of resources - OPEB		(2,432)	
Change in OPEB liability		(23,567)	
Change in deferred inflows of resources - OPEB		4,645	
Change in deferred outflows of resources - pensions		23,111	
Change in net pension liability		154,364	
Change in deferred inflows of resources - pensions		<u>(160,040)</u>	
Change in net position		<u>\$ 315,434</u>	

HOKE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2022

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Fund</u>	<u>Sheriff's Execution Fund</u>	<u>Total Custodial Funds</u>
Assets:				
Cash and cash equivalents	\$ 38,392	\$ 11,898	\$ 15,658	\$ 65,948
Taxes receivable for other governments, net	<u>18,058</u>	<u>-</u>	<u>-</u>	<u>18,058</u>
Total assets	<u>56,450</u>	<u>11,898</u>	<u>15,658</u>	<u>84,006</u>
Liabilities:				
Accounts payable and accrued liabilities	-	-	14,000	14,000
Due to other governments	<u>34,795</u>	<u>-</u>	<u>-</u>	<u>34,795</u>
Total liabilities	<u>34,795</u>	<u>-</u>	<u>14,000</u>	<u>48,795</u>
Net Position:				
Restricted:				
Individuals, organizations, and other governments	<u>\$ 21,655</u>	<u>\$ 11,898</u>	<u>\$ 1,658</u>	<u>\$ 35,211</u>

HOKE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Fund</u>	<u>Sheriff's Execution Fund</u>	<u>Total Custodial Funds</u>
Additions:				
Ad valorem taxes and interest for other governments	\$ 215,591	\$ -	\$ -	\$ 215,591
Collections on behalf of individuals/orrganizations	-	42,280	15,219	57,499
Total additions	<u>215,591</u>	<u>42,280</u>	<u>15,219</u>	<u>273,090</u>
Deductions:				
Tax and interest distributions to other governments	217,269	-	-	217,269
Payments on behalf of individuals/orrganizations	-	46,395	15,219	61,614
Total deductions	<u>217,269</u>	<u>46,395</u>	<u>15,219</u>	<u>278,883</u>
Net increase (decrease) in fiduciary net position	(1,678)	(4,115)	-	(5,793)
Net position, beginning, July 1	<u>23,333</u>	<u>16,013</u>	<u>1,658</u>	<u>41,004</u>
Net position, ending June 30	<u>\$ 21,655</u>	<u>\$ 11,898</u>	<u>\$ 1,658</u>	<u>\$ 35,211</u>

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2022

<u>Year Ended June 30</u>	<u>Uncollected Balance July 1, 2021</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2022	\$ -	\$ 30,707,729	\$ 29,877,669	\$ 830,060
2021	891,208	-	625,534	265,674
2020	359,064	-	213,407	145,657
2019	179,422	-	95,304	84,118
2018	106,296	-	51,991	54,305
2017	65,364	-	27,674	37,690
2016	41,534	-	15,214	26,320
2015	27,385	-	8,263	19,122
2014	134,109	-	11,668	122,441
2013	186,523	-	14,347	172,176
2012	150,933	-	150,933	-
Total	<u>\$ 2,141,838</u>	<u>\$ 30,707,729</u>	<u>\$ 31,092,004</u>	<u>1,757,563</u>
Less: allowance for uncollectible accounts				<u>(357,948)</u>
Ad valorem taxes receivable, net				<u>\$ 1,399,615</u>
Reconciliation with Revenues:				
Ad Valorem Taxes:				
General Fund				<u>\$ 30,420,204</u>
Reconciling items:				
Interest collected				(230,106)
Discounts allowed				393,198
Taxes written off				150,933
Miscellaneous				310,403
Releases				47,372
Total reconciling items				<u>671,800</u>
Total collections and credits				<u>\$ 31,092,004</u>

HOKE COUNTY, NORTH CAROLINA

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

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 4,044,856,667	\$ 0.75	\$ 30,336,425	\$ 26,255,730	\$ 4,080,695
Interest and penalties	13,695,867	0.75	102,719	60,186	42,533
Total	<u>4,058,552,533</u>		<u>30,439,144</u>	<u>26,315,916</u>	<u>4,123,228</u>
Discoveries:					
Current year's taxes	26,387,333		197,905	197,905	-
Prior year's taxes and rollbacks	<u>14,114,000</u>		<u>105,855</u>	<u>105,855</u>	-
Total	<u>40,501,333</u>		<u>303,760</u>	<u>303,760</u>	-
Abatements					
			<u>(35,175)</u>	<u>(35,175)</u>	-
Total property valuation	<u>\$ 4,099,053,867</u>				
Net Levy			30,707,729	26,584,501	4,123,228
Uncollected taxes at June 30, 2022			<u>830,060</u>	<u>622,996</u>	<u>207,064</u>
Current Year's Taxes Collected			<u>\$ 29,877,669</u>	<u>\$ 25,961,505</u>	<u>\$ 3,916,164</u>
Current Levy Collection Percentage			<u>97.30%</u>	<u>97.66%</u>	<u>94.98%</u>

MARTIN STARNES

& ASSOCIATES, CPAs, P.A.

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

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Board of Commissioners
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 (*Government Auditing Standards*), 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, 2022, 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 30, 2022. 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*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with the Hoke County ABC Board.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hoke County's internal control. Accordingly, we do not express an opinion on the effectiveness of Hoke County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as Finding 2022-001 that we consider to be a material weakness.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Hoke County's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Hoke County's response to the finding identified in our audit and described in the accompanying Corrective Action Plan. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 30, 2022

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Hoke County
Raeford, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 30, 2022

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Hoke County
Raeford, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

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

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

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 30, 2022

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HOKE COUNTY, NORTH CAROLINA

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

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? None reported

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness (es) identified? No
- 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)? No

Identification of major federal programs:

<u>Program Name</u>	<u>AL #</u>
Medicaid Cluster	93.778
Low-Income Home Energy Assistance	93.568
Foster Care	93.658
Adoption Assistance	93.659

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, 2022**

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

State Awards

Internal control over major state programs:

- Material weakness (es) identified? No
- 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? No

Identification of major state programs:

Program Name

Medicaid Cluster
School Nursing Funding Initiative
Juvenile Crime Prevention Programs
Aid-to-Counties
NCORR - State Grants for Financially Distressed Local Governments
Foster Care, Adoption Assistance and Guardianship

HOKE COUNTY, NORTH CAROLINA

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

Section II – Financial Statement Findings

Material Weakness

Finding 2022-001

Criteria: Management should have a system in place to review and reconcile year-end adjustments prior to audit fieldwork in order 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.

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

Cause: The general ledger was not reconciled to subsidiary ledgers on a year-end basis for some accounts. Full accrual journal entries were not booked.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2021-001, modified.

Recommendation: Management should reconcile the subsidiary ledgers on a year-end basis, reconcile year-end balances to subsidiary ledgers and post-closing entries as needed, and improve the internal control system to prevent the adjustments in the future.

Views of Responsible Officials and Planned Corrective Actions: Please refer to the Corrective Action Plan.

HOKE COUNTY, NORTH CAROLINA

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

Section III – Federal Award Findings and Questioned Costs

None.

Section IV – State Award Findings and Questioned Costs

None.

Allen Thomas, Jr.
Chairman

Tony Hunt
Vice Chairman

James Leach
Commissioner

Harry Southerland
Commissioner



Lonnie Baldwin
Commissioner

Grady Hunt
County Attorney

Letitia Edens
County Manager

Gwen McGougan
Clerk to the Board

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2022**

Section II – Financial Statements Findings

Finding: 2022-001

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

Corrective Action/Management's Response: Management agrees with the audit finding. Finance Specialist and Assistant Finance Director will reconcile all subsidiary ledgers and make year-end adjustments. The Finance Director will assist with this process and perform a final review prior to audit. Two positions have been upgraded and duties re-assigned in the Finance Department to assist with reconciling subsidiary ledgers and year end audit adjustments. In addition, the payroll vendor was replaced with a more responsive company. Vacancies still exist due to retirements but will be addressed in a timelier manner. Finance personnel will continue to take advantage of opportunities for additional training to improve upon current processes and procedures.

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

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

Finding: 2021-001

Status: Modified and repeated as 2022-001

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
FEDERAL AWARDS:					
<u>U.S. Department of Agriculture</u>					
Food and Nutrition Service					
Passed-through the N.C. Department of Health and Human Services: Division of Social Services					
<u>Supplemental Nutrition Assistance Program Cluster:</u>					
Administration:					
COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Administration	10.561		\$ 72,701	\$ -	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Administration	10.561	195NC406S2514	373,127	-	-
Total Supplemental Nutrition Assistance Program Cluster			<u>445,828</u>	<u>-</u>	<u>-</u>
Division of Public Health					
Administration:					
WIC Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	13A25403GA	345,553	-	-
Direct Benefit Payments:					
Total Women, Infants, & Children			<u>345,553</u>	<u>-</u>	<u>-</u>
Passed-through the Natural Resources Conservation Service:					
Emergency Watershed Protection Program	10.923	2022	295,553	56,048	-
Total U.S. Department of Agriculture			<u>1,086,934</u>	<u>56,048</u>	<u>-</u>
<u>U. S. Department of Transportation</u>					
Federal Transit Administration					
Formula Grants for Rural Areas and Tribal Transit Program:					
WBS - Admin 21-CT-078-Hoke County Admin	20.509	WBS36233.51.21.1	103,236	5,251	-
WBS - Operating 20-CA-078-Hoke County Operating	20.509	WBS49233.31.1.2	145,703	-	-
Total Formula Grants for Rural Areas and Tribal Transit Program			<u>248,939</u>	<u>5,251</u>	<u>-</u>
<u>Federal Transit Cluster:</u>					
Federal Transit Formula Grant:					
WBS - Capital 21-LU-078A Hoke County Capital	20.507	WBS3621.37.4.3	290,360	-	-
Federal Transit Formula Grants - 5307 Subs Operating	20.507	49358.6.1.2	339,376	-	-
Total Federal Transit Cluster			<u>629,736</u>	<u>-</u>	<u>-</u>
Total Federal Transit Administration			<u>878,675</u>	<u>5,251</u>	<u>-</u>
Federal Highway Administration					
Passed-through N.C. Department of Transportation:					
<u>Highway Planning and Construction Cluster</u>					
<u>Highway Planning, Research & Construction Cluster</u>					
Highway Planning and Construction - Safe Routes to School Program	20.205	48778.4.9	62,149	-	-
Total Highway Planning and Construction Cluster Cluster (note 3)			<u>62,149</u>	<u>-</u>	<u>-</u>
Total N.C. Department of Transportation			<u>940,824</u>	<u>5,251</u>	<u>-</u>
Total U.S. Department of Transportation			<u>940,824</u>	<u>5,251</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>					
Passed-through the N.C. Department of Health and Human Services:					
Passed through Non-Profit Meals on Wheels Amer					
National Organizations of State and Local Officials	93.011		20,000	-	-

HOKE COUNTY, NORTH CAROLINA**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
Centers for Medicare and Medicaid Services					
Division of Health Benefits:					
Division of Social Services					
Administration:					
<u>Medicaid Cluster:</u>					
Medical Assistance Program	93.778	XIX-MAP21	1,591,075	1,950	-
Total Medicaid Cluster			1,591,075	1,950	-
Division of Social Services					
Administration:					
Children's Health Insurance Program - NC Health Choice	93.767	CHIP21	22,918	1,253	-
Total Children's Health Insurance Program - NC Health Choice			22,918	1,253	-
Total Centers for Medicare and Medicaid Services			1,613,993	3,203	-
Centers for Disease Control and Prevention					
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health					
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1460272ENF	50	-	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	1175852ADH	109,580	-	-
COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		50,949	-	-
COVID-19 Public Health Emergency Response:					
Cooperative Agreement for Emergency Response"					
Public Health Crisis Response	93.354	12642680CP	159,806	-	-
PPHF Capacity Building Assistance to Strengthen Public Health					
Immunization Cooperative Agreements	93.268	1331631AEJ	14,410	-	-
Covid 19 - Immunization Cooperation Agreements	93.268		112,463	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175878AHH	310,957	-	-
Preventative Health and Health Services Block Grant	93.991	1261550300	30,607	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	1320310CD7	5,850	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311462ANB	42	-	-
Public Health Emergency Preparedness	93.069	12642680EW	24,164	-	-
Total Centers for Disease Control and Prevention			818,878	-	-
Office Of Assistant Secretary For Health					
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health					
Family Planning Services	93.217	13A1592BFP	44,171	-	-
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health					
Maternal and Child Health Services Block Grant to the States	93.994	12715318AR	39,008	4,319	-
Total Health Resources and Services Administration			39,008	4,319	-

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
Administration for Children and Families					
Passed-through the N.C. Department of Health and Human Services:					
Division of Child Development and Early Education:					
<u>Subsidized Child Care Program Cluster (Note 3)</u>					
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services					
Division of Child Development:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund					
	93.596	G2001NCCCDF	87,441	-	-
<u>Total Subsidized Child Care Program Cluster (Note 3) / Child Care Development Fund Cluster</u>					
			87,441	-	-
Total Subsidized Child Care Program Cluster (Note 3) / Child Care Development Fund Cluster					
			87,441	-	-
Passed-through the N.C. Department of Health and Human Services:					
Division of Social Services					
<u>Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 3):</u>					
Administration:					
Foster Care - Title IV-E					
	93.658	2001NCFOST	328,846	40,558	-
COVID-19 - Foster Care - Title IV-E					
	93.658	2001NCFOST			-
Adoption Assistance					
	93.659	2001NCADPT	14,919	-	-
Direct Benefit Payments:					
Foster Care Title IV-E					
	93.658	2001NCFOST	189,615	50,888	-
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 3)					
			533,380	91,446	-
Division of Public Health					
Administration:					
Temporary Assistance for Needy Families					
	93.558	13A15151T2	8,986	-	-
Division of Social Services					
Administration:					
Temporary Assistance for Needy Families					
	93.558	2001NCTANF	57,046	-	-
Direct Benefit Payments:					
Temporary Assistance for Needy Families					
	93.558	G1701NCTANF	10,287	-	-
Total Temporary Assistance for Needy Families					
			67,333	-	-
Division of Social Services					
Administration:					
<u>Special Children Adoption Fund Cluster (Note 3)</u>					
MaryLee Allen Promoting Safe and Stable Families Program					
	93.556	G2001NCFPSS	2,589	-	-
Stephanie Tubbs Jones Child Welfare Services Program					
	93.645	G2001NCCWSS	6,567	-	-
Total Special Children Adoption Fund Cluster (Note 3)					
			9,156	-	-
Social Services Block Grant					
	93.667	G2001NCSOSR	251,140	-	-
Low-Income Home Energy Assistance					
	93.568	G20B1NCLIEA	529,978	-	-
COVID-19 - Low-Income Home Energy Assistance					
	93.568	G20B1NCLIEA	427,099	-	-
Child Support Enforcement					
	93.563	G2004NC4005	509,738	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood					
	93.674	2001NCC1LP	4,710	1,177	-
Total Administration for Children and Families					
			2,428,961	92,623	-

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
Administration for Community Living					
Passed-through the Lumber River Council of Governments					
Division of Aging and Adult Services:					
<u>Aging Cluster:</u>					
Special Programs for the Aging - Title III, Part C, Nutrition Services:					
Families First Coronavirus Response Act -					
Congregate Nutrition Services	93.045	ZGA380-A	8,291	-	-
COVID-19 - Congregate Nutrition Services (CARES)	93.045	ZGA380-A	638	-	-
Supplemental 5 - Congregate Nutrition	93.045	ZGA380-A	10,000	-	-
Home-Delivered Nutrition Services	93.045	ZGA380-A	50,712	2,983	-
COVID-19 - Home-Delivered Nutrition Services (CARES)	93.045	ZGA380-A	20,900	-	-
Families First Coronavirus Response Act - Home-Delivered	93.045		15,036	-	-
Supplemental 5 Home Delivered Nutrition	93.045	ZGA380-A	10,192	-	-
Special Programs for the Aging - Title III, Part B Grants					
for Supportive					
Services and Senior Centers:					
Social Services Block Grant - In-Home Services	93.044	ZGA380-A	25,424	1,497	-
Social Services Block Grant - COVID-19 -					
In-Home Services (CARES)	93.044	ZGA380-A	16,051	-	-
Social Services Block Grant - Access Services	93.044	ZGA380-A	29,966	1,763	-
Nutrition Services Incentive Program	93.053	ZGA380-A	28,609	-	-
State appropriations:					
90% State Funds - In-Home Services		ZGA380-A	-	7,320	-
90% State Funds - Home Delivered Meals		ZGA380-A	-	128,100	-
90% State Funds - Access		ZGA380-A	-	16,126	-
Total Aging Cluster			215,819	157,789	-
Social Services Block Grant	93.667	ZGA380-A	7,603	217	-
Total Division of Aging and Adult Services			223,422	158,006	-
Passed-through N.C. Department of Insurance - SHIIP Division					
State Health Insurance Assistance Program	93.324	90SAPG0027-03-02	3,773	-	-
Medicare Enrollment Assistance Program	93.071	1801NCMISH-01	3,698	-	-
Total Administration for Community Living			230,893	158,006	-
Total U.S. Department of Health and Human Services			5,195,904	258,151	-
U.S. Department of Homeland Security					
Federal Emergency Management Agency					
Passed-through the N.C. Department of Public Safety					
Homeland Security Grant Program	97.067	EMW-2019-SS-00057	6,500	-	-
Disaster Grants - Public Assistance (Presidentially					
Declared Disaster) - Hurricane Florence	97.036	FEMA-4393-DR-NC	51,618	-	-
Emergency Management Performance Grants	97.042	EMA-2020-EP-00009- 2020046	62,214	-	-
Total U.S. Department of Homeland Security			120,332	-	-
Office of Justice Programs					
Passed through the N.C. Department of Public Safety					
Governor's Crime Commission					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	C1GWSADARX51	-	21,325	-
Total U.S. Dept. of Justice			-	21,325	-

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
U.S. Department of Treasury					
Direct Program:					
Equitable Sharing	21.016	NC0470000	36,242	-	-
Total U.S. Dept. of Treasury			<u>36,242</u>	<u>-</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>7,380,236</u>	<u>340,775</u>	<u>-</u>
STATE AWARDS:					
N.C. Dept of Health and Human Services					
Division of Social Services:					
Administration:					
DCD Smart Start			-	20,000	-
ST Child Welfare/CPS/CS LD			-	15,734	-
Energy Assistance Private Grants			-	861	-
IV-B EFT CHAF INDEP LIV			-	53,117	-
Direct benefits:					
SFHF Maximization			-	29,934	-
State Foster Home			-	11,429	-
Total Division of Social Services			<u>-</u>	<u>131,075</u>	<u>-</u>
Passed through the Lumber River Council of Governments					
Division of Aging and Adult Services:					
Division of Social Services:					
Senior Program General Purposes			-	3,563	-
Total Division of Aging and Adult Services			<u>-</u>	<u>3,563</u>	<u>-</u>
Division of Public Health:					
Other Receipts / State Supported Expenditures					
Food and Lodging Fees		11534752SZ	-	7,683	-
Public Health Capacity Building			-	99,374	-
General Communicable Disease Control		1175451000	-	3,652	-
Breast and Cervical Cancer		1320335504; 1320559900	-	6,500	-
Health Communities		1261550300	-	3,747	-
Child Health		1271574500	-	14,231	-
Family Planning - State		13A1573500	-	7,709	-
Maternal Health		13A1574000	-	47,274	-
HIV/STD State		13114536BN; 13114536RR	-	3,099	-
Women Health Service Fund		13A16020FR	-	8,107	-
Tuberculosis Control		1460455100; 1460455400	-	13,282	-
School Nursing Funding Initiative		1332535800	-	150,000	150,000
Total Division of Public Health			<u>-</u>	<u>364,658</u>	<u>150,000</u>
Total N.C. Dept of Health and Human Services			<u>-</u>	<u>499,296</u>	<u>150,000</u>
N.C. Dept of Transportation					
Rural Operating Assistance Program (ROAP) Cluster					
State Maintenance Assistance for Urban and Small Urban Program (SMAP)					
ROAP Elderly and Disabled Transportation Assistance Program	DOT-16CL	36220.10.10.1	-	63,884	-
ROAP Rural General Public Program	DOT-16CL	36228.22.10.1	-	59,410	-
ROAP Employment	DOT-16CL	36236.11.9.1	-	14,262	-
Total ROAP Cluster			<u>-</u>	<u>137,556</u>	<u>-</u>
Total N.C. Dept of Transportation			<u>-</u>	<u>137,556</u>	<u>-</u>

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
N.C. Dept of Public Safety					
Juvenile Crime Prevention Programs			-	165,302	-
Total N.C. Dept of Public Safety			-	165,302	-
Single Family Rehab Disaster Recovery		SFRD18	-	78,860	-
Urgent Home Repair 2020		URP-20	-	40,190	-
Urgent Home Repair 2021		URP-21	-	70,805	-
Total N.C. Housing Finance Agency			-	189,855	-
N.C. Office of Recovery and Resiliency					
State Grants for Financially Distressed Local Governments		NCORR-FDLG-028	-	67,017	-
TOTAL STATE ASSISTANCE			-	1,059,026	150,000
TOTAL FEDERAL AND STATE ASSISTANCE			<u>\$ 7,380,236</u>	<u>\$ 1,399,801</u>	<u>\$ 150,000</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of Hoke County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of 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 the 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 Program Cluster, Foster Care, Adoption, and Guardianship Assistance Program Cluster, Special Children Adoption Fund Cluster, and Highway Planning, Research and Construction Cluster.

Note 4: Indirect Cost Rate

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