

**HOKE COUNTY  
NORTH CAROLINA**

**ANNUAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2021**

**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, 2021**

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

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

## **Independent Auditor's Report**

To the Board of Commissioners  
Hoke County  
Raeford, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hoke County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hoke County, North Carolina, as of June 30, 2021, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in the notes to the financial statements, for the fiscal year ended June 30, 2021, Hoke County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of the County's Proportionate Share of Net Pension (Liability) Asset and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered-Employee Payroll be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

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

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2021 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  
December 17, 2021

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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, 2021. 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

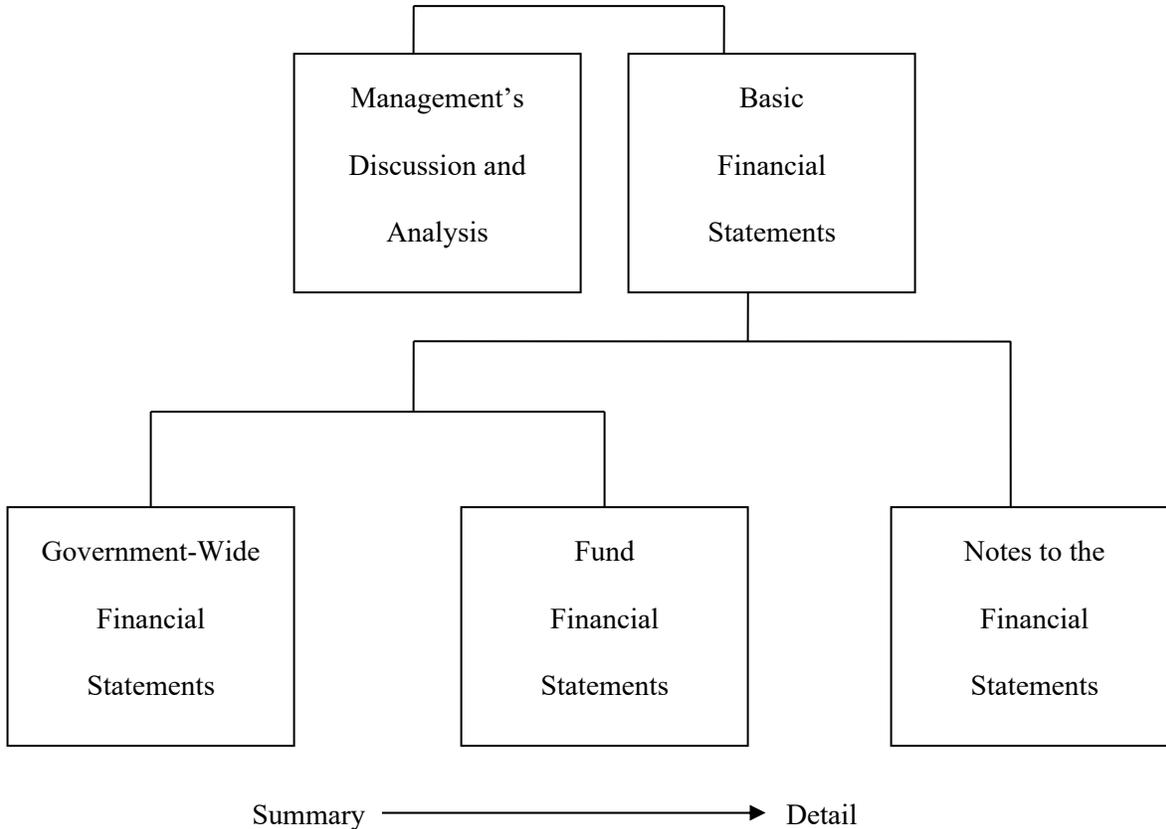
- The assets and deferred outflows of resources of Hoke County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$91,936,630 (net position).
- The County's total net position increased by \$10,719,658, primarily due to increased net position in the governmental activities.
- As of the close of the current fiscal year, Hoke County's governmental funds reported combined ending fund balances of \$61,932,233, after a net increase in fund balance of \$28,576,209. Approximately 49.89% of this total amount, or \$30,897,589, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$26,035,140, or 39.54%, of total General Fund expenditures and transfers out for the fiscal year. Total fund balance of the General Fund, \$35,692,859, was 54.20% of total General Fund expenditures and transfers out for the year.
- Hoke County's total debt increased by \$21,308,945. The increase was mainly due to debt refunding and issuance of the 2021 limited obligation bonds.
- 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 upgraded the County's general obligation bonds to 'Aa2' from 'Aa3' and the outstanding limited obligation bonds to 'Aa3' from 'A1'.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Hoke County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Hoke County.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits C through 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 78 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 \$91,936,630 as of June 30, 2021. The County's net position increased by \$10,719,658 in the same period. One of the largest portions, \$65,871,238, 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, \$8,393,553 (9.13%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$17,671,839 is unrestricted.

## Hoke County's Net Position

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets:</b>						
Current and other assets	\$ 67,342,388	\$ 38,647,329	\$ 19,392,239	\$ 18,204,056	\$ 86,734,627	\$ 56,851,385
Capital assets, net of depreciation	35,195,848	29,415,986	63,496,267	65,102,683	98,692,115	94,518,669
Total assets	<u>102,538,236</u>	<u>68,063,315</u>	<u>82,888,506</u>	<u>83,306,739</u>	<u>185,426,742</u>	<u>151,370,054</u>
<b>Deferred Outflows of Resources</b>	<u>6,427,860</u>	<u>4,133,119</u>	<u>589,079</u>	<u>398,175</u>	<u>7,016,939</u>	<u>4,531,294</u>
<b>Liabilities:</b>						
Long-term liabilities outstanding	50,595,933	28,571,870	21,561,334	22,535,620	72,157,267	51,107,490
Other liabilities	22,679,226	18,355,800	4,532,798	3,910,994	27,212,024	22,266,794
Total liabilities	<u>73,275,159</u>	<u>46,927,670</u>	<u>26,094,132</u>	<u>26,446,614</u>	<u>99,369,291</u>	<u>73,374,284</u>
<b>Deferred Inflows of Resources</b>	<u>1,062,949</u>	<u>1,245,318</u>	<u>74,811</u>	<u>96,156</u>	<u>1,137,760</u>	<u>1,341,474</u>
<b>Net Position:</b>						
Net investment in capital assets	24,964,210	20,265,313	40,907,028	41,694,183	65,871,238	61,959,496
Restricted	8,393,553	9,449,655	-	-	8,393,553	9,449,655
Unrestricted	1,270,225	(5,691,522)	16,401,614	15,467,961	17,671,839	9,776,439
Total net position	<u>\$ 34,627,988</u>	<u>\$ 24,023,446</u>	<u>\$ 57,308,642</u>	<u>\$ 57,162,144</u>	<u>\$ 91,936,630</u>	<u>\$ 81,185,590</u>

## Hoke County's Changes in Net Position

**Figure 3**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 5,827,350	\$ 4,576,798	\$ 11,195,118	\$ 11,868,612	\$ 17,022,468	\$ 16,445,410
Operating grants	9,824,570	10,469,879	59,142	-	9,883,712	10,469,879
Capital grants	130,000	-	-	74,347	130,000	74,347
General revenues:						
Property taxes	32,166,023	30,634,362	-	-	32,166,023	30,634,362
Other taxes	13,919,635	11,759,939	-	-	13,919,635	11,759,939
Unrestricted:						
Intergovernmental	234,123	242,737	-	-	234,123	242,737
Miscellaneous	-	-	17,732	-	17,732	-
Investment income	13,812	581,965	41,792	42,814	55,604	624,779
Total revenues	<u>62,115,513</u>	<u>58,265,680</u>	<u>11,313,784</u>	<u>11,985,773</u>	<u>73,429,297</u>	<u>70,251,453</u>
<b>Expenses:</b>						
General government	8,602,376	8,190,559	-	-	8,602,376	8,190,559
Public safety	16,396,185	17,744,520	-	-	16,396,185	17,744,520
Economic and						
physical development	1,011,443	828,826	-	-	1,011,443	828,826
Human services	8,344,640	7,600,952	-	-	8,344,640	7,600,952
Cultural and recreational	6,571,024	6,215,550	-	-	6,571,024	6,215,550
Transportation	1,243,098	1,486,726	-	-	1,243,098	1,486,726
Education	7,657,475	7,765,076	-	-	7,657,475	7,765,076
Interest on long-term debt	1,716,112	1,165,862	-	-	1,716,112	1,165,862
Water Fund	-	-	8,135,171	7,865,310	8,135,171	7,865,310
Sanitation	-	-	3,032,115	2,927,718	3,032,115	2,927,718
Total expenses	<u>51,542,353</u>	<u>50,998,071</u>	<u>11,167,286</u>	<u>10,793,028</u>	<u>62,709,639</u>	<u>61,791,099</u>
Change in net position	<u>10,573,160</u>	<u>7,267,609</u>	<u>146,498</u>	<u>1,192,745</u>	<u>10,719,658</u>	<u>8,460,354</u>
<b>Net Position:</b>						
Beginning of year - July 1	24,023,446	16,755,837	57,162,144	55,969,399	81,185,590	72,725,236
Restatement	31,382	-	-	-	31,382	-
Beginning of year - July 1, as restated	<u>24,054,828</u>	<u>16,755,837</u>	<u>57,162,144</u>	<u>55,969,399</u>	<u>81,216,972</u>	<u>72,725,236</u>
End of year - June 30	<u>\$ 34,627,988</u>	<u>\$ 24,023,446</u>	<u>\$ 57,308,642</u>	<u>\$ 57,162,144</u>	<u>\$ 91,936,630</u>	<u>\$ 81,185,590</u>

**Governmental Activities.** Governmental activities increased the County's net position by \$10,573,160 mainly due to increases in cash and capital assets.

**Business-Type Activities.** Business-type activities increased the County's net position by \$146,498 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 \$29,960,143, while total fund balance reached \$35,692,859. The County currently has an available fund balance of 45.50% of total General Fund expenditures and transfers out, while total fund balance represents 54.20% of that same amount.

At June 30, 2021, the governmental funds of Hoke County reported a combined fund balance of \$61,932,233, a 85.75% increase over last year. This increase is mainly due to an increase in fund balance of the major Administrative Capital Projects Fund of \$23,177,733. The County is in the process of building a new aquatic center and issued debt during FY 2021. The total debt issued for the project as of June 30, 2021 was \$24,413,134. Due to the project in the beginning stages, there was unspent debt proceeds at the end of the year of \$21,961,542.

**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 \$19,960,069 (36.10%). The largest part of the increase was for debt issuance to refund existing debt in the General Fund.

**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 \$10,238,533 and \$6,163,081 for the Solid Waste Fund. The Water and Sewer District Fund reported a decrease in net position of \$210,933, and the Solid Waste Fund reported a growth in net position of \$357,431 for a combined total increase in net position of \$146,498.

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, 2021 totals \$98,692,115 (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 12 vehicles in the General Fund
- Completion of generator project for the Detention Center
- Purchase of 7 vehicles for the Water and Sewer Department
- Completion of Robert A. Wright Agricultural Building
- Completion of Emergency Management Building
- Continued Water Sewer infrastructure improvements and purchase of UV Disinfection System
- Purchase of new voting equipment for Elections
- Purchase of digital billboard

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,680,785	\$ 3,680,785	\$ 671,456	\$ 671,456	\$ 4,352,241	\$ 4,352,241
Land improvements	279,332	-	-	-	279,332	-
Building	21,765,531	16,606,748	61,450,092	63,208,686	83,215,623	79,815,434
Equipment	1,091,500	860,065	797,201	699,400	1,888,701	1,559,465
Vehicles	1,657,108	1,603,792	543,639	518,351	2,200,747	2,122,143
Construction in progress	6,721,592	6,664,596	33,879	4,790	6,755,471	6,669,386
Total	<u>\$ 35,195,848</u>	<u>\$ 29,415,986</u>	<u>\$ 63,496,267</u>	<u>\$ 65,102,683</u>	<u>\$ 98,692,115</u>	<u>\$ 94,518,669</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, 2021, Hoke County had total debt outstanding of \$75,245,053.

**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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General obligation bonds - direct placement	\$ -	\$ 5,700,000	\$ 2,184,000	\$ 2,596,000	\$ 2,184,000	\$ 8,296,000
Installment purchases - direct placement	426,667	9,528,364	-	-	426,667	9,528,364
Installment purchases - direct borrowing	-	-	467,500	637,500	467,500	637,500
Revenue bonds - direct placement	-	-	11,201,000	20,175,000	11,201,000	20,175,000
Limited obligation bonds - direct placement	46,425,398	15,171,269	7,585,000	-	54,010,398	15,171,269
Bond premium	5,803,749	-	1,151,739	-	6,955,488	-
Capital leases	-	127,975	-	-	-	127,975
<b>Total</b>	<u>\$ 52,655,814</u>	<u>\$ 30,527,608</u>	<u>\$ 22,589,239</u>	<u>\$ 23,408,500</u>	<u>\$ 75,245,053</u>	<u>\$ 53,936,108</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 upgraded the County’s general obligation bonds to ‘Aa2’ from ‘Aa3’ and the outstanding limited obligation bonds to ‘Aa3’ from ‘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 \$264,219,000.

Additional information regarding Hoke County’s long-term debt can be found in Note 2.B. beginning on page 66 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 planned construction of the County’s James A. Leach Aquatic and Recreation Center.

The County continued to take a fiscally conservative approach in preparing and adopting the fiscal year 2022 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, 2022**

**Governmental Activities.** The valuation of property for the upcoming year is estimated to be \$3.8 billion. This is consistent with last year. The tax rate remains \$.75 per one hundred dollars of valuation of property listed as of January 1, 2021.

Budgeted expenditures in the General Fund are expected to increase to \$57,625,706 compared to an original budget of \$55,284,211 in fiscal year 2021. This is primarily due to modest increases in salaries and benefits.

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

**Governmental Activities.** Property taxes are expected to reflect 49.7% of the total General Fund budget of \$57.6 million.

The largest component of General Fund expenditures is expected to be employee compensation, which represents 47.21% 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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hoke County ABC Board
<b>Assets:</b>				
Cash and cash equivalents	\$ 36,702,334	\$ 16,318,352	\$ 53,020,686	\$ 701,942
Receivables, net	7,367,114	1,183,454	8,550,568	-
Inventories	8,977	373,604	382,581	300,272
Prepaid expenses	642,879	-	642,879	45,812
Non-current assets:				
Restricted cash and cash equivalents	22,503,379	1,516,829	24,020,208	-
Net pension asset	117,705	-	117,705	-
Other assets	-	-	-	3,963
Capital assets:				
Land, improvements, and construction in progress	10,402,377	705,335	11,107,712	3,000
Other capital assets, net of depreciation	24,793,471	62,790,932	87,584,403	152,424
Capital assets, net	<u>35,195,848</u>	<u>63,496,267</u>	<u>98,692,115</u>	<u>155,424</u>
Total assets	<u>102,538,236</u>	<u>82,888,506</u>	<u>185,426,742</u>	<u>1,207,413</u>
<b>Deferred Outflows of Resources:</b>				
OPEB deferrals	1,440,698	142,487	1,583,185	-
Pension deferrals	4,987,162	446,592	5,433,754	23,424
Total deferred outflows of resources	<u>6,427,860</u>	<u>589,079</u>	<u>7,016,939</u>	<u>23,424</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	2,838,761	368,607	3,207,368	186,009
Advances from grantor	351,036	-	351,036	-
Accrued interest payable	105,220	32,582	137,802	-
Due in less than one year	3,346,146	1,140,799	4,486,945	32,276
Payable from restricted assets	12,638	1,516,829	1,529,467	-
Non-current liabilities:				
Net pension liability - LGERS	8,031,339	794,309	8,825,648	-
Total pension liability - LEOSA	1,321,460	-	1,321,460	-
Total OPEB liability	6,672,626	679,672	7,352,298	-
Due in more than one year	50,595,933	21,561,334	72,157,267	55,388
Total liabilities	<u>73,275,159</u>	<u>26,094,132</u>	<u>99,369,291</u>	<u>273,673</u>
<b>Deferred Inflows of Resources:</b>				
OPEB deferrals	696,050	68,841	764,891	-
Pension deferrals	195,902	5,970	201,872	11,347
Prepaid taxes	170,997	-	170,997	-
Total deferred inflows of resources	<u>1,062,949</u>	<u>74,811</u>	<u>1,137,760</u>	<u>11,347</u>
<b>Net Position:</b>				
Net investment in capital assets	24,964,210	40,907,028	65,871,238	155,424
Restricted:				
Stabilization by state statute	5,448,096	-	5,448,096	-
Human services	1,113,719	-	1,113,719	-
Register of Deeds	113,263	-	113,263	-
Register of Deeds' pension plan	109,362	-	109,362	-
Public safety	1,609,113	-	1,609,113	-
Working capital	-	-	-	134,810
Unrestricted	<u>1,270,225</u>	<u>16,401,614</u>	<u>17,671,839</u>	<u>655,583</u>
Total net position	<u>\$ 34,627,988</u>	<u>\$ 57,308,642</u>	<u>\$ 91,936,630</u>	<u>\$ 945,817</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, 2021**

	<b>Program Revenues</b>			
<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 8,602,376	\$ 2,823,886	\$ 1,201,309	\$ -
Public safety	16,396,185	884,058	479,854	-
Economic and physical development	1,011,443	15,981	-	-
Human services	8,344,640	258,970	7,123,886	-
Cultural and recreational	6,571,024	26,190	4,899	-
Transportation	1,243,098	56,016	1,014,622	130,000
Education	7,657,475	1,762,249	-	-
Interest on long-term debt	1,716,112	-	-	-
Total governmental activities	<u>51,542,353</u>	<u>5,827,350</u>	<u>9,824,570</u>	<u>130,000</u>
<b>Business-Type Activities:</b>				
Water and sewer	8,135,171	7,906,506	-	-
Landfill	3,032,115	3,288,612	59,142	-
Total business-type activities	<u>11,167,286</u>	<u>11,195,118</u>	<u>59,142</u>	<u>-</u>
Total primary government	<u>\$ 62,709,639</u>	<u>\$ 17,022,468</u>	<u>\$ 9,883,712</u>	<u>\$ 130,000</u>
<b>Component Unit:</b>				
ABC Board	<u>\$ 4,166,474</u>	<u>\$ 4,529,755</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, 2021

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hoke County ABC Board
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ (4,577,181)	\$ -	\$ (4,577,181)	
Public safety	(15,032,273)	-	(15,032,273)	
Economic and physical development	(995,462)	-	(995,462)	
Human services	(961,784)	-	(961,784)	
Cultural and recreational	(6,539,935)	-	(6,539,935)	
Transportation	(42,460)	-	(42,460)	
Education	(5,895,226)	-	(5,895,226)	
Interest on long-term debt	(1,716,112)	-	(1,716,112)	
Total governmental activities	<u>(35,760,433)</u>	<u>-</u>	<u>(35,760,433)</u>	
<b>Business-Type Activities:</b>				
Water and sewer	-	(228,665)	(228,665)	
Landfill	-	315,639	315,639	
Total business-type activities	<u>-</u>	<u>86,974</u>	<u>86,974</u>	
Total primary government	<u>(35,760,433)</u>	<u>86,974</u>	<u>(35,673,459)</u>	
<b>Component Unit:</b>				
ABC Board				<u>\$ 363,281</u>
<b>General Revenues:</b>				
<b>Taxes:</b>				
Ad valorem taxes	32,166,023	-	32,166,023	-
Local option sales tax	13,899,670	-	13,899,670	-
Other taxes	19,965	-	19,965	-
Miscellaneous	-	17,732	17,732	-
Unrestricted intergovernmental	234,123	-	234,123	-
Investment earnings	13,812	41,792	55,604	51
Total general revenues	<u>46,333,593</u>	<u>59,524</u>	<u>46,393,117</u>	<u>51</u>
Change in net position	<u>10,573,160</u>	<u>146,498</u>	<u>10,719,658</u>	<u>363,332</u>
<b>Net Position:</b>				
Beginning of year - July 1	24,023,446	57,162,144	81,185,590	582,485
Restatement	31,382	-	31,382	-
Beginning of year - July 1, as restated	<u>24,054,828</u>	<u>57,162,144</u>	<u>81,216,972</u>	<u>582,485</u>
End of year - June 30	<u>\$ 34,627,988</u>	<u>\$ 57,308,642</u>	<u>\$ 91,936,630</u>	<u>\$ 945,817</u>

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

HOKE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021

	<u>Major</u>		<u>Nonmajor</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General</u> <u>Fund</u>	<u>Administrative</u> <u>Capital</u> <u>Projects Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 31,746,701	\$ 4,246,351	\$ 709,282	\$ 36,702,334
Taxes receivable, net	1,648,403	-	140,615	1,789,018
Accounts receivable, net	5,082,927	130,000	62,206	5,275,133
Note receivable	-	-	302,963	302,963
Inventory	8,977	-	-	8,977
Prepays	640,812	-	2,067	642,879
Restricted cash and cash equivalents	190,801	21,961,542	351,036	22,503,379
Total assets	<u>\$ 39,318,621</u>	<u>\$ 26,337,893</u>	<u>\$ 1,568,169</u>	<u>\$ 67,224,683</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,793,724	\$ 949,350	\$ 95,687	\$ 2,838,761
Advances from grantor	-	-	351,036	351,036
Liabilities payable from restricted assets	12,638	-	-	12,638
Total liabilities	<u>1,806,362</u>	<u>949,350</u>	<u>446,723</u>	<u>3,202,435</u>
<b>Deferred Inflows of Resources:</b>				
Taxes receivable	1,648,403	-	140,615	1,789,018
Prepaid taxes	170,997	-	-	170,997
Unavailable revenues - grants	-	130,000	-	130,000
Total deferred inflows of resources	<u>1,819,400</u>	<u>130,000</u>	<u>140,615</u>	<u>2,090,015</u>
<b>Fund Balances:</b>				
Non-spendable:				
Inventories	8,977	-	-	8,977
Prepaid items	640,812	-	2,067	642,879
Restricted:				
Stabilization by state statute	5,082,927	-	365,169	5,448,096
Human services	1,076,156	-	37,563	1,113,719
Register of Deeds	113,263	-	-	113,263
Cultural and recreational	-	21,961,542	-	21,961,542
Public safety	986,444	-	622,669	1,609,113
Committed	178,163	3,297,001	-	3,475,164
Assigned	1,570,977	-	292,012	1,862,989
Unassigned	26,035,140	-	(338,649)	25,696,491
Total fund balances	<u>35,692,859</u>	<u>25,258,543</u>	<u>980,831</u>	<u>61,932,233</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 39,318,621</u>	<u>\$ 26,337,893</u>	<u>\$ 1,568,169</u>	<u>\$ 67,224,683</u>

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

**HOKE COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021**

		<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances		\$ 61,932,233
Capital assets used in governmental activities are not financial resources and, therefore, are not reported:		
Total capital assets	\$ 49,844,615	
Less accumulated depreciation	<u>(14,648,767)</u>	
Net capital assets	<u>\$ 35,195,848</u>	35,195,848
Net pension asset		117,705
Net pension liability (LGERS)		(8,031,339)
Total pension liability (LEOSSA)		(1,321,460)
Total OPEB liability		(6,672,626)
Deferred inflows of resources related to pensions are not are not reported in the funds.		
ROD	\$ (25,477)	
LGERS	(60,365)	
LEOSSA	<u>(110,060)</u>	
	<u>\$ (195,902)</u>	(195,902)
Deferred inflows of resources related to OPEB are not reported in the funds.		(696,050)
Deferred outflows of resources related to pensions are not reported in the funds.		
ROD	\$ 17,134	
LGERS	4,515,551	
LEOSSA	<u>454,477</u>	
	<u>\$ 4,987,162</u>	4,987,162
Deferred outflows of resources related to OPEB are not reported in the funds.		1,440,698
Liabilities for deferred inflows in the fund statements but not the government-wide statements		1,919,018
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bond and installment financing	\$ (52,655,814)	
Accrued interest payable	(105,220)	
Compensated absences	<u>(1,286,265)</u>	
Total	<u>\$ (54,047,299)</u>	<u>(54,047,299)</u>
Net position of governmental activities		<u>\$ 34,627,988</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, 2021

	Major		Nonmajor	Total Governmental Funds
	General Fund	Administrative Capital Projects Fund	Other Governmental Funds	
<b>Revenues:</b>				
Ad valorem taxes	\$ 29,376,103	\$ -	\$ 2,878,152	\$ 32,254,255
Local option sales taxes	13,899,670	-	-	13,899,670
Other taxes and licenses	19,965	-	-	19,965
Unrestricted intergovernmental	234,123	-	-	234,123
Restricted intergovernmental	10,677,647	-	939,820	11,617,467
E-911 wireless	-	-	301,261	301,261
Permits and fees	2,266,478	-	-	2,266,478
Sales and services	1,512,577	-	-	1,512,577
Investment earnings	13,812	-	-	13,812
Miscellaneous	-	4,739	-	4,739
Total revenues	<u>58,000,375</u>	<u>4,739</u>	<u>4,119,233</u>	<u>62,124,347</u>
<b>Expenditures:</b>				
Current:				
General government	9,171,084	-	388,449	9,559,533
Public safety	12,220,443	-	3,236,975	15,457,418
Economic and physical development	720,782	130,000	181,386	1,032,168
Human services	12,619,892	-	184,469	12,804,361
Cultural and recreational	1,197,471	5,110,140	-	6,307,611
Transportation	1,141,666	-	-	1,141,666
Education	7,657,475	-	-	7,657,475
Debt service:				
Principal retirements	15,405,543	-	-	15,405,543
Interest and fees	1,716,112	-	-	1,716,112
Total expenditures	<u>61,850,468</u>	<u>5,240,140</u>	<u>3,991,279</u>	<u>71,081,887</u>
Revenues over (under) expenditures	<u>(3,850,093)</u>	<u>(5,235,401)</u>	<u>127,954</u>	<u>(8,957,540)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	11,235,000	20,495,000	-	31,730,000
Premium on issuance of debt	1,885,615	3,918,134	-	5,803,749
Transfers in	-	4,000,000	-	4,000,000
Transfers out	(4,000,000)	-	-	(4,000,000)
Total other financing sources (uses)	<u>9,120,615</u>	<u>28,413,134</u>	<u>-</u>	<u>37,533,749</u>
Net change in fund balances	<u>5,270,522</u>	<u>23,177,733</u>	<u>127,954</u>	<u>28,576,209</u>
<b>Fund Balances:</b>				
Beginning of year - July 1	30,422,337	2,080,810	821,495	33,324,642
Restatement	-	-	31,382	31,382
Beginning of year - July 1, as restated	<u>30,422,337</u>	<u>2,080,810</u>	<u>852,877</u>	<u>33,356,024</u>
End of year - June 30	<u>\$ 35,692,859</u>	<u>\$ 25,258,543</u>	<u>\$ 980,831</u>	<u>\$ 61,932,233</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, 2021**

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)	\$ 28,576,209
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities:	
Current year capital outlay	7,023,232
Loss on disposal	(17,604)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not the fund statements	(1,225,766)
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.	(37,533,749)
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.	15,405,543
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.	87,564
Pension expense - LEOSSA	(149,635)
Pension expense - LGERS	(1,111,842)
Pension expense - ROD	15,962
OPEB plan expense	(487,920)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements.	<u>(8,834)</u>
Changes in net position of governmental activities (Exhibit B)	<u>\$ 10,573,160</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, 2021**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 27,462,344	\$ 27,462,344	\$ 29,376,103	\$ 1,913,759
Local option sales taxes	7,955,979	9,058,129	13,899,670	4,841,541
Other taxes and licenses	10,200	10,200	19,965	9,765
Unrestricted intergovernmental	192,200	192,200	234,123	41,923
Restricted intergovernmental	11,063,346	12,090,506	10,677,647	(1,412,859)
Permits and fees	1,681,817	1,681,817	2,266,478	584,661
Sales and services	965,116	966,116	1,512,577	546,461
Investment earnings	300,000	300,000	13,812	(286,188)
Total revenues	<u>49,631,002</u>	<u>51,761,312</u>	<u>58,000,375</u>	<u>6,239,063</u>
<b>Expenditures:</b>				
Current:				
General government	10,890,570	11,846,664	8,971,182	2,875,482
Public safety	14,254,072	14,659,063	12,202,237	2,456,826
Economic and physical development	834,439	862,081	720,782	141,299
Human services	13,311,195	14,328,278	12,619,892	1,708,386
Cultural and recreational	1,317,819	1,337,819	1,197,471	140,348
Transportation	2,519,176	2,519,176	1,141,666	1,377,510
Intergovernmental - education	7,699,885	7,699,885	7,657,475	42,410
Debt service:				
Principal retirements	2,628,759	16,076,790	15,405,543	671,247
Interest and fees	1,704,884	1,716,112	1,716,112	-
Total expenditures	<u>55,160,799</u>	<u>71,045,868</u>	<u>61,632,360</u>	<u>9,413,508</u>
Revenues over (under) expenditures	<u>(5,529,797)</u>	<u>(19,284,556)</u>	<u>(3,631,985)</u>	<u>15,652,571</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(123,412)	(4,198,412)	(4,123,412)	75,000
Long-term debt issued	-	11,573,644	11,235,000	338,644
Premium on debt issued	-	1,885,615	1,885,615	-
Appropriated fund balance	5,653,209	10,023,709	-	10,023,709
Total other financing sources (uses)	<u>5,529,797</u>	<u>19,284,556</u>	<u>8,997,203</u>	<u>(10,287,353)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	5,365,218	<u>\$ 5,365,218</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>30,025,878</u>	
End of year - June 30			<u>\$ 35,391,096</u>	

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

## HOKE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

	<b>Major</b>		<b>Total</b>
	<b>Water and Sewer District</b>	<b>Solid Waste</b>	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 9,815,109	\$ 6,503,243	\$ 16,318,352
Accounts receivable, net	962,026	221,428	1,183,454
Inventories	373,604	-	373,604
Total current assets	<u>11,150,739</u>	<u>6,724,671</u>	<u>17,875,410</u>
Non-current assets:			
Restricted cash and cash equivalents	1,516,829	-	1,516,829
Land and construction in progress	522,683	182,652	705,335
Other capital assets, net of depreciation	61,546,781	1,244,151	62,790,932
Total non-current assets	<u>63,586,293</u>	<u>1,426,803</u>	<u>65,013,096</u>
Total assets	<u>74,737,032</u>	<u>8,151,474</u>	<u>82,888,506</u>
<b>Deferred Outflows of Resources:</b>			
OPEB deferrals	95,537	46,950	142,487
Pension deferrals	297,728	148,864	446,592
Total deferred outflows of resources	<u>393,265</u>	<u>195,814</u>	<u>589,079</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	165,024	203,583	368,607
Accrued interest expense	32,582	-	32,582
Compensated absences	45,530	10,917	56,447
Current portion of long-term debt	1,084,352	-	1,084,352
Liabilities to be paid from restricted assets:			
Customer deposits	1,516,829	-	1,516,829
Total current liabilities	<u>2,844,317</u>	<u>214,500</u>	<u>3,058,817</u>
Non-current liabilities:			
Net pension liability	529,539	264,770	794,309
Total OPEB liability	437,581	242,091	679,672
Long-term obligations	21,550,417	10,917	21,561,334
Total non-current liabilities	<u>22,517,537</u>	<u>517,778</u>	<u>23,035,315</u>
Total liabilities	<u>25,361,854</u>	<u>732,278</u>	<u>26,094,132</u>
<b>Deferred Inflows of Resources:</b>			
OPEB deferrals	45,705	23,136	68,841
Pension deferrals	3,980	1,990	5,970
Total deferred inflows of resources	<u>49,685</u>	<u>25,126</u>	<u>74,811</u>
<b>Net Position:</b>			
Net investment in capital assets	39,480,225	1,426,803	40,907,028
Unrestricted	10,238,533	6,163,081	16,401,614
Total net position	<u>\$ 49,718,758</u>	<u>\$ 7,589,884</u>	<u>\$ 57,308,642</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, 2021

	<b>Major</b>		<b>Total</b>
	<b>Water and Sewer District</b>	<b>Solid Waste</b>	
<b>Operating Revenues:</b>			
Water and sewer charges	\$ 6,993,883	\$ -	\$ 6,993,883
Tap and impact fees	833,707	-	833,707
Solid waste collection fees	-	3,112,223	3,112,223
Other operating revenues	78,916	176,389	255,305
Total operating revenues	<u>7,906,506</u>	<u>3,288,612</u>	<u>11,195,118</u>
<b>Operating Expenses:</b>			
Water administration	1,279,401	-	1,279,401
Water treatment	1,130,122	-	1,130,122
Water distribution	1,534,753	-	1,534,753
Sewer operations	493,381	-	493,381
Sewer plant operations	841,077	-	841,077
Landfill operations	-	2,874,140	2,874,140
Depreciation	2,049,872	157,975	2,207,847
Total operating expenses	<u>7,328,606</u>	<u>3,032,115</u>	<u>10,360,721</u>
Operating income (loss)	<u>577,900</u>	<u>256,497</u>	<u>834,397</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	-	41,792	41,792
Non-capital grants	-	59,142	59,142
Miscellaneous	17,732	-	17,732
Interest and other charges	(806,565)	-	(806,565)
Total non-operating revenues (expenses)	<u>(788,833)</u>	<u>100,934</u>	<u>(687,899)</u>
Change in net position	(210,933)	357,431	146,498
<b>Net Position:</b>			
Beginning of year - July 1	<u>49,929,691</u>	<u>7,232,453</u>	<u>57,162,144</u>
End of year - June 30	<u>\$ 49,718,758</u>	<u>\$ 7,589,884</u>	<u>\$ 57,308,642</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, 2021

	<b>Major</b>		
	<b>Water and Sewer District</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 8,018,303	\$ 3,292,918	\$ 11,311,221
Cash paid for goods and services	(3,703,813)	(2,015,975)	(5,719,788)
Cash paid to employees for services	(1,648,188)	(825,011)	(2,473,199)
Net cash provided (used) by operating activities	<u>2,666,302</u>	<u>451,932</u>	<u>3,118,234</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Non-capital grants	-	59,142	59,142
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Proceeds from debt	8,736,739	-	8,736,739
Principal payments on long-term debt	(9,556,000)	-	(9,556,000)
Interest paid on debt	(825,939)	-	(825,939)
Acquisition and construction of capital assets	(601,431)	-	(601,431)
Net cash provided (used) by capital and related financing activities	<u>(2,246,631)</u>	<u>-</u>	<u>(2,246,631)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	-	41,792	41,792
Net increase (decrease) in cash and cash equivalents	419,671	552,866	972,537
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>10,912,267</u>	<u>5,950,377</u>	<u>16,862,644</u>
End of year - June 30	<u>\$ 11,331,938</u>	<u>\$ 6,503,243</u>	<u>\$ 17,835,181</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	<u>\$ 577,900</u>	<u>\$ 256,497</u>	<u>\$ 834,397</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	2,049,872	157,975	2,207,847
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
(Increase) decrease in accounts receivable	7,411	4,306	11,717
(Increase) decrease in inventory	(227,363)	-	(227,363)
(Increase) decrease in deferred outflows of resources - pensions	(56,099)	(28,051)	(84,150)
Increase (decrease) in net pension liability	132,960	66,480	199,440
Increase (decrease) in deferred inflows of resources - pensions	(3,552)	(1,776)	(5,328)
Increase (decrease) in accounts payable	28,999	9,382	38,381
Increase (decrease) in customer deposits	104,386	-	104,386
Increase (decrease) in deferred inflows of resources - OPEB	(10,731)	(5,286)	(16,017)
(Increase) decrease in deferred outflows of resources - OPEB	(71,525)	(35,229)	(106,754)
Increase (decrease) in OPEB payable	114,587	56,439	171,026
Increase (decrease) in accrued vacation pay	19,457	(28,805)	(9,348)
Total adjustments	<u>2,088,402</u>	<u>195,435</u>	<u>2,283,837</u>
Net cash provided (used) by operating activities	<u>\$ 2,666,302</u>	<u>\$ 451,932</u>	<u>\$ 3,118,234</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, 2021**

	<u>Custodial Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 34,486
Due from other governments	19,506
Taxes receivable for other governments, net	<u>3,827</u>
Total assets	<u>57,819</u>
<b>Liabilities:</b>	
Due to other governments	<u>16,815</u>
<b>Net Position:</b>	
Restricted:	
Individuals, organizations, and other governments	<u><u>\$ 41,004</u></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, 2021

	<b>Custodial Funds</b>
<b>Additions:</b>	
Ad valorem taxes and interest for other governments	\$ 212,236
Collections on behalf of individuals/organizations	<u>70,834</u>
Total additions	<u>283,070</u>
<b>Deductions:</b>	
Tax and interest distributions to other governments	210,317
Payments on behalf of individuals/organizations	<u>67,014</u>
Total deductions	<u>277,331</u>
Net increase (decrease) in fiduciary net position	<u>5,739</u>
Net position, beginning, July 1, as previously reported	-
Prior period restatement - change in accounting principle	<u>35,265</u>
Net position, beginning, as restated	<u>35,265</u>
Net position, ending June 30	<u><u>\$ 41,004</u></u>

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# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 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, 2021

### **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, 2021

The County reports the following major enterprise funds:

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

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

The County reports the following fund types:

**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 nine legally budgeted funds. The Revolving Loan Fund, the Emergency Systems Telephone Fund, the Asset Forfeiture Fund, the Grant Projects Fund, the Fire District Fund, the Representative Payee Fund, and the Multi-Year Grants Fund are reported as nonmajor special revenue funds. The CDBG Capital Projects Fund is reported as a nonmajor capital project fund.

### **Measurement Focus, Basis of Accounting**

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

*Government-Wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

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

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

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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. Except for the Capital Reserve Fund, project ordinances are adopted for the capital project funds and the enterprise capital projects funds, which are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$10,000. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

### **D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity**

#### **Deposits and Investments**

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

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

The County's investments are carried at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio is authorized by G.S. 159-30(c)(8). The Government Portfolio is a 2a7 fund, which invests in treasuries and government agencies and is rated AAAM by S&P and AAA-mf by Moody Investor Services.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

Restricted cash was comprised of the following at June 30, 2021:

#### Governmental Activities:

##### General Fund:

Restricted for revaluation	\$ 178,163
Deposits	12,638

##### Other Governmental Funds:

Unexpended grant proceeds	351,036
Unexpended debt proceeds	<u>21,961,542</u>
Total governmental activities	<u>22,503,379</u>

#### Business-Type Activities

##### Water and Sewer District Fund:

Customer deposits	<u>1,516,829</u>
Total restricted cash	<u>\$ 24,020,208</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 January 1, 2020. 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.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### **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, 2021

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

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

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

### **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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The County's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

### **Management Estimates**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates. A significant area where estimates are made is allowance for doubtful accounts.

### **Net Position/Fund Balances**

#### **Net Position**

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through state statute.

#### **Fund Balances**

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

**Non-Spendable Fund Balance.** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**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 (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.

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

*Restricted for Public Safety* – portion of fund balance that is restricted by revenue source for public safety activities such as building inspections revenue collected for that purpose in the General Fund and fire protection, police, and E911 expenditures in the other governmental funds.

*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.

<b>Purpose</b>	<b>General Fund</b>	<b>Administrative Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Human services	\$ 1,076,156	\$ -	\$ 37,563	\$ 1,113,719
Register of Deeds	113,263	-	-	113,263
Cultural and recreational	-	21,961,542	-	21,961,542
Public safety	986,444	-	622,669	1,609,113
<b>Total</b>	<b>\$ 2,175,863</b>	<b>\$ 21,961,542</b>	<b>\$ 660,232</b>	<b>\$ 24,797,637</b>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$21,961,542 for the major Administrative Capital Projects Fund and the amount of the Register of Deeds' pension plan of \$109,362.

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

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

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

<b>Purpose</b>	<b>General Fund</b>	<b>Administrative Capital Projects Fund</b>	<b>Total</b>
Tax revaluation	\$ 178,163	\$ -	\$ 178,163
Capital projects	-	3,297,001	3,297,001
<b>Total</b>	<b>\$ 178,163</b>	<b>\$ 3,297,001</b>	<b>\$ 3,475,164</b>

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

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

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

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

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

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Public safety	\$ 10,337	\$ -	\$ 10,337
Education	-	9,334	9,334
Economic development	-	282,678	282,678
Subsequent year's expenditures	1,560,640	-	1,560,640
<b>Total</b>	<b>\$ 1,570,977</b>	<b>\$ 292,012</b>	<b>\$ 1,862,989</b>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**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 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	\$ 35,692,859
<b>Less:</b>	
Inventories	8,977
Prepays	640,812
Stabilization by state statute	<u>5,082,927</u>
Total available fund balance	<u>\$ 29,960,143</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, 2021

### 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>\$ 35,391,096</u>
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#### Register of Deeds Automation Fund:

Expenditures:	
Transfers in	50,000
Fund balance, beginning	<u>63,263</u>
Fund balance, ending	<u>113,263</u>

#### Revaluation Fund:

Expenditures:	
General government	(199,902)
Transfers in	50,000
Fund balance, beginning	<u>328,065</u>
Fund balance, ending	<u>178,163</u>

#### Law Enforcement Officer Fund:

Expenditures:	
Public safety	(18,206)
Transfers in	23,412
Fund balance, beginning	<u>5,131</u>
Fund balance, ending	<u>10,337</u>

Total ending fund balance (Exhibit D)	<u>\$ 35,692,859</u>
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# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 2. Detail Notes On All Funds

#### A. Assets

##### Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by their agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institutions used by the County. The County does not have policies regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the County's deposits had a carrying amount of \$30,250,554 and a bank balance of \$30,943,043. 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, 2021, Hoke County had \$4,103 cash on hand.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Investments

At June 30, 2021, the County’s investment balances were as follows:

<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>\$ 46,820,723</u>	<u>\$ 46,820,723</u>

\* Because the North Carolina Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P and AAA-mf by Moody’s Investor Service.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

*Level of Fair Value Hierarchy: Level 1: Debt securities valued* using directly observable quoted prices (unadjusted) in active markets for identical assets.

*Interest Rate Risk.* The County has not adopted a formal investment policy addressing interest rate risk.

*Credit Risk.* The County has no formal policy regarding credit risk. The County’s investments in the N.C. Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor’s and AAA-mf by Moody’s Investor Service as of June 30, 2021.

### 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>
2018	\$ 966,811	\$ -	\$ 966,811
2019	962,271	-	962,271
2020	962,178	-	962,178
2021	647,060	-	647,060
Total	\$ 3,538,320	\$ -	\$ 3,538,320

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Receivables

Receivables at the government-wide level at June 30, 2021 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due From Other Governments</u>	<u>Note Receivable</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$ 132,760	\$ 2,141,838	\$ 4,950,167	\$ -	\$ 7,224,765
Other governmental	-	199,615	192,206	302,963	694,784
Allowance for doubtful accounts	-	(552,435)	-	-	(552,435)
Total receivables	<u>\$ 132,760</u>	<u>\$ 1,789,018</u>	<u>\$ 5,142,373</u>	<u>\$ 302,963</u>	<u>\$ 7,367,114</u>
<b>Business-Type Activities:</b>					
Water and sewer district	\$ 1,949,135	\$ -	\$ 4,790	\$ -	\$ 1,953,925
Solid waste	413,158	-	33,270	-	446,428
Allowance for doubtful accounts	(1,216,899)	-	-	-	(1,216,899)
Total business-type activities	<u>\$ 1,145,394</u>	<u>\$ -</u>	<u>\$ 38,060</u>	<u>\$ -</u>	<u>\$ 1,183,454</u>

Due from other governments consists of the following:

#### Governmental Activities:

Local option sales tax	\$ 2,103,158
Refundable sales tax	323,490
MV taxes, state	349,614
Gasoline taxes, state	14,974
Grants receivable	<u>2,351,137</u>
Total	<u>\$ 5,142,373</u>

#### Business-Type Activities:

Grants receivable	\$ 4,790
Others	<u>33,270</u>
Total	<u>\$ 38,060</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Capital Assets

#### Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2021 was as follows:

	<b>Balance July 1, 2020</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance June 30, 2021</b>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 3,680,785	\$ -	\$ -	\$ -	\$ 3,680,785
Construction in progress	6,664,596	5,466,314	17,604	(5,391,714)	6,721,592
Total non-depreciable capital assets	10,345,381	5,466,314	17,604	(5,391,714)	10,402,377
<b>Depreciable Assets:</b>					
Land improvements	-	288,750	-	-	288,750
Buildings	22,626,126	614,336	-	5,143,943	28,384,405
Equipment	5,094,922	137,655	-	247,771	5,480,348
Vehicles and motor equipment	4,828,454	516,177	55,896	-	5,288,735
Total depreciable capital assets	32,549,502	1,556,918	55,896	5,391,714	39,442,238
<b>Less Accumulated Depreciation:</b>					
Land improvements	-	9,418	-	-	9,418
Buildings	6,019,378	599,496	-	-	6,618,874
Equipment	4,234,857	153,991	-	-	4,388,848
Vehicles and motor equipment	3,224,662	462,861	55,896	-	3,631,627
Total accumulated depreciation	13,478,897	1,225,766	55,896	-	14,648,767
Total depreciable capital assets, net	19,070,605	331,152	-	5,391,714	24,793,471
Governmental activities capital assets, net	\$ 29,415,986	\$ 5,797,466	\$ 17,604	\$ -	\$ 35,195,848

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

General government	\$ 149,372
Public safety	684,428
Economic and physical development	7,456
Human services	133,415
Cultural and recreational	198,343
Transportation	52,752
Total	\$ 1,225,766

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2021</u>
<b>Business-Type Activities:</b>					
<b>Water and Sewer District:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 488,804	\$ -	\$ -	\$ -	\$ 488,804
Construction in progress	4,790	193,017	-	(163,928)	33,879
Total non-depreciable capital assets	<u>493,594</u>	<u>193,017</u>	<u>-</u>	<u>(163,928)</u>	<u>522,683</u>
<b>Depreciable Assets:</b>					
Plant and distribution system	81,017,568	-	-	163,928	81,181,496
Furniture and maintenance equipment	1,574,743	220,000	-	-	1,794,743
Buildings	124,620	-	-	-	124,620
Vehicles	850,202	188,414	-	-	1,038,616
Total depreciable capital assets	<u>83,567,133</u>	<u>408,414</u>	<u>-</u>	<u>163,928</u>	<u>84,139,475</u>
<b>Less Accumulated Depreciation:</b>					
Plant and distribution system	18,714,698	1,896,999	-	-	20,611,697
Furniture and maintenance equipment	1,128,517	78,212	-	-	1,206,729
Buildings	28,246	2,492	-	-	30,738
Vehicles	671,361	72,169	-	-	743,530
Total accumulated depreciation	<u>20,542,822</u>	<u>\$ 2,049,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>22,592,694</u>
Total depreciable capital assets, net	<u>63,024,311</u>				<u>61,546,781</u>
Water and sewer capital assets, net	<u>63,517,905</u>				<u>62,069,464</u>
<b>Solid Waste:</b>					
<b>Non-Depreciable Assets:</b>					
Land	182,652	\$ -	\$ -	\$ -	182,652
<b>Depreciable Assets:</b>					
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	-	-	-	795,482
Total depreciable capital assets	<u>2,956,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,956,641</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	669	1,521	-	-	2,190
Plant and distribution system	303,409	21,510	-	-	324,919
Furniture and maintenance equipment	794,465	43,987	-	-	838,452
Vehicles	455,972	90,957	-	-	546,929
Total accumulated depreciation	<u>1,554,515</u>	<u>\$ 157,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,712,490</u>
Total depreciable capital assets, net	<u>1,402,126</u>				<u>1,244,151</u>
Solid waste capital assets, net	<u>1,584,778</u>				<u>1,426,803</u>
Business-type activities capital assets, net	<u>\$ 65,102,683</u>				<u>\$ 63,496,267</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2021 is composed of the following elements:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets	\$ 35,195,848	\$ 63,496,267
Long-term debt	52,655,814	22,589,239
<b>Less:</b>		
School debt to which County does not hold title	20,462,634	-
Unexpended proceeds	21,961,542	-
Total capital debt	10,231,638	22,589,239
 Net investment in capital assets	 \$ 24,964,210	 \$ 40,907,028

### Construction Commitments

The government has active construction projects at year-end. At June 30, 2021, the government's commitments with contractors are as follows:

<b>Project</b>	<b>Spent-to-Date</b>	<b>Remaining Commitment</b>
<b>Governmental Activities:</b>		
401 PR building	\$ 6,591,592	\$ 21,961,543
 <b>Business-type activities:</b>		
Golf Course Rd water main relocation	\$ 4,790	\$ 156,835
Grow Hoke sewer project	33,879	542,803
Total	\$ 38,669	\$ 699,638

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### B. Liabilities

#### Payables

Payables at the government-wide level at June 30, 2021 were as follows:

	<u>Accounts Payable</u>	<u>Salaries and Benefits</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General	\$ 1,324,563	\$ 469,161	\$ 1,793,724
Other governmental	<u>1,045,037</u>	<u>-</u>	<u>1,045,037</u>
Total governmental activities	<u>\$ 2,369,600</u>	<u>\$ 469,161</u>	<u>\$ 2,838,761</u>
<b>Business-Type Activities:</b>			
Water and sewer district	\$ 131,429	\$ 33,595	\$ 165,024
Solid waste	<u>171,748</u>	<u>31,835</u>	<u>203,583</u>
Total business-type activities	<u>\$ 303,177</u>	<u>\$ 65,430</u>	<u>\$ 368,607</u>

#### Pension Plan Obligations

##### Local Government Employees' Retirement System

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2021 was 10.84% of compensation for law enforcement officers and 10.24% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,812,630 for the year ended June 30, 2021.

**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.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

At June 30, 2021, the County reported a liability of \$8,825,648 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2021, the County's proportionate share was 0.247% (measured as of June 30, 2020), which was an increase of 0.005% from its proportion as of June 30, 2020 (measured as of June 30 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$3,034,434. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,114,526	\$ -
Changes of assumptions	656,801	-
Net difference between projected and actual earnings on pension plan investments	1,241,973	-
Changes in proportion and differences between County contributions and proportionate share of contributions	136,213	66,335
County contributions subsequent to the measurement date	1,812,630	-
Total	<u>\$ 4,962,143</u>	<u>\$ 66,335</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

\$1,812,630 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, 2022. 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>
2022	\$ 858,800
2023	1,147,096
2024	709,720
2025	367,562
2026	-
Thereafter	-
Total	<u>\$ 3,083,178</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2019 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study as of December 31, 2014.

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2020 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%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
County's proportionate share of the net pension liability (asset)	<u>\$ 17,906,277</u>	<u>\$ 8,825,648</u>	<u>\$ 1,279,006</u>

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

### **Law Enforcement Officers' Special Separation Allowance**

**Plan Description.** Hoke County administers a public employee retirement system (the "Separation Allowance"), a single-employer, defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the Plan.

All full-time law enforcement officers of the County are covered by the Separation Allowance. At the December 31, 2019 valuation date, the Separation Allowance's membership consisted of:

Inactive members currently receiving benefits	4
Active plan members	<u>69</u>
Total	<u><u>73</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.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2019 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
Discount rate	1.93 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, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ended 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.

**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 1 year.

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

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

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

### Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operation budget. There

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

were no contributions made by the employees. The County's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$19,643 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, 2021, the County reported a total pension liability of \$1,321,460. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$167,332.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 9,924	\$ 89,527
Changes of assumptions	436,611	20,533
County benefit payments and plan administrative expense made subsequent to the measurement date	7,942	-
Total	\$ 454,477	\$ 110,060

\$7,942 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	<b>Amount</b>
<b>June 30</b>	
2022	\$ 58,892
2023	58,915
2024	48,061
2025	69,032
2026	70,513
Thereafter	31,062
Total	\$ 336,475

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

*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 1.93%, 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 (0.93%) or 1-percentage-point higher (2.93%) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 1,462,195	\$ 1,321,460	\$ 1,194,714

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

	2021
Beginning balance	\$ 778,845
Service cost	82,586
Interest on the total pension liability	25,070
Difference between expected and actual experience in the measurement of the total pension liability	(9,949)
Changes of assumptions or other inputs	464,551
Benefit payments	(19,643)
Ending balance of the total pension liability	\$ 1,321,460

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate of 3.26 percent at December 31, 2019 to 1.93 percent at December 31, 2020 (measurement date).

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

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ended December 31, 2019.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### **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 \$146,758 for the reporting year. No amounts were forfeited.

### **Register of Deeds’ Supplemental Pension Fund**

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

**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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$6,583 for the year ended June 30, 2021.

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

At June 30, 2021, the County reported an asset of \$117,705 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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 measurement date of June 30, 2020, the County's proportion was 0.514%, which was an increase of 0.103% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$9,375. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 2,398
Net difference between projected and actual earnings on pension plan investments	-	10,071
Changes in proportion and differences between County contributions and proportionate share of contributions	10,551	13,008
County contributions subsequent to the measurement date	6,583	-
Total	<u>\$ 17,134</u>	<u>\$ 25,477</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

\$6,583 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, 2022. 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
2022	\$ (2,978)
2023	(4,866)
2024	(4,545)
2025	(2,537)
2026	-
Thereafter	-
Total	<u>\$ (14,926)</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2020 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

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

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

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(2.75%)</b>	<b>(3.75%)</b>	<b>(4.75%)</b>
County's proportionate share of the net pension liability (asset)	<u>\$ (99,975)</u>	<u>\$ (117,705)</u>	<u>\$ (132,707)</u>

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### **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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability for LEOSSA was measured as of December 31, 2020, with an actuarial valuation date of December 31, 2019. 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:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$ 8,825,648	\$ (117,705)	n/a	\$ 8,707,943
Proportion of the net pension liability (asset)	0.2470%	0.5136%	n/a	-
Total pension liability	-	-	\$ 1,321,460	1,321,460
Pension expense	3,034,434	9,375	167,332	3,211,141

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

At June 30, 2021, 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>
<b>Deferred Outflows of Resources:</b>				
Pensions - difference between expected and actual experience	\$ 1,114,526	\$ -	\$ 9,924	\$ 1,124,450
Pensions - difference between projected and actual investment earnings	1,241,973	-	-	1,241,973
Changes of assumptions	656,801	-	436,611	1,093,412
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	136,213	10,551	-	146,764
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>1,812,630</u>	<u>6,583</u>	<u>7,942</u>	<u>1,827,155</u>
Total	<u>\$ 4,962,143</u>	<u>\$ 17,134</u>	<u>\$ 454,477</u>	<u>\$ 5,433,754</u>
<b>Deferred Inflows of Resources:</b>				
Pensions - difference between expected and actual experience	\$ -	\$ 2,398	\$ 89,527	\$ 91,925
Net difference between projected and actual earnings on pension plan investments	-	10,071	-	10,071
Changes of assumptions	-	-	20,533	20,533
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	<u>66,335</u>	<u>13,008</u>	<u>-</u>	<u>79,343</u>
Total	<u>\$ 66,335</u>	<u>\$ 25,477</u>	<u>\$ 110,060</u>	<u>\$ 201,872</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 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.

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
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, 2021

### Total OPEB Liability

The County's total OPEB liability of \$7,352,298 was measured as of June 30, 2020 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	1.00 percent
Wage inflation	3.50 percent
Salary increases:	
General employees & Firefighters	3.50 to 7.75 percent, including wage inflation
Law enforcement officers	3.50 to 7.35 percent, including wage inflation
Municipal Bond Index Rate:	
Prior measurement date	3.50 percent
Measurement date	2.21 percent
Healthcare cost trends:	
Pre-Medicare	7.00 percent for 2020 decreasing to an ultimate rate of 4.50% by 2030

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

### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Balance at June 30, 2020	<u>\$ 5,452,009</u>
Changes for the year:	
Service cost	421,568
Interest	203,325
Changes of benefit terms	23,421
Differences between expected and actual experience	371,947
Changes of assumptions or other inputs	1,009,747
Benefit payments	<u>(129,719)</u>
Net changes	<u>1,900,289</u>
Balance at June 30, 2021	<u>\$ 7,352,298</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, 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 done 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 County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	<b>1% Decrease <u>(1.21%)</u></b>	<b>Current Discount Rate <u>(2.21%)</u></b>	<b>1% Increase <u>(3.21%)</u></b>
Total OPEB liability	<u>\$ 8,238,972</u>	<u>\$ 7,352,298</u>	<u>\$ 6,560,990</u>

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

	<b>1% Increase <u></u></b>	<b>Current <u></u></b>	<b>1% Decrease <u></u></b>
Total OPEB liability	<u>\$ 6,260,527</u>	<u>\$ 7,352,298</u>	<u>\$ 8,681,800</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$703,914. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 329,002	\$ 611,036
Changes of assumptions	1,114,803	153,855
Benefit payments and plan administrative expense made subsequent to the measurement date	139,380	-
Total	<u>\$ 1,583,185</u>	<u>\$ 764,891</u>

\$139,380 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, 2022. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending</b>	<b>June 30</b>	<b>Total</b>
2022	\$ 46,060	46,060
2023		46,060
2024		46,060
2025		55,392
2026		154,209
Thereafter		331,133
Total		<u>\$ 678,914</u>

### Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (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, 2021

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB deferrals	\$ 1,583,185	\$ 764,891
Pension deferrals	5,433,754	201,872
Prepaid taxes not yet earned (general)	-	170,997
Unavailable revenues - grants (CPF)	-	130,000
Taxes receivable, net (general)	-	1,648,403
Taxes receivable, net (special revenue)	-	140,615
Total	<u>\$ 7,016,939</u>	<u>\$ 3,056,778</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 participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency.

Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$95 million for any one occurrence, general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence; auto physical damage for owned autos to actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the North Carolina statutory limits.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through commercial crime coverage with a \$250,000 occurrence limit. The director of finance is bonded for \$200,000, and the tax collector is bonded for \$100,000.

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

The County carries commercial coverage for all other risk of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

### **Contingent Liabilities**

At June 30, 2021, the County was a defendant to various lawsuits. In the opinion of the County's management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

### **Long-Term Obligations**

As authorized by state law [G.S. 160A-20 and 153A-158.1], the County financed various property acquisitions for use by the Hoke County Board of Education during the fiscal year ended June 30, 2021 by issuing school bonds. The purchase was issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding. The County has entered into a lease with the Hoke County Board of Education that transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education.

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### General Obligations Indebtedness

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

The County's general obligation bond long-term debt at June 30, 2021 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

\$ 2,184,000

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

Year Ending	Water and Sewer	
	Principal	Interest
June 30		
2022	\$ 424,000	\$ 52,198
2023	426,000	42,064
2024	436,000	31,883
2025	445,000	21,462
2026	453,000	10,827
Total	<u>\$ 2,184,000</u>	<u>\$ 158,434</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The County's notes payable debt at June 30, 2021 is comprised of the following individual issues:

### Notes Payable - General Fund:

\$3,830,000 note, payable in semi-annual installments of \$127,167, including interest at 3.11%, maturing in 2022 - direct placement \$ 255,334

\$2,585,000 note, payable in semi-annual installments of \$85,667, including interest at 2.12%, maturing in 2022 - direct placement 171,333

Total notes payable - General Fund 426,667

### 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 467,500

Total notes payable \$ 894,167

The County's outstanding notes from direct placement related to General Fund activities in the amount of \$426,667 is secured by a deed of trust. The borrowing contains provisions that in the event of a default the bank may exercise any one of the following remedies:

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

The County's outstanding notes from direct borrowing related to business-type activities in the amount of \$467,500 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.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

Year Ending June 30	<u>General Fund</u>		<u>Water and Sewer</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 426,667	\$ 8,680	\$ 170,000	\$ -
2023	-	-	170,000	-
2024	-	-	127,500	-
Total	<u>\$ 426,667</u>	<u>\$ 8,680</u>	<u>\$ 467,500</u>	<u>\$ -</u>

**Limited Obligations- Direct Placement:**

**General Fund:**

\$18,710,000 Non-General Obligation Qualified School Construction

Bond; tax credit rate 4.38%, maturing in 2032 \$ 14,695,398

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

Total limited obligation bonds- General Fund \$ 46,425,398

**Water and Sewer Fund:**

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

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.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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
2022	\$ 1,906,798	\$ 2,171,037	\$ 225,000	\$ 259,443
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
2027-2031	15,953,185	7,930,547	1,475,000	953,250
2032-2036	8,557,040	2,592,659	1,845,000	586,350
2037-2041	6,905,000	553,800	2,155,000	268,950
2042-2046	-	-	940,000	28,300
Total	<u>\$ 46,425,398</u>	<u>\$ 21,322,629</u>	<u>\$ 7,585,000</u>	<u>\$ 3,091,893</u>

### 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. \$ 8,399,000

\$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. 1,590,000

\$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. 1,212,000

Total revenue bonds payable \$ 11,201,000

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The County’s revenue bonds from direct placement related to USDA bonds for business-type activities is in the amount of \$11,201,000. 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.

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

Year Ending June 30	Water and Sewer	
	Principal	Interest
2022	\$ 213,000	\$ 280,025
2023	219,000	274,700
2024	224,000	269,225
2025	230,000	263,625
2026	234,000	257,875
2027-2031	1,267,000	1,198,350
2032-2036	1,435,000	1,031,850
2037-2041	1,620,000	843,375
2042-2046	1,837,000	630,275
2047-2051	2,075,000	389,075
2052-2056	1,847,000	116,600
Total	\$ 11,201,000	\$ 5,554,975

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, 2021

The debt service coverage ratio calculation for the year ended June 30, 2021 is as follows:

Operating revenues	\$ 7,906,506
Operating expenses*	<u>5,278,734</u>
Net revenues	<u>\$ 2,627,772</u>

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

Current year debt service	\$ 944,045
Current year debt service percent coverage	278%

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	\$ 644,044
Debt service on subordinated indebtedness percent coverage	408%

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

Debt service	\$ 1,139,223
Debt services on debt coming due in next fiscal year percent of coverage	231%

\*Per revenue bond covenant, this does not include depreciation expense of \$2,049,872.

The County has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$11,201,000 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 \$16,755,975. Principal and interest paid for the current year and total customer net revenues were \$944,705 and \$2,627,772, respectively.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**Debt Related to Capital Activities** – Of the total governmental activities debt listed, only \$32,193,180 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, 2021:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Current</u> <u>Portion</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 5,700,000	\$ -	\$ 5,700,000	\$ -	\$ -
Limited obligation bonds	15,171,269	31,730,000	475,871	46,425,398	1,906,798
Bond premium	-	5,803,749	-	5,803,749	369,548
Installment purchases - direct placement	9,528,364	-	9,101,697	426,667	426,667
Capital leases	127,975	-	127,975	-	-
Compensated absences	1,232,524	4,066,277	4,012,536	1,286,265	643,133
Total OPEB liability	4,943,363	1,729,263	-	6,672,626	-
Net pension liability (LGERS)	6,014,782	2,016,557	-	8,031,339	-
Total pension liability (LEOSSA)	778,845	542,615	-	1,321,460	-
Total governmental activities	<u>\$ 43,497,122</u>	<u>\$ 45,888,461</u>	<u>\$ 19,418,079</u>	<u>\$ 69,967,504</u>	<u>\$ 3,346,146</u>
<b>Business-Type Activities:</b>					
<b>Water and Sewer District:</b>					
General obligation bonds	\$ 2,596,000	\$ -	\$ 412,000	\$ 2,184,000	\$ 424,000
Limited obligation bonds	-	7,585,000	-	7,585,000	225,000
Bond premium	-	1,151,739	-	1,151,739	52,352
Revenue bonds - direct placement	20,175,000	-	8,974,000	11,201,000	213,000
Installment purchases - direct borrowing	637,500	-	170,000	467,500	170,000
Compensated absences	71,603	293,801	274,344	91,060	45,530
Total OPEB liability	322,994	114,587	-	437,581	-
Net pension liability (LGERS)	396,579	132,960	-	529,539	-
Total water and sewer	<u>24,199,676</u>	<u>9,278,087</u>	<u>9,830,344</u>	<u>23,647,419</u>	<u>1,129,882</u>
<b>Solid Waste:</b>					
Compensated absences	50,639	94,993	123,798	21,834	10,917
Total OPEB liability	185,652	56,439	-	242,091	-
Net pension liability (LGERS)	198,290	66,480	-	264,770	-
Total solid waste	<u>434,581</u>	<u>217,912</u>	<u>123,798</u>	<u>528,695</u>	<u>10,917</u>
Total business-type activities	<u>\$ 24,634,257</u>	<u>\$ 9,495,999</u>	<u>\$ 9,954,142</u>	<u>\$ 24,176,114</u>	<u>\$ 1,140,799</u>

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

At June 30, 2021, the County had a legal debt margin of approximately \$264,219,000.

### 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, 2021, there were no industrial revenue bonds outstanding.

### Interfund Balances and Activity

Transfer to/from other funds consist of the following:

	<u>From</u>	<u>To</u>	<u>Purpose</u>
General Fund	\$ 4,000,000	\$ -	
Administrative Capital Projects Fund	-	4,000,000	Fund project costs
Water and Sewer District Fund	565,652	-	
Water Construction Capital Projects Fund	-	23,042	
Waste Water Treatment Plant Fund	-	542,610	Fund project costs
Total	<u>\$ 4,565,652</u>	<u>\$ 4,565,652</u>	

### 3. Jointly Governed Organizations

#### Southeastern Family and Community Services, Inc.

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

#### Justice Board

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### **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.

### **Coronavirus Disease (COVID-19)**

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19), a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 may continue to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 5. Subsequent Events

Hoke County was awarded \$10,728,557 from the Federal American Rescue Plan (ARP). Subsequent to year-end, the County received \$5,364,278 (September 2021). The remaining amount of \$5,364,279 is expected to be received within the next 12 months.

In September 2021, the County voted to approve the construction of a courthouse building contingent upon Hoke County's receipt of approximately \$31 million in State funds from the General Assembly, no required match from the County. As of report issuance date, there have been no updates to the grant award from the State.

### 6. Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated as follows:

Governmental Activities Net Position - Increase (Decrease)	Nonmajor Special Revenue Fund Balance - Increase (Decrease)	Fiduciary Net Position - Custodial Fund - Increase (Decrease)	
\$	-	\$	Cash related to funds held on behalf of incarcerated inmates was reclassified out of the Agency Fund into the Jail Inmate Custodial Fund. 12,193
-	-	-	Cash, taxes receivables and liabilities related to vehicle property taxes collected by the County on behalf of various municipalities were reclassified out of the Agency Fund into the Custodial Fund. The portion of liabilities attributable to taxes receivable at the beginning of the year were restated as custodial net position. 21,414
-	-	-	Cash related to monies collected by the sheriff's department that was reclassified out of the Agency Fund and into the Sheriff Execution Custodial Fund. 1,658
31,382	31,382	-	Cash received under Social Security Administration's Representative Payee program the net of liabilities owed for payments on behalf of beneficiaries were reclassified out of the Agency Fund into a newly created Representative Payee Special Revenue Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.
\$ 31,382	\$ 31,382	\$ -	
\$ 31,382	\$ 31,382	\$ 35,265	

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## HOKE COUNTY, NORTH CAROLINA

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

	<b>Total OPEB Liability</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Beginning balance	\$ 5,452,009	\$ 4,745,333	\$ 5,177,633	\$ 5,003,061
Service cost	421,568	391,659	400,281	428,343
Interest on TOL and cash flows	203,325	182,457	182,444	149,495
Changes of benefit terms	23,421	-	-	-
Differences between expected and actual experience	371,947	6,643	(1,011,377)	(13,129)
Changes of assumptions or other inputs	1,009,747	236,818	102,895	(316,667)
Benefit payments	(129,719)	(110,901)	(106,543)	(73,470)
Ending balance of the total OPEB liability	<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	\$ 13,956,925	\$ 13,956,925	\$ 12,985,118
Total OPEB liability as a percentage of covered-employee payroll	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:

<b>Fiscal Year</b>	<b>Rate</b>
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 EIGHT FISCAL YEARS\***

<b>Local Government Employees' Retirement System</b>				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
County's proportion of the net pension liability (asset) %	0.24698%	0.24203%	0.23994%	0.25446%
County's proportionate share of the net pension liability (asset) \$	\$ 8,825,648	\$ 6,609,651	\$ 5,692,198	\$ 3,887,445
County's covered payroll	\$ 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	50.05%	39.61%	37.55%	24.90%
Plan fiduciary net position as a percentage of the total pension liability **	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 EIGHT FISCAL YEARS\***

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

<b>Local Government Employees' Retirement System</b>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,812,630	\$ 1,615,106	\$ 1,325,183	\$ 1,165,976
Contributions in relation to the contractually required contribution	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 17,522,437	\$ 17,634,521	\$ 16,685,246	\$ 15,160,605
Contributions as a percentage of covered payroll	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 EIGHT FISCAL YEARS

<b>Local Government Employees' Retirement System</b>				
	<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 EIGHT FISCAL YEARS\***

	<b>Register of Deeds' Supplemental Pension Fund</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
County's proportion of the net pension liability (asset) %	0.51359%	0.41085%	0.51979%	0.44527%
County's proportionate share of the net pension liability (asset) \$	\$ (117,705)	\$ (81,110)	\$ (86,093)	\$ (76,003)
County's covered payroll	\$ 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	-206.15%	-260.85%	-178.35%	-144.98%
Plan fiduciary net position as a percentage of the total pension liability **	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 EIGHT FISCAL YEARS\***

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

<b>Register of Deeds' Supplemental Pension Fund</b>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 6,583	\$ 4,918	\$ 3,905	\$ 4,051
Contributions in relation to the contractually required contribution	<u>6,583</u>	<u>4,918</u>	<u>3,905</u>	<u>4,051</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 58,286	\$ 57,098	\$ 31,095	\$ 48,271
Contributions as a percentage of covered payroll	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 EIGHT FISCAL YEARS**

	<b>Register of Deeds' Supplemental Pension Fund</b>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 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 FIVE FISCAL YEARS\***

<b>Law Enforcement Officers' Special Separation Allowance</b>					
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 778,845	\$ 708,903	\$ 778,869	\$ 593,731	\$ 531,032
Service cost	82,586	65,431	63,738	66,271	60,189
Interest on the total pension liability	25,070	25,484	24,505	22,827	18,958
Differences between expected and actual experience in the measurement of the total pension liability	(9,949)	(30,784)	(119,938)	28,048	-
Changes of assumptions or other inputs	464,551	27,401	(31,489)	72,700	(16,448)
Benefit payments	(19,643)	(17,590)	(6,782)	(4,708)	-
Ending balance of the total pension liability	<u>\$ 1,321,460</u>	<u>\$ 778,845</u>	<u>\$ 708,903</u>	<u>\$ 778,869</u>	<u>\$ 593,731</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****SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
LAST FIVE FISCAL YEARS**

<b>Law Enforcement Officers' Special Separation Allowance</b>					
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 1,321,460	\$ 778,845	\$ 708,903	\$ 778,869	\$ 593,731
Covered-employee payroll	3,384,694	2,973,469	2,891,199	3,109,566	2,740,426
Total pension liability as a percentage of covered-employee payroll	39.04%	26.19%	24.52%	25.05%	21.67%

**Notes to the Schedules:**

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

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

## HOKE COUNTY, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GENERAL FUND CONSOLIDATED  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>General Fund</b>	<b>Register of Deeds Automation Fund</b>	<b>Revaluation Fund</b>	<b>Law Enforcement Officer Fund</b>	<b>Total</b>
<b>Revenues:</b>					
Ad valorem taxes	\$ 29,376,103	\$ -	\$ -	\$ -	\$ 29,376,103
Local option sales taxes	13,899,670	-	-	-	13,899,670
Other taxes and licenses	19,965	-	-	-	19,965
Unrestricted intergovernmental	234,123	-	-	-	234,123
Restricted intergovernmental	10,677,647	-	-	-	10,677,647
Permits and fees	2,266,478	-	-	-	2,266,478
Sales and services	1,512,577	-	-	-	1,512,577
Investment earnings	13,812	-	-	-	13,812
Total revenues	<u>58,000,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,000,375</u>
<b>Expenditures:</b>					
Current:					
General government	8,971,182	-	199,902	-	9,171,084
Public safety	12,202,237	-	-	18,206	12,220,443
Economic and physical development	720,782	-	-	-	720,782
Human services	12,619,892	-	-	-	12,619,892
Cultural and recreational	1,197,471	-	-	-	1,197,471
Transportation	1,141,666	-	-	-	1,141,666
Intergovernmental - education	7,657,475	-	-	-	7,657,475
Debt service:					
Principal retirements	15,405,543	-	-	-	15,405,543
Interest and fees	1,716,112	-	-	-	1,716,112
Total expenditures	<u>61,632,360</u>	<u>-</u>	<u>199,902</u>	<u>18,206</u>	<u>61,850,468</u>
Revenues over (under) expenditures	<u>(3,631,985)</u>	<u>-</u>	<u>(199,902)</u>	<u>(18,206)</u>	<u>(3,850,093)</u>
<b>Other Financing Sources (Uses):</b>					
Intrafund transfers	(123,412)	50,000	50,000	23,412	-
Transfers out	(4,000,000)	-	-	-	(4,000,000)
Long-term debt issued	11,235,000	-	-	-	11,235,000
Premium on debt issued	1,885,615	-	-	-	1,885,615
Total other financing sources (uses)	<u>8,997,203</u>	<u>50,000</u>	<u>50,000</u>	<u>23,412</u>	<u>9,120,618</u>
Net change in fund balance	5,365,218	50,000	(149,902)	5,206	5,270,522
<b>Fund Balance:</b>					
Beginning of year - July 1	<u>30,025,878</u>	<u>63,263</u>	<u>328,065</u>	<u>5,131</u>	<u>30,422,337</u>
End of year - June 30	<u>\$ 35,391,096</u>	<u>\$ 113,263</u>	<u>\$ 178,163</u>	<u>\$ 10,337</u>	<u>\$ 35,692,859</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, 2021  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 27,307,344	\$ 29,179,480	\$ 1,872,136	\$ 27,755,703
Interest	155,000	196,623	41,623	227,263
Total	<u>27,462,344</u>	<u>29,376,103</u>	<u>1,913,759</u>	<u>27,982,966</u>
<b>Local Option Sales Tax:</b>				
Article 39 - one percent	2,373,831	3,098,140	724,309	2,249,139
Article 40 - 1/2 of a percent	2,806,250	4,360,102	1,553,852	3,784,164
Article 42 - 1/2 of a percent	1,017,750	2,094,163	1,076,413	1,648,742
Article 44 - 1/2 of a percent	2,217,000	2,456,255	239,255	2,404,696
Medicaid hold harmless	643,298	1,891,010	1,247,712	1,654,176
Total	<u>9,058,129</u>	<u>13,899,670</u>	<u>4,841,541</u>	<u>11,740,917</u>
<b>Other Taxes and Licenses:</b>				
Privilege licenses	-	1,840	1,840	876
Cable TV franchise tax	10,200	18,125	7,925	18,146
Total	<u>10,200</u>	<u>19,965</u>	<u>9,765</u>	<u>19,022</u>
<b>Unrestricted Intergovernmental:</b>				
Payments in lieu of taxes	12,200	28,023	15,823	31,796
Beer and wine tax	180,000	206,100	26,100	210,941
Total	<u>192,200</u>	<u>234,123</u>	<u>41,923</u>	<u>242,737</u>
<b>Restricted Intergovernmental:</b>				
Social services	4,723,477	4,218,415	(505,062)	4,221,682
Health department	2,331,871	2,404,564	72,693	2,019,036
Law enforcement grants	246,660	313,000	66,340	263,638
Juvenile justice	201,302	201,089	(213)	155,563
Veteran services	2,175	-	(2,175)	1,364,991
Transportation	2,309,926	1,014,622	(1,295,304)	1,005,422
Emergency management grant	-	5,162	5,162	50,000
Elections	428,921	399,854	(29,067)	2,334
Senior services grants	350,174	346,167	(4,007)	279,803
ABC profits for law enforcement	21,000	121,777	100,777	77,576
Other	1,475,000	1,652,997	177,997	1,165,584
Total	<u>12,090,506</u>	<u>10,677,647</u>	<u>(1,412,859)</u>	<u>10,605,629</u>
<b>Permits and Fees:</b>				
Inspection fees	712,000	909,716	197,716	848,843
Sheriff fees	288,817	372,674	83,857	345,804
Court facility fees	45,000	40,674	(4,326)	43,358
Register of Deeds fees	500,000	760,286	260,286	540,127
Tax administration	136,000	183,128	47,128	168,095
Total	<u>1,681,817</u>	<u>2,266,478</u>	<u>584,661</u>	<u>1,946,227</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, 2021  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
<b>Sales and Services:</b>				
Health department fees	191,832	204,752	12,920	171,259
Jail fees	153,400	209,441	56,041	212,867
Corporative extensions	125,221	133,068	7,847	125,221
Economic development	16,000	15,981	(19)	8,088
Library	8,800	1,561	(7,239)	9,492
Parks and recreation	45,950	23,179	(22,771)	27,818
Elections	100	188	88	13,187
Transportation	50,000	56,016	6,016	51,713
Planning and zoning	112,500	149,460	36,960	195,590
Miscellaneous revenue	262,313	718,931	456,618	590,323
Total	<u>966,116</u>	<u>1,512,577</u>	<u>546,461</u>	<u>1,405,558</u>
<b>Investment Earnings</b>	<u>300,000</u>	<u>13,812</u>	<u>(286,188)</u>	<u>581,965</u>
Total revenues	<u>51,761,312</u>	<u>58,000,375</u>	<u>6,239,063</u>	<u>54,525,021</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits	588,957	510,915	78,042	498,097
Operating expenses	177,000	119,632	57,368	115,569
Capital outlay	95,000	7,675	87,325	-
Charges for services	(24,997)	(24,997)	-	(24,997)
Total	<u>835,960</u>	<u>613,225</u>	<u>222,735</u>	<u>588,669</u>
<b>Administration:</b>				
Salaries and employee benefits	335,322	320,325	14,997	247,695
Operating expenses	2,745,658	1,661,986	1,083,672	1,406,521
Capital outlay	970,000	841,431	128,569	170,048
Charges for services	(288,913)	(288,913)	-	(288,913)
Total	<u>3,762,067</u>	<u>2,534,829</u>	<u>1,227,238</u>	<u>1,535,351</u>
<b>Human Resources:</b>				
Salaries and employee benefits	279,788	192,993	86,795	163,501
Operating expenses	53,099	30,344	22,755	29,308
Charges for services	(46,710)	(46,710)	-	(46,710)
Total	<u>286,177</u>	<u>176,627</u>	<u>109,550</u>	<u>146,099</u>
<b>Grants Management:</b>				
Salaries & employee benefits	77,515	75,806	1,709	-
Operating expenses	43,707	37,711	5,996	-
Total	<u>121,222</u>	<u>113,517</u>	<u>7,705</u>	<u>-</u>
<b>Audio Video Maintenance:</b>				
Salaries & employee benefits	128,768	113,768	15,000	-
Operating expenses	110,870	87,913	22,957	-
Capital outlay	13,000	56	12,944	-
Total	<u>252,638</u>	<u>201,737</u>	<u>50,901</u>	<u>-</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, 2021  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
<b>Elections:</b>				
Salaries and employee benefits	170,210	147,920	22,290	165,487
Operating expenses	576,721	575,399	1,322	120,615
Capital outlay	2,500	2,300	200	4,266
Total	<u>749,431</u>	<u>725,619</u>	<u>23,812</u>	<u>290,368</u>
<b>Finance:</b>				
Salaries and employee benefits	786,960	633,543	153,417	686,976
Operating expenses	261,500	169,102	92,398	180,597
Charges for services	(211,111)	(211,111)	-	(211,111)
Total	<u>837,349</u>	<u>591,534</u>	<u>245,815</u>	<u>656,462</u>
<b>Tax Administration:</b>				
Salaries and employee benefits	536,771	441,697	95,074	381,623
Operating expenses	104,425	65,800	38,625	62,491
Total	<u>641,196</u>	<u>507,497</u>	<u>133,699</u>	<u>444,114</u>
<b>Tax Collections:</b>				
Salaries and employee benefits	459,577	393,382	66,195	398,604
Operating expenses	79,769	39,188	40,581	58,551
Total	<u>539,346</u>	<u>432,570</u>	<u>106,776</u>	<u>457,155</u>
<b>DMV:</b>				
Operating expenses	<u>137,100</u>	<u>159,494</u>	<u>(22,394)</u>	<u>122,166</u>
<b>Legal:</b>				
Special legal services	<u>167,385</u>	<u>130,264</u>	<u>37,121</u>	<u>86,967</u>
<b>Register of Deeds:</b>				
Salaries and employee benefits	293,475	246,631	46,844	276,872
Operating expenses	66,800	84,372	(17,572)	57,529
Capital outlay	1,000	-	1,000	897
Total	<u>361,275</u>	<u>331,003</u>	<u>30,272</u>	<u>335,298</u>
<b>Central Garage:</b>				
Salaries and employee benefits	122,229	111,484	10,745	124,931
Operating expenses	13,940	4,745	9,195	3,443
Capital outlay	17,700	13,472	4,228	13,514
Charges for services	(31,726)	(31,736)	10	(31,736)
Total	<u>122,143</u>	<u>97,965</u>	<u>24,178</u>	<u>110,152</u>
<b>Public Buildings:</b>				
Salaries and employee benefits	696,277	618,793	77,484	485,108
Operating expenses	722,175	535,965	186,210	677,193
Capital outlay	410,062	351,036	59,026	802,231
Charges for services	(39,862)	(39,862)	-	(39,862)
Total	<u>1,788,652</u>	<u>1,465,932</u>	<u>322,720</u>	<u>1,924,670</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, 2021  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
<b>Groundskeeping:</b>				
Salaries and employee benefits	59,589	58,968	621	59,611
Operating expenses	27,520	14,773	12,747	17,798
Capital outlay	233,900	16,757	217,143	283,300
Total	321,009	90,498	230,511	360,709
<b>Information Technology:</b>				
Salaries and employee benefits	533,278	484,045	49,233	436,693
Operating expenses	447,107	371,497	75,610	413,194
Charges for services	(56,671)	(56,671)	-	(56,671)
Total	923,714	798,871	124,843	793,216
Total general government	11,846,664	8,971,182	2,875,482	7,851,396
<b>Public Safety:</b>				
<b>Sheriff:</b>				
Salaries and employee benefits	5,235,352	4,804,964	430,388	5,273,013
Operating expenses	1,061,448	678,237	383,211	979,582
Capital outlay	411,085	396,176	14,909	374,512
Total	6,707,885	5,879,377	828,508	6,627,107
<b>Court Facilities:</b>				
Operating expenses	112,500	92,494	20,006	98,037
Capital outlay	122,000	45,862	76,138	20,969
Total	234,500	138,356	96,144	119,006
<b>Jail:</b>				
Salaries and employee benefits	3,205,633	2,517,275	688,358	2,844,525
Operating expenses	1,565,700	1,114,705	450,995	1,230,421
Capital outlay	57,511	19,979	37,532	130,665
Total	4,828,844	3,651,959	1,176,885	4,205,611
<b>Communications:</b>				
Salaries and employee benefits	1,049,030	1,026,684	22,346	1,048,194
Operating expenses	212,474	158,312	54,162	157,891
Capital outlay	47,300	-	47,300	257,525
Total	1,308,804	1,184,996	123,808	1,463,610
<b>Emergency Management:</b>				
Salaries and employee benefits	344,521	254,272	90,249	364,518
Operating expenses	60,550	48,450	12,100	74,553
Capital outlay	39,000	861	38,139	13,029
Total	444,071	303,583	140,488	452,100

HOKE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
<b>Animal Control:</b>				
Salaries and employee benefits	320,805	307,918	12,887	308,690
Operating expenses	78,140	59,844	18,296	68,018
Capital outlay	-	-	-	30,627
Total	<u>398,945</u>	<u>367,762</u>	<u>31,183</u>	<u>407,335</u>
<b>Juvenile Justice:</b>				
Operating expenses	<u>211,302</u>	<u>206,151</u>	<u>5,151</u>	<u>166,462</u>
<b>Inspections:</b>				
Salaries and employee benefits	313,912	286,336	27,576	287,577
Operating expenses	38,800	22,397	16,403	23,492
Capital outlay	62,000	57,070	4,930	1,665
Total	<u>414,712</u>	<u>365,803</u>	<u>48,909</u>	<u>312,734</u>
<b>Medical Examiner:</b>				
Contracted services	<u>110,000</u>	<u>104,250</u>	<u>5,750</u>	<u>89,850</u>
Total public safety	<u>14,659,063</u>	<u>12,202,237</u>	<u>2,456,826</u>	<u>13,843,815</u>
<b>Economic and Physical Development:</b>				
<b>Planning and Zoning:</b>				
Salaries and employee benefits	157,111	136,173	20,938	131,835
Operating expenses	14,162	11,771	2,391	9,447
Total	<u>171,273</u>	<u>147,944</u>	<u>23,329</u>	<u>141,282</u>
<b>Economic Development:</b>				
Salaries and employee benefits	11,100	-	11,100	-
Operating expenditures	126,000	64,082	61,918	72,669
Total	<u>137,100</u>	<u>64,082</u>	<u>73,018</u>	<u>72,669</u>
<b>Cooperative Extension:</b>				
Salaries and employee benefits	427,730	403,940	23,790	380,699
Operating expenses	50,710	38,982	11,728	31,356
Capital outlay	1,000	-	1,000	1,029
Total	<u>479,440</u>	<u>442,922</u>	<u>36,518</u>	<u>413,084</u>
<b>Conservation:</b>				
Salaries and employee benefits	66,264	63,814	2,450	65,625
Operating expenses	7,254	1,978	5,276	2,522
Capital outlay	750	42	708	-
Total	<u>74,268</u>	<u>65,834</u>	<u>8,434</u>	<u>68,147</u>
Total economic and physical development	<u>862,081</u>	<u>720,782</u>	<u>141,299</u>	<u>695,182</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, 2021  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
<b>Human Services:</b>				
<b>Environmental Health:</b>				
Operating expenses	46,600	38,811	7,789	30,270
Capital outlay	24,000	23,856	144	31,605
Total	70,600	62,667	7,933	61,875
<b>Client Services:</b>				
Operating expenses	65,612	58,811	6,801	43,233
Capital outlay	23,200	-	23,200	-
Total	88,812	58,811	30,001	43,233
<b>Child Health:</b>				
Operating expenses	50,649	43,739	6,910	43,885
<b>Child Services Coordinator:</b>				
Operating expenses	20,500	6,201	14,299	5,139
<b>Pregnancy Care Management:</b>				
Operating expenses	17,200	6,588	10,612	7,804
<b>Ed/Risk Reduction:</b>				
Operating expenses	131,100	106,135	24,965	94,913
<b>WIC - Nutrition:</b>				
Operating expenses	6,750	1,690	5,060	1,946
<b>WIC - Administration:</b>				
Operating expenses	300	13	287	100
<b>WIC - Breastfeeding Peer Counsel</b>				
Operating expenses	-	-	-	566
<b>NC Partnership for Children:</b>				
Operating expenses	4,000	4,000	-	4,000
<b>WIC - Breastfeeding:</b>				
Operating expenses	2,650	1,768	882	3,190
<b>WorkFirst Block Grant:</b>				
Operating expenses	25,500	1,746	23,754	12,675
<b>Public Assistance:</b>				
Salaries and employee benefits	-	-	-	196
Operating expenses	1,203,574	879,876	323,698	931,953
Total	1,203,574	879,876	323,698	932,149
<b>DSS - IV-D:</b>				
Operating expenses	63,930	48,040	15,890	43,918

HOKE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
<b>Title XX:</b>				
Operating expenses	349,796	312,443	37,353	318,608
<b>DSS-Food Stamps:</b>				
Operating expenses	14,500	10,910	3,590	11,510
<b>Veterans Service:</b>				
Salaries and employee benefits	99,970	83,692	16,278	89,696
Operating expenses	8,170	3,322	4,848	6,934
Capital outlay	2,100	-	2,100	-
Total	110,240	87,014	23,226	96,630
<b>Health Administration:</b>				
Salaries and employee benefits	2,653,828	2,497,372	156,456	2,543,822
Operating expenses	498,801	377,635	121,166	404,561
Capital outlay	23,199	23,199	-	-
Total	3,175,828	2,898,206	277,622	2,948,383
<b>Communicable Diseases:</b>				
Operating expenses	29,500	15,815	13,685	16,958
<b>Bioterrorism Grant:</b>				
Operating expenses	386,059	260,943	125,116	45,483
<b>Breast and Cervical Cancer Program:</b>				
Operating expenses	11,050	4,670	6,380	12,045
<b>Women's Preventive Health:</b>				
Operating expenses	74,000	49,373	24,627	54,281
<b>Maternal Care:</b>				
Salaries and employee benefits	13,500	11,447	2,053	6,605
Operating expenses	42,850	32,703	10,147	28,738
Total	56,350	44,150	12,200	35,343
<b>Immunization:</b>				
Operating expenses	56,006	39,733	16,273	32,556
<b>Safe Routes to School:</b>				
Operating expenses	23,200	14,756	8,444	39,543
<b>DSS - Administration:</b>				
Salaries and employee benefits	5,531,783	5,375,986	155,797	5,142,594
Operating expenses	728,320	655,247	73,073	663,315
Capital outlay	12,650	-	12,650	-
Total	6,272,753	6,031,233	241,520	5,805,909

HOKE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
<b>Senior Services:</b>				
Salaries and employee benefits	436,049	478,789	(42,740)	386,979
Operating expenses	775,791	387,859	387,932	396,789
Capital outlay	15,000	-	15,000	18,267
Total	1,226,840	866,648	360,192	802,035
<b>Health Primary Care:</b>				
Operating expenses	45,100	32,198	12,902	27,835
<b>Special Appropriations</b>	811,491	730,526	80,965	666,653
Total human services	14,328,278	12,619,892	1,708,386	12,169,165
<b>Cultural and Recreational:</b>				
<b>Recreation:</b>				
Salaries and employee benefits	553,649	579,426	(25,777)	545,401
Operating expenses	243,050	144,596	98,454	156,163
Capital outlay	3,000	-	3,000	29,912
Total	799,699	724,022	75,677	731,476
<b>Literacy Council:</b>				
Salaries and employee benefits	99,737	80,204	19,533	85,975
<b>Library:</b>				
Salaries and employee benefits	333,470	323,248	10,222	327,944
Operating expenses	104,913	69,997	34,916	74,761
Total	438,383	393,245	45,138	402,705
Total cultural and recreational	1,337,819	1,197,471	140,348	1,220,156
<b>Transportation:</b>				
Salaries and employee benefits	937,863	735,996	201,867	853,068
Operating expenses	347,285	274,270	73,015	236,394
Capital outlay	1,234,028	131,400	1,102,628	292,787
Total	2,519,176	1,141,666	1,377,510	1,382,249
<b>Education:</b>				
Public school - current	5,700,000	5,700,000	-	5,700,000
Public school - additional appropriation	15,000	15,000	-	218,620
Community colleges	488,885	488,885	-	468,885
Capital outlay	1,253,000	1,210,590	42,410	1,134,571
Total	7,456,885	7,414,475	42,410	7,522,076
<b>Special Appropriations</b>	243,000	243,000	-	243,000
Total education	7,699,885	7,657,475	42,410	7,765,076

HOKE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
<b>Debt Service:</b>				
Principal retirement - government	16,076,790	15,405,543	671,247	2,557,729
Interest and fees	1,716,112	1,716,112	-	1,165,862
Total debt service	17,792,902	17,121,655	671,247	3,723,591
Total expenditures	71,045,868	61,632,360	9,413,508	48,650,630
Revenues over (under) expenditures	(19,284,556)	(3,631,985)	15,652,571	5,874,391
<b>Other Financing Sources (Uses):</b>				
Intrafund transfers	(198,412)	(123,412)	75,000	(123,412)
Transfers to other funds:				
Capital project funds	(4,000,000)	(4,000,000)	-	(3,451,985)
Transfers from other funds:				
Capital project funds	-	-	-	940,154
Long-term debt issued	11,573,644	11,235,000	(338,644)	-
Premium on debt issued	1,885,615	1,885,615	-	-
Appropriated fund balance	10,023,709	-	(10,023,709)	-
Total other financing sources (uses)	19,284,556	8,997,203	(10,287,353)	(2,635,243)
Net change in fund balance	\$ -	5,365,218	\$ 5,365,218	3,239,148
<b>Fund Balance:</b>				
Beginning of year - July 1		30,025,878		26,786,730
End of year - June 30		\$ 35,391,096		\$ 30,025,878

## 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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Operating expenditures	\$ 50,000	\$ -	\$ 50,000
Revenues over (under) expenditures	(50,000)	-	50,000
<b>Other Financing Sources (Uses):</b>			
Intrafund transfers	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	50,000	<u>\$ 50,000</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>63,263</u>	
End of year - June 30		<u>\$ 113,263</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Operating expenditures	\$ 325,000	\$ 199,902	\$ 125,098
Revenues over (under) expenditures	<u>(325,000)</u>	<u>(199,902)</u>	<u>125,098</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	275,000	-	(275,000)
Intrafund transfers	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total other financing sources (uses)	<u>325,000</u>	<u>50,000</u>	<u>(275,000)</u>
Net change in fund balance	<u>\$ -</u>	(149,902)	<u>\$ (149,902)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>328,065</u>	
End of year - June 30		<u>\$ 178,163</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Operating expenditures	\$ 23,412	\$ 18,206	\$ 5,206
Revenues over (under) expenditures	(23,412)	(18,206)	5,206
<b>Other Financing Sources (Uses):</b>			
Intrafund transfers	<u>23,412</u>	<u>23,412</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	5,206	<u>\$ 5,206</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>5,131</u>	
End of year - June 30		<u>\$ 10,337</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, 2021**

	Project Authorization	Actual		Total to Date	Budget Variance
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 130,000	\$ -	\$ -	\$ -	\$ (130,000)
Local contributions	-	-	4,739	4,739	4,739
Total revenues	<u>130,000</u>	<u>-</u>	<u>4,739</u>	<u>4,739</u>	<u>(125,261)</u>
<b>Expenditures:</b>					
<b>Cultural and Recreational:</b>					
Cooperative extension building	5,069,741	5,161,547	(17,604)	5,143,943	(74,202)
401 PR building	28,553,135	1,463,848	5,127,744	6,591,592	21,961,543
Total cultural and recreational	<u>33,622,876</u>	<u>6,625,395</u>	<u>5,110,140</u>	<u>11,735,535</u>	<u>21,887,341</u>
<b>Transportation:</b>					
BUS53 Section 5310 mobility	<u>130,000</u>	<u>-</u>	<u>130,000</u>	<u>130,000</u>	<u>-</u>
Total expenditures	<u>33,752,876</u>	<u>6,625,395</u>	<u>5,240,140</u>	<u>11,865,535</u>	<u>21,887,341</u>
Revenues over (under) expenditures	<u>(33,622,876)</u>	<u>(6,625,395)</u>	<u>(5,235,401)</u>	<u>(11,860,796)</u>	<u>21,762,080</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from General Fund	9,209,741	8,706,205	4,000,000	12,706,205	3,496,464
Premium on debt issued	3,918,134	-	3,918,134	3,918,134	-
Long-term debt issued	<u>20,495,001</u>	<u>-</u>	<u>20,495,000</u>	<u>20,495,000</u>	<u>(1)</u>
Total other financing sources (uses)	<u>33,622,876</u>	<u>8,706,205</u>	<u>28,413,134</u>	<u>37,119,339</u>	<u>3,496,463</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,080,810</u>	<u>23,177,733</u>	<u>\$ 25,258,543</u>	<u>\$ 25,258,543</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>2,080,810</u>		
End of year - June 30			<u>\$ 25,258,543</u>		

## HOKE COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2021

	<u>Special Revenue Funds</u>	<u>Capital Project Fund</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 709,282	\$ -	\$ 709,282
Taxes receivable	140,615	-	140,615
Accounts receivable	62,206	-	62,206
Notes receivable	302,963	-	302,963
Prepaid items	2,067	-	2,067
Restricted cash and cash equivalents	351,036	-	351,036
Total assets	<u>\$ 1,568,169</u>	<u>\$ -</u>	<u>\$ 1,568,169</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 95,687	\$ -	\$ 95,687
Advances from grantor	351,036	-	351,036
Total liabilities	<u>446,723</u>	<u>-</u>	<u>446,723</u>
<b>Deferred Inflows of Resources:</b>			
Taxes receivable	140,615	-	140,615
<b>Fund Balances:</b>			
Non-spendable:			
Prepaid items	2,067	-	2,067
Restricted:			
Stabilization by state statute	365,169	-	365,169
Public safety	622,669	-	622,669
Human services	37,563	-	37,563
Assigned	292,012	-	292,012
Unassigned	(338,649)	-	(338,649)
Total fund balances	<u>980,831</u>	<u>-</u>	<u>980,831</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,568,169</u>	<u>\$ -</u>	<u>\$ 1,568,169</u>

## HOKE COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Special Revenue Funds</b>	<b>Capital Project Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 2,878,152	\$ -	\$ 2,878,152
Restricted intergovernmental	849,680	90,140	939,820
E-911 wireless	301,261	-	301,261
Total revenues	<u>4,029,093</u>	<u>90,140</u>	<u>4,119,233</u>
<b>Expenditures:</b>			
Current:			
General government	388,449	-	388,449
Public safety	3,236,975	-	3,236,975
Economic and physical development	91,246	90,140	181,386
Human services	184,469	-	184,469
Total expenditures	<u>3,901,139</u>	<u>90,140</u>	<u>3,991,279</u>
Net change in fund balances	<u>127,954</u>	<u>-</u>	<u>127,954</u>
<b>Fund Balances:</b>			
Beginning of year - July 1	821,495	-	821,495
Restatement	31,382	-	31,382
Beginning of year - July 1, as restated	<u>852,877</u>	<u>-</u>	<u>852,877</u>
End of year - June 30	<u>\$ 980,831</u>	<u>\$ -</u>	<u>\$ 980,831</u>

HOKE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2021

	<u>Revolving Loan Fund</u>	<u>Emergency Systems Telephone Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Grant Projects Fund</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 282,678	\$ 103,799	\$ 203,989	\$ 9,334
Taxes receivable	-	-	-	-
Accounts receivable	-	25,105	-	-
Notes receivable	302,963	-	-	-
Prepays	-	-	-	2,067
Restricted cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 585,641</u>	<u>\$ 128,904</u>	<u>\$ 203,989</u>	<u>\$ 11,401</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ 36,155	\$ -	\$ -
Advances from grantor	-	-	-	-
Total liabilities	<u>-</u>	<u>36,155</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>				
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Non-spendable:				
Prepaid items	-	-	-	2,067
Restricted:				
Stabilization by state statute	302,963	25,105	-	-
Public safety	-	67,644	203,989	-
Human services	-	-	-	-
Assigned	282,678	-	-	9,334
Unassigned	-	-	-	-
Total fund balances	<u>585,641</u>	<u>92,749</u>	<u>203,989</u>	<u>11,401</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 585,641</u>	<u>\$ 128,904</u>	<u>\$ 203,989</u>	<u>\$ 11,401</u>

HOKE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2021

	<u>Fire District Fund</u>	<u>Multi-Year Grants Fund</u>	<u>Representative Payee Fund</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 18,368	\$ 53,551	\$ 37,563	\$ 709,282
Taxes receivable	140,615	-	-	140,615
Accounts receivable	37,101	-	-	62,206
Notes receivable	-	-	-	302,963
Prepays	-	-	-	2,067
Restricted cash and cash equivalents	-	351,036	-	351,036
Total assets	<u>\$ 196,084</u>	<u>\$ 404,587</u>	<u>\$ 37,563</u>	<u>\$ 1,568,169</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 48,094	\$ 11,438	\$ -	\$ 95,687
Advances from grantor	-	351,036	-	351,036
Total liabilities	<u>48,094</u>	<u>362,474</u>	<u>-</u>	<u>446,723</u>
<b>Deferred Inflows of Resources:</b>				
Taxes receivable	<u>140,615</u>	<u>-</u>	<u>-</u>	<u>140,615</u>
<b>Fund Balances:</b>				
Non-spendable:				
Prepaid items	-	-	-	2,067
Restricted:				
Stabilization by state statute	37,101	-	-	365,169
Public safety	-	351,036	-	622,669
Human services	-	-	37,563	37,563
Assigned	-	-	-	292,012
Unassigned	<u>(29,726)</u>	<u>(308,923)</u>	<u>-</u>	<u>(338,649)</u>
Total fund balances	<u>7,375</u>	<u>42,113</u>	<u>37,563</u>	<u>980,831</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 196,084</u>	<u>\$ 404,587</u>	<u>\$ 37,563</u>	<u>\$ 1,568,169</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, 2021

	<u>Revolving Loan Fund</u>	<u>Emergency Systems Telephone Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Grant Projects Fund</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	166,151	32,959
E-911 wireless	-	301,261	-	-
Total revenues	<u>-</u>	<u>301,261</u>	<u>166,151</u>	<u>32,959</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	280,811	71,671	-
Human services	-	-	-	32,959
Economic and physical development	-	-	-	-
Total expenditures	<u>-</u>	<u>280,811</u>	<u>71,671</u>	<u>32,959</u>
Net change in fund balances	<u>-</u>	<u>20,450</u>	<u>94,480</u>	<u>-</u>
<b>Fund Balances:</b>				
Beginning of year - July 1	585,641	72,299	109,509	11,401
Restatement	-	-	-	-
Beginning of year - July 1, as restated	<u>585,641</u>	<u>72,299</u>	<u>109,509</u>	<u>11,401</u>
End of year - June 30	<u>\$ 585,641</u>	<u>\$ 92,749</u>	<u>\$ 203,989</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, 2021

	<u>Fire District Fund</u>	<u>Multi-Year Grants Funds</u>	<u>Representative Payee Fund</u>	<u>Total</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 2,878,152	\$ -	\$ -	\$ 2,878,152
Restricted intergovernmental	-	492,879	157,691	849,680
E-911 wireless	-	-	-	301,261
Total revenues	<u>2,878,152</u>	<u>492,879</u>	<u>157,691</u>	<u>4,029,093</u>
<b>Expenditures:</b>				
Current:				
General government	-	388,449	-	388,449
Public safety	2,871,309	13,184	-	3,236,975
Human services	-	-	151,510	184,469
Economic and physical development	-	91,246	-	91,246
Total expenditures	<u>2,871,309</u>	<u>492,879</u>	<u>151,510</u>	<u>3,901,139</u>
Net change in fund balances	<u>6,843</u>	<u>-</u>	<u>6,181</u>	<u>127,954</u>
<b>Fund Balances:</b>				
Beginning of year - July 1	532	42,113	-	821,495
Restatement	-	-	31,382	31,382
Beginning of year - July 1, as restated	<u>532</u>	<u>42,113</u>	<u>31,382</u>	<u>852,877</u>
End of year - June 30	<u>\$ 7,375</u>	<u>\$ 42,113</u>	<u>\$ 37,563</u>	<u>\$ 980,831</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Miscellaneous revenue	\$ -	\$ 93,625	\$ 93,625
Revenues over (under) expenditures	<u>\$ -</u>	93,625	<u>\$ 93,625</u>
<b>Reconciliation from Budgetary Basis to Modified Accrual Basis:</b>			
Current year loan repayments		<u>(93,625)</u>	
Net change in fund balance		-	
<b>Fund Balance:</b>			
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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
E-911	\$ 383,811	\$ 301,261	\$ (82,550)
<b>Expenditures:</b>			
Implemental functions	42,536	42,536	-
Telephone & furniture	230,044	78,333	151,711
Software and software maintenance	51,418	51,418	-
Hardware and hardware maintenance	59,221	59,221	-
Training	592	592	-
Total expenditures	<u>383,811</u>	<u>280,811</u>	<u>103,000</u>
Net change in fund balance	<u>\$ -</u>	20,450	<u>\$ 20,450</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>72,299</u>	
End of year - June 30		<u>\$ 92,749</u>	
<b>PSAP Reconciliation:</b>			
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		\$ 92,749	
Difference in beginning fund balance due to transposition error on PSAP report		<u>(263)</u>	
Ending balance, PSAP revenue - expenditure report		<u>\$ 92,486</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Federal asset forfeiture funds - justice	\$ 60,000	\$ 124,436	\$ 64,436
Federal asset forfeiture treasury funds	45,000	21,423	(23,577)
State asset forfeiture funds	<u>10,000</u>	<u>20,292</u>	<u>10,292</u>
Total revenues	<u>115,000</u>	<u>166,151</u>	<u>51,151</u>
<b>Expenditures:</b>			
Operating expenditures:			
Federal asset forfeiture funds - justice	60,000	29,848	30,152
Federal asset forfeiture treasury funds	60,000	33,314	26,686
State asset forfeiture funds	<u>10,000</u>	<u>8,509</u>	<u>1,491</u>
Total expenditures	<u>130,000</u>	<u>71,671</u>	<u>58,329</u>
Revenues over (under) expenditures	(15,000)	94,480	109,480
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>94,480</u>	<u>\$ 94,480</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>109,509</u>	
End of year - June 30		<u>\$ 203,989</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Safe Schools grant	\$ 34,420	\$ 32,959	\$ (1,461)
<b>Expenditures:</b>			
Safe Schools grant	34,420	32,959	1,461
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund Balance:</b>			
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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 3,094,285	\$ 2,878,152	\$ (216,133)
<b>Expenditures:</b>			
<b>Public Safety:</b>			
<b>Fire Districts:</b>			
North Raeford Fire Department	248,545	223,103	25,442
Antioch Fire Department	178,920	150,900	28,020
North Scotland Fire Department	15,350	11,359	3,991
Puppy Creek Fire Department	1,027,150	1,000,549	26,601
Rockfish Fire Department	507,307	460,037	47,270
Hillcrest Fire Department	553,338	514,237	39,101
West Hoke Fire Department	179,026	165,152	13,874
Pine Hill Fire Department	149,087	135,983	13,104
Stonewall Fire Department	184,410	166,648	17,762
Crestline Fire Department	51,152	43,341	7,811
Total expenditures	<u>3,094,285</u>	<u>2,871,309</u>	<u>222,976</u>
Net change in fund balance	<u>\$ -</u>	6,843	<u>\$ 6,843</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>532</u>	
End of year - June 30		<u>\$ 7,375</u>	

## HOKE COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUND - MULTI-YEAR GRANTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	Project Authorization	Actual			Budget Variance
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
<b>Restricted Intergovernmental Revenues:</b>					
Urgent Home Repair grant 2019	\$ 100,000	\$ 68,564	\$ 31,436	\$ 100,000	\$ -
Urgent Home Repair grant 2020	100,000	-	59,810	59,810	(40,190)
Emergency Management Performance grant	227,521	304,783	13,184	317,967	90,446
NC ORR grant	240,000	-	65,116	65,116	(174,884)
Coronavirus relief funds	2,220,654	532,330	323,333	855,663	(1,364,991)
Total revenues	<u>2,888,175</u>	<u>905,677</u>	<u>492,879</u>	<u>1,398,556</u>	<u>(1,489,619)</u>
<b>Expenditures:</b>					
<b>Emergency Management Performance Grant:</b>					
Operating expenses	403,410	304,783	13,184	317,967	85,443
<b>Urgent Home Repair 2019</b>	100,000	68,564	31,436	100,000	-
<b>Urgent Home Repair 2020</b>	100,000	-	59,810	59,810	40,190
<b>NC ORR grant</b>	240,000	-	65,116	65,116	174,884
<b>Coronavirus Relief Funds</b>	<u>2,220,654</u>	<u>532,330</u>	<u>323,333</u>	<u>855,663</u>	<u>1,364,991</u>
Total expenditures	<u>3,064,064</u>	<u>905,677</u>	<u>492,879</u>	<u>1,398,556</u>	<u>1,665,508</u>
Revenues over (under) expenditures	(175,889)	-	-	-	175,889
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	<u>175,889</u>	<u>42,113</u>	-	<u>42,113</u>	<u>(133,776)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 42,113</u>	-	<u>\$ 42,113</u>	<u>\$ 42,113</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>42,113</u>		
End of year - June 30			<u>\$ 42,113</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 603,337	\$ 157,691	\$ 761,028
<b>Expenditures:</b>			
Payments made for the benefit of beneficiaries	603,337	151,510	754,847
Net change in fund balance	<u>\$ -</u>	<u>6,181</u>	<u>\$ 6,181</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		-	
Prior period adjustment		<u>31,382</u>	
Beginning of year, restated		<u>31,382</u>	
End of year, June 30		<u>\$ 37,563</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, 2021**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Budget Variance</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Revenues:</b>					
Single family rehab disaster recovery	\$ 150,000	\$ -	\$ 90,140	\$ 90,140	\$ (59,860)
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
<b>Single Family Rehab Disaster Recovery:</b>					
Professional services	192,927	-	90,140	90,140	102,787
Revenues over (under) expenditures	(42,927)	-	-	-	42,927
<b>Other Financing Sources (Uses):</b>					
Transfers from General Fund	42,927	-	-	-	(42,927)
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
<b>Fund Balance:</b>					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Operating Revenues:</b>			
Water and sewer charges	\$ 7,148,826	\$ 6,993,883	\$ (154,943)
Tap and impact fees	1,105,900	833,707	(272,193)
Other operating revenues	135,635	78,916	(56,719)
Total operating revenues	<u>8,390,361</u>	<u>7,906,506</u>	<u>(483,855)</u>
Non-operating revenues:			
Miscellaneous	-	17,732	17,732
Total revenues	<u>8,390,361</u>	<u>7,924,238</u>	<u>(466,123)</u>
<b>Expenditures:</b>			
<b>Operating Expenses:</b>			
<b>Water and Sewer Operations:</b>			
Salaries and benefits	1,824,052	1,648,190	175,862
Other operating expenses	4,708,136	3,145,927	1,562,209
Capital outlay	402,530	417,934	(15,404)
Charges for services	<u>375,002</u>	<u>350,000</u>	<u>25,002</u>
Total	<u>7,309,720</u>	<u>5,562,051</u>	<u>1,747,669</u>
<b>Debt Service:</b>			
Interest and fees	825,939	825,939	-
Debt principal	<u>10,194,675</u>	<u>9,556,000</u>	<u>638,675</u>
Total	<u>11,020,614</u>	<u>10,381,939</u>	<u>638,675</u>
Total expenditures	<u>18,330,334</u>	<u>15,943,990</u>	<u>2,386,344</u>
Revenues over (under) expenditures	<u>(9,939,973)</u>	<u>(8,019,752)</u>	<u>1,920,221</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in (out):			
Intrafund transfers	(810,219)	(565,652)	244,567
Long-term debt issued	7,582,965	7,585,000	2,035
Premium on debt issued	<u>1,151,739</u>	<u>1,151,739</u>	<u>-</u>
Total other financing sources (uses)	<u>7,924,485</u>	<u>8,171,087</u>	<u>246,602</u>
Appropriated fund balance	<u>2,015,488</u>	<u>-</u>	<u>(2,015,488)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 151,335</u>	<u>\$ 151,335</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 151,335	
Reconciling items:			
Depreciation		(2,049,872)	
Debt principal		9,556,000	
Change in accrued interest		19,374	
Intrafund transfer		565,652	
Capital outlay		408,414	
Change in compensated absences		(19,457)	
Change in deferred outflows of resources - OPEB		71,525	
Change in OPEB liability		(114,587)	
Change in deferred inflows of resources - OPEB		10,731	
Change in deferred outflows of resources - pensions		56,099	
Change in net pension liability		(132,960)	
Change in deferred inflows of resources - pensions		3,552	
Debt proceeds and related premium		<u>(8,736,739)</u>	
Change in net position		<u>\$ (210,933)</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, 2021

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Budget Variance</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 107,110	\$ -	\$ 107,110	\$ 107,110
<b>Expenditures:</b>					
<b>BALF:</b>					
Construction cost	159,138	-	159,138	159,138	-
Revenues over (under) expenditures	(159,138)	107,110	(159,138)	(52,028)	107,110
<b>Other Financing Sources (Uses):</b>					
Transfers in:					
Water and Sewer Fund	159,138	136,096	23,042	159,138	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 243,206	\$ (136,096)	\$ 107,110	\$ 107,110

## 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, 2021

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Other Financing Sources (Uses) :</b>					
Transfers in:					
Water and Sewer Fund	\$ 276,000	\$ 568,927	\$ -	\$ 568,927	\$ 292,927
Transfers out:					
Water and sewer projects	<u>(276,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276,000</u>
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, 2021

	Project Authorization	Actual			Budget Variance
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Contribution - VFD	\$ -	\$ 6,484	\$ -	\$ 6,484	\$ 6,484
Restricted intergovernmental - golf course	161,625	4,790	-	4,790	(156,835)
Total revenues	<u>161,625</u>	<u>11,274</u>	<u>-</u>	<u>11,274</u>	<u>(150,351)</u>
<b>Expenditures:</b>					
<b>Golf Course Road Water Main Relocation:</b>					
Construction	153,945	4,790	-	4,790	149,155
Contingency	7,680	-	-	-	7,680
Total golf course	<u>161,625</u>	<u>4,790</u>	<u>-</u>	<u>4,790</u>	<u>156,835</u>
<b>Grow Hoke Sewer Project:</b>					
Professional services	<u>576,682</u>	<u>-</u>	<u>33,879</u>	<u>33,879</u>	<u>542,803</u>
Total expenditures	<u>738,307</u>	<u>4,790</u>	<u>33,879</u>	<u>38,669</u>	<u>699,638</u>
Revenues over (under) expenditures	(576,682)	6,484	(33,879)	(27,395)	549,287
<b>Other Financing Sources (Uses) :</b>					
Intrafund transfers, net:					
Water Sewer District Fund	<u>576,682</u>	<u>34,072</u>	<u>542,610</u>	<u>576,682</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 40,556</u>	<u>\$ 508,731</u>	<u>\$ 549,287</u>	<u>\$ 549,287</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)  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Solid waste charges	\$ 3,069,535	\$ 3,112,223	\$ 42,688
Other	110,000	176,389	66,389
Total operating revenues	<u>3,179,535</u>	<u>3,288,612</u>	<u>109,077</u>
Non-operating revenues:			
Intergovernmental revenues	59,142	59,142	-
Investment earnings	44,000	41,792	(2,208)
Total non-operating revenues	<u>103,142</u>	<u>100,934</u>	<u>(2,208)</u>
Total revenues	<u>3,282,677</u>	<u>3,389,546</u>	<u>106,869</u>
<b>Expenditures:</b>			
Landfill operations:			
Salaries and benefits	935,803	825,009	110,794
Other operating expenses	1,976,874	1,675,359	301,515
Capital outlay	70,000	-	70,000
Charges for services	300,000	350,000	(50,000)
Total expenditures	<u>3,282,677</u>	<u>2,850,368</u>	<u>432,309</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 539,178</u>	<u>\$ 539,178</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 539,178	
Reconciling items:			
Depreciation		(157,975)	
Change in compensated absences		28,805	
Change in deferred outflows of resources - OPEB		35,229	
Change in OPEB liability		(56,439)	
Change in deferred inflows of resources - OPEB		5,286	
Change in deferred outflows of resources - pensions		28,051	
Change in net pension liability		(66,480)	
Change in deferred inflows of resources - pensions		<u>1,776</u>	
Change in net position		<u>\$ 357,431</u>	

## HOKE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 CUSTODIAL FUNDS  
 JUNE 30, 2021

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Fund</u>	<u>Sheriff's Execution Fund</u>	<u>Total Custodial Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 16,815	\$ 16,013	\$ 1,658	\$ 34,486
Due from other governments	19,506	-	-	19,506
Taxes receivable for other governments, net	<u>3,827</u>	<u>-</u>	<u>-</u>	<u>3,827</u>
Total assets	<u>40,148</u>	<u>16,013</u>	<u>1,658</u>	<u>57,819</u>
<b>Liabilities:</b>				
Due to other governments	<u>16,815</u>	<u>-</u>	<u>-</u>	<u>16,815</u>
<b>Net Position:</b>				
Restricted:				
Individuals, organizations, and other governments	<u>\$ 23,333</u>	<u>\$ 16,013</u>	<u>\$ 1,658</u>	<u>\$ 41,004</u>

## HOKE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 CUSTODIAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Fund</u>	<u>Sheriff's Execution Fund</u>	<u>Total Custodial Funds</u>
<b>Additions:</b>				
Ad valorem taxes and interest for other governments	\$ 212,236	\$ -	\$ -	\$ 212,236
Collections on behalf of individuals/orrganizations	-	<u>61,262</u>	<u>9,572</u>	<u>70,834</u>
Total additions	<u>212,236</u>	<u>61,262</u>	<u>9,572</u>	<u>283,070</u>
<b>Deductions:</b>				
Tax and interest distributions to other governments	210,317	-	-	210,317
Payments on behalf of individuals/orrganizations	-	<u>57,442</u>	<u>9,572</u>	<u>67,014</u>
Total deductions	<u>210,317</u>	<u>57,442</u>	<u>9,572</u>	<u>277,331</u>
Net increase (decrease) in fiduciary net position	<u>1,919</u>	<u>3,820</u>	<u>-</u>	<u>5,739</u>
Net position, beginning, July 1, as previously reported	-	-	-	-
Prior period restatement - change in accounting principle	<u>21,414</u>	<u>12,193</u>	<u>1,658</u>	<u>35,265</u>
Net position, beginning, as restated	<u>21,414</u>	<u>12,193</u>	<u>1,658</u>	<u>35,265</u>
Net position, ending June 30	<u>\$ 23,333</u>	<u>\$ 16,013</u>	<u>\$ 1,658</u>	<u>\$ 41,004</u>

## HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2021

<u>Year Ended June 30</u>	<u>Uncollected Balance July 1, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2021	\$ -	\$ 29,694,728	\$ 28,803,520	\$ 891,208
2020	965,553		606,489	359,064
2019	345,575	-	166,153	179,422
2018	178,058	-	71,762	106,296
2017	97,602	-	32,238	65,364
2016	55,028	-	13,494	41,534
2015	36,587	-	9,202	27,385
2014	140,328	-	6,219	134,109
2013	191,493	-	4,970	186,523
2012	155,799	-	4,866	150,933
2011	123,612	-	123,612	-
Total	<u>\$ 2,289,635</u>	<u>\$ 29,694,728</u>	<u>\$ 29,842,525</u>	<u>2,141,838</u>
Less: allowance for uncollectible accounts				<u>(493,435)</u>
Ad valorem taxes receivable, net				<u>\$ 1,648,403</u>
<b>Reconciliation with Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
General Fund				<u>\$ 29,376,103</u>
Reconciling items:				
Interest collected				(196,623)
Discounts allowed				379,465
Taxes written off				123,612
Miscellaneous				140,907
Releases				19,061
Total reconciling items				<u>466,422</u>
Total collections and credits				<u>\$ 29,842,525</u>

## HOKE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
FOR THE YEAR ENDED JUNE 30, 2021

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 3,926,090,533	\$ 0.75	\$ 29,445,679	\$ 25,606,027	\$ 3,839,652
Interest and penalties	12,908,667	0.75	96,815	65,629	31,186
Total	<u>3,938,999,200</u>		<u>29,542,494</u>	<u>25,671,656</u>	<u>3,870,838</u>
<b>Discoveries:</b>					
Current year's taxes	20,986,133		157,396	157,396	-
Prior year's taxes and rollbacks	956,000		7,170	7,170	-
Total	<u>21,942,133</u>		<u>164,566</u>	<u>164,566</u>	-
<b>Abatements</b>			<u>(12,332)</u>	<u>(12,332)</u>	-
Total property valuation	<u>\$ 3,960,941,333</u>				
<b>Net Levy</b>			29,694,728	25,823,890	3,870,838
Uncollected taxes at June 30, 2021			<u>891,208</u>	<u>691,148</u>	<u>200,060</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 28,803,520</u>	<u>\$ 25,132,742</u>	<u>\$ 3,670,778</u>
<b>Current Levy Collection Percentage</b>			<u>97.00%</u>	<u>97.32%</u>	<u>94.83%</u>

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

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

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

### **Independent Auditor's Report**

To the Board of Commissioners  
Hoke County  
Raeford, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hoke County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 17, 2021. Our report includes a reference to other auditors who audited the financial statements of 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 Hoke County ABC Board.

### **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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as Finding 2021-001 that we consider to be a material weakness.

### **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**

Hoke County's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of This Report**

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 17, 2021

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

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

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

### **Independent Auditor's Report**

To the Board of Commissioners  
Hoke County  
Raeford, North Carolina

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

We have audited Hoke County, North Carolina's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Hoke County's major federal programs for the year ended June 30, 2021. Hoke County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

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

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

## Opinion on Each Major Federal Program

In our opinion, Hoke County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 17, 2021

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

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

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

### **Independent Auditor's Report**

To the Board of Commissioners  
Hoke County  
Raeford, North Carolina

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

We have audited Hoke County, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Hoke County's major state programs for the year ended June 30, 2021. Hoke County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

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

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

## Opinion on Each Major State Program

In our opinion, Hoke County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

## Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 17, 2021

**HOKE COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**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:

<b><u>Program Name</u></b>	<b><u>AL #</u></b>
Medicaid Cluster	93.778
Low-Income Home Energy Assistance	93.568
Child Support Enforcement	93.563
Supplemental Nutrition Assistance Program Cluster	10.561

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, 2021**

**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
- Child Support Enforcement

# HOKE COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

### Section II – Financial Statement Findings

#### Material Weakness

##### **Finding 2021-001**

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

**Condition:** A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. The existence of such material adjustments indicated that the County's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments.

**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, 2020-001, 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, 2021**

**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, 2021**

**Section II – Financial Statements Findings**

**Finding: 2021-001**

**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. The vacant Finance Specialist position has been recently filled and duties re-assigned in the Finance Department. In addition, payroll has been outsourced which should ensure personnel have adequate time to focus on this issue. 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, 2021**

**Finding: 2020-001**

Status: Modified and repeated as 2021-001

**HOKE COUNTY, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
<b>FEDERAL AWARDS:</b>					
<b><u>U.S. Department of Agriculture</u></b>					
<b>Food and Nutrition Service</b>					
Passed-through the N.C. Department of Health and Human Services:					
Division of Social Services					
<u>Supplemental Nutrition Assistance Program Cluster:</u>					
Administration:					
State Administrative Matching Grants for the					
Supplemental Nutrition Assistance Program - Administration					
	10.561	195NC406S2514	\$ 392,716	\$ -	\$ -
Total Supplemental Nutrition Assistance Program Cluster			392,716	-	-
Division of Public Health					
Administration:					
WIC Special Supplemental Nutrition Program for Women, Infants, & Children					
	10.557	13A25403GA	336,664	-	-
<b>Total U.S. Department of Agriculture</b>			<u>729,380</u>	<u>-</u>	<u>-</u>
<b><u>U. S. Department of Transportation</u></b>					
<b>Federal Transit Administration</b>					
Passed-through N.C. Department of Transportation:					
<u>Federal Transit Cluster:</u>					
Federal Transit Formula Grants - FY20 5307 Subs Operating					
	20.507	49358.6.1.2	367,295	-	-
Total Federal Transit Cluster			367,295	-	-
<u>Transit Services Programs Cluster:</u>					
Enhanced Mobility of Seniors and Individuals with Disabilities					
	20.513	1112-2021-2-P1	130,000	-	-
Total Transit Services Programs Cluster			130,000	-	-
Formula Grants for Rural Areas and Tribal Transit Program:					
WBS - Admin 36233.51.21.1	20.509	WBS36233.51.21.1	105,335	6,583	-
WBS - Capital 36233.51.21.3	20.509	WBS36233.51.21.3	100,591	12,574	-
WBS - Operating 49233.31.1.2	20.509	WBS49233.31.1.2	133,571	-	-
Total Formula Grants for Rural Areas and Tribal Transit Program			339,497	19,157	-
Total Federal Transit Administration			836,792	19,157	-
<b>Federal Highway Administration</b>					
Passed-through N.C. Department of Transportation:					
<u>Highway Planning and Construction Cluster</u>					
<u>Highway Planning, Research &amp; Construction Cluster</u>					
Highway Planning and Construction - Safe Routes to School Program					
	20.205	48778.4.9	110,667	-	-
Total Highway Planning and Construction Cluster / Highway Planning, Research & Construction Cluster			110,667	-	-
<b>Total U.S. Department of Transportation</b>			<u>947,459</u>	<u>19,157</u>	<u>-</u>
<b><u>U.S. Department of Health and Human Services</u></b>					
<b>Centers for Medicare and Medicaid Services</b>					
Passed-through the N.C. Department of Health and Human Services:					
Division of Health Benefits:					
Division of Social Services					
Administration:					
<u>Medicaid Cluster:</u>					
Medical Assistance Program					
	93.778	XIX-MAP21	1,439,957	2,945	-
Total Medicaid Cluster			1,439,957	2,945	-
Division of Social Services					
Administration:					
Children's Health Insurance Program - NC Health Choice					
	93.767	CHIP21	30,469	416	-
Total Centers for Medicare and Medicaid Services			1,470,426	3,361	-

**HOKE COUNTY, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
<b>Centers for Disease Control and Prevention</b>					
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	100,000	-	-
Immunization Cooperative Agreements	93.268	1331631AEJ	136,082	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175878AHH	150,194	-	-
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	4,550	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311462ANB	100	-	-
Public Health Emergency Preparedness	93.069	12642680EW	26,685	-	-
Total Centers for Disease Control and Prevention			448,268	-	-
<b>Office Of Assistant Secretary For Health</b>					
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health					
Family Planning Services	93.217	13A1592BFP	44,171	-	-
<b>Health Resources and Services Administration</b>					
Direct Program:					
COVID-19 - Provider Relief Fund	93.498		306	-	-
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health					
Maternal and Child Health Federal Consolidated Programs	93.110	13A1588AMZ	567	-	-
Maternal and Child Health Services Block Grant to the States	93.994	12715318AR	35,472	4,319	-
Total Health Resources and Services Administration			36,345	4,319	-
<b>Administration for Children and Families</b>					
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					
Administration:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G2001NCCCCDF	83,769	-	-
Total Subsidized Child Care Program Cluster (Note 3) / Child Care Development Fund Cluster			83,769	-	-
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	265,875	35,900	-
Adoption Assistance	93.659	2001NCADPT	24,314	-	-
Direct Benefit Payments:					
Foster Care Title IV-E	93.658	2001NCFOST	124,293	28,438	-
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 3)			414,482	64,338	-
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	63,782	-	-
Total Temporary Assistance for Needy Families			72,768	-	-

## HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
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	3,275	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G2001NCCWSS	14,489	-	-
Total Special Children Adoption Fund Cluster (Note 3)			17,764	-	-
Social Services Block Grant	93.667	G2001NCSOSR	280,363	-	-
Low-Income Home Energy Assistance	93.568	G20B1NCLIEA	533,147	-	-
COVID-19 - Low-Income Home Energy Assistance	93.568	G20B1NCLIEA	118,747	-	-
Child Support Enforcement	93.563	G2004NC4005	507,116	523	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001NCC1LP	4,898	1,224	-
Division of Social Services					
Direct Benefit Payments:					
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001NCC1LP	3,046	68	-
Total Administration for Children and Families			2,036,100	66,153	-
<b>Administration for Community Living</b>					
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	2,799	-	-
COVID-19 - Congregate Nutrition Services (CARES)	93.045	ZGA380-A	9,162	-	-
Home-Delivered Nutrition Services	93.045	ZGA380-A	148,187	8,718	-
COVID-19 - Home-Delivered Nutrition Services (CARES)	93.045	ZGA380-A	25,250	-	-
Families First Coronavirus Response Act - Home-Delivered Nutrition Services	93.045	ZGA380-A	7,156	-	-
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers:					
In-Home Services	93.044	ZGA380-A	6,439	380	-
COVID-19 - In-Home Services (CARES)	93.044	ZGA380-A	11,504	-	-
Nutrition Services Incentive Program	93.053	ZGA380-A	31,779	-	-
State appropriations:					
90% State Funds - In-Home Services		ZGA380-A	-	14,208	-
90% State Funds - Home Delivered Meals		ZGA380-A	-	46,226	-
90% State Funds - Access		ZGA380-A	-	9,303	-
Total Aging Cluster			242,276	78,835	-
Passed-through N.C. Department of Insurance - SHIP Division					
State Health Insurance Assistance Program	93.324	90SAPG0027-03-02	5,356	-	-
Medicare Enrollment Assistance Program	93.071	1801NCMISH-01	2,708	-	-
Total Administration for Community Living			250,340	78,835	-
<b>Total U.S. Department of Health and Human Services</b>			4,285,650	152,668	-
<b>U.S. Department of Homeland Security</b>					
<b>Federal Emergency Management Agency</b>					
Passed-through the N.C. Department of Public Safety					
Disaster Grants-Public Assistance (Presidentially Declared Disaster)	97.036	FEMA-4285-DR-NC	59,142	-	-
COVID-19 - Disaster Grants-Public Assistance (Presidentially Declared Disaster)	97.036	FEMA-4487-DR-NC EMA-2020-EP-00009-	21,303	-	-
Emergency Management Performance Grants	97.042	2020046	13,184	-	-
<b>Total U.S. Department of Homeland Security</b>			93,629	-	-

## HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
<b><u>U.S. Department of Justice</u></b>					
<b>Office of Justice Programs</b>					
Passed through the N.C. Department of Public Safety					
Governor's Crime Commission					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0067	32,959	-	-
<b>Total U.S. Dept. of Justice</b>			<u>32,959</u>	<u>-</u>	<u>-</u>
<b><u>U.S. Department of Treasury</u></b>					
Direct Program:					
Equitable Sharing	21.016	NC0470000	62,973	-	-
Passed-through the Office of State Budget and Management:					
NC Pandemic Recovery Office					
COVID-19 - Coronavirus Relief Fund	21.019	02-46	323,333	-	167,834
Passed-through N.C. Department of Transportation					
COVID-19 - Coronavirus Relief Fund	21.019	49458.9.1.2	16,393	-	-
Passed-through N.C. Department of Health and Human Services					
Division of Public Health					
COVID-19 - Coronavirus Relief Fund	21.019	11754026HN P5	78,923	-	-
<b>Total COVID-19 - Coronavirus Relief Fund</b>			<u>418,649</u>	<u>-</u>	<u>167,834</u>
<b>Total U.S. Dept. of Treasury</b>			<u>481,622</u>	<u>-</u>	<u>167,834</u>
<b><u>U.S. Election Assistance Commission</u></b>					
Passed through N.C. State Board of Elections					
2020 HAVA Election Security Grant - Coronavirus CARES Act	90.404	NC20101001-47	214,263	-	-
COVID-19 - 2020 HAVA Election Security Grant - Coronavirus CARES Act	90.404	03-25-47	94,872	-	-
<b>Total U.S. Election Assistance Commission</b>			<u>309,135</u>	<u>-</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>6,879,834</u>	<u>171,825</u>	<u>167,834</u>
<b>STATE AWARDS:</b>					
<b>N.C. Dept of Health and Human Services</b>					
Division of Social Services:					
Administration:					
DCD Smart Start			-	15,000	-
ST Child Welfare/CPS/CS LD			-	22,877	-
Energy Assistance Private Grants			-	3,053	-
APS/CPS CARE COVID 19			-	55,385	-
AFDC Incentive/Program Integrity			-	19	-
Direct benefits:					
Extended FC>20 Stipend			-	1,700	-
F/C at Risk Maximization			-	2,342	-
Foster Care Stipend			-	11,100	-
Foster Care At Risk			-	4,260	-
SFHF Maximization			-	12,774	-
State Foster Home			-	6,060	-
<b>Total Division of Social Services</b>			<u>-</u>	<u>134,570</u>	<u>-</u>
Division of Aging and Adult Services:					
Senior Program General Purposes			-	3,504	-
<b>Total Division of Aging and Adult Services</b>			<u>-</u>	<u>3,504</u>	<u>-</u>

## HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
Division of Public Health:					
Other Receipts / State Supported Expenditures					
Food and Lodging Fees		11534752SZ	-	6,294	-
General Communicable Disease Control		1175451000	-	3,652	-
Breast and Cervical Cancer		1320335504; 1320559900	-	6,825	-
Health Communities		1261550300	-	3,747	-
Aid-to-Counties		1161411000	-	99,374	-
Child Health		1271574500	-	14,231	-
Evidence Based Intervention Services			-	100	-
Family Planning - State		13A1573500	-	7,709	-
Maternal Health		13A1574000	-	47,274	-
HIV/STD State		13114536BN; 13114536RR	-	392	-
STD Drugs		13114601PR	-	1,035	-
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			-	362,022	150,000
<b>Total N.C. Dept of Health and Human Services</b>			-	500,096	150,000
<b>N.C. Dept of Public Safety</b>					
NC Tier II Grant (LEPC Training Grant)		T2-2019	-	4,862	-
Division of Juvenile Justice and Delinquency Prevention					
Juvenile Crime Prevention Programs			-	201,089	-
<b>Total N.C. Dept of Public Safety</b>			-	205,951	-
<b>N.C. Dept of Environmental Quality</b>					
Division of Waste Management					
Scrap Tire Program			-	78,460	-
<b>Total N.C. Dept of Environmental Quality</b>			-	78,460	-
<b>N.C. Housing Finance Agency</b>					
Single Family Rehab Disaster Recovery		SFRD18	-	90,140	-
Urgent Home Repair 2019		URP-19	-	31,436	-
Urgent Home Repair 2020		URP-20	-	59,810	-
<b>Total N.C. Housing Finance Agency</b>			-	181,386	-
<b>N.C. Office of Recovery and Resiliency</b>					
State Grants for Financially Distressed Local Governments		NCORR-FDLG-028	-	65,116	-
<b>TOTAL STATE ASSISTANCE</b>			-	1,031,009	150,000
<b>TOTAL FEDERAL AND STATE ASSISTANCE</b>			<u>\$ 6,879,834</u>	<u>\$ 1,202,834</u>	<u>\$ 317,834</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, 2021. 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, and Special Children Adoption Fund 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.

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