

**HOKE COUNTY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

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, 2023

Board of County Commissioners

Allen Thomas, Jr. - Chairman

Tony Hunt- Vice Chairman

James A. Leach

Harry Southerland

Bobby Wright

County Officials

Letitia Edens

County Manager

Grady L. Hunt

County Attorney

Gwen McGougan

Clerk to the Board

Garvin Ferguson

Interim Finance Director

This page left blank intentionally.

HOKE COUNTY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

		<u>Page</u>
	Financial Section	
	Independent Auditor's Report	1-3
	Management's Discussion and Analysis	4-13
<u>Exhibit</u>	Basic Financial Statements - Overview	
	Government-Wide Financial Statements:	
A	Statement of Net Position	14-15
B	Statement of Activities	16-17
	Fund Financial Statements:	
C	Balance Sheet - Governmental Funds	18-19
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	21
F	General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	22
G	Statement of Net Position - Proprietary Funds	23
H	Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	24
I	Statement of Cash Flows - Proprietary Funds	25
J	Statement of Fiduciary Net Position - Fiduciary Funds	26
K	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	27
	Notes to the Financial Statements	28-83

HOKE COUNTY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Required Supplemental Financial Data:	
A-1	Schedule of Changes in Total OPEB Liability and Related Ratios Required Supplementary Information	84-85
A-2	Local Governmental Employees' Retirement System - Schedule of County's Proportionate Share of Net Pension Liability (Asset)	86-87
A-3	Local Governmental Employees' Retirement System - Schedule of County's Contributions	88-89
A-4	Register of Deeds' Supplemental Pension Fund - Schedule of County's Proportionate Share of Net Pension Liability (Asset)	90-91
A-5	Register of Deeds' Supplemental Pension Fund - Schedule of County's Contributions	92-93
A-6	Law Enforcement Officers' Special Separation Allowance - Schedule of Changes in Total Pension Liability	94-95
A-7	Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll (LEO)	96-97
	Combining and Individual Fund Statements and Schedules:	
	General Fund:	
B-1	General Fund Consolidated - Statement of Revenues, Expenditures, and Changes in Fund Balance	98
B-2	General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	99-108
B-3	Register of Deeds Automation Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	109
B-4	Revaluation Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	110

HOKE COUNTY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	General Fund (continued):	
B-5	Law Enforcement Officer Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	111
	Other Major Governmental Funds:	
B-6	Administrative Capital Projects Fund - Major Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	112
B-7	Multi-Year Grants Fund - Major Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	113
B-8	School Capital Projects Fund - Major Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	114
	Special Revenue Funds:	
C-1	Nonmajor Special Revenue Funds - Combining Balance Sheet	115-116
C-2	Nonmajor Special Revenue Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	117-118
C-3	Revolving Loan Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	119
C-4	Emergency Systems Telephone Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	120
C-5	Asset Forfeiture Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	121
C-6	Grant Projects Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	122

HOKE COUNTY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Special Revenue Funds (continued):	
C-7	Fire Districts Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	123
C-8	Representative Payee Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	124
C-9	Opioid Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	125
	Major Enterprise Funds:	
D-1	Water and Sewer District Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	126-127
D-2	Water Construction Capital Projects Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	128
D-3	Water Rate Stabilization Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	129
D-4	Waste Water Treatment Plant Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	130
D-5	Solid Waste Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)	131
	Custodial Funds:	
E-1	Combining Statement of Fiduciary Net Position	132
E-2	Combining Statement of Changes in Fiduciary Net Position	133

HOKE COUNTY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Supplemental Financial Data:	
F-1	Schedule of Ad Valorem Taxes Receivable	134
F-2	Analysis of Current Tax Levy	135
	Compliance Section:	
	Report on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	136-137
	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	138-140
	Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act	141-143
	Schedule of Findings, Responses, and Questioned Costs	144-150
	Corrective Action Plan	151-152
	Schedule of Prior Year Audit Findings	153
	Schedule of Expenditures of Federal and State Awards	154-158

This page left blank intentionally.

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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hoke County, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hoke County, North Carolina, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United State of America.

We did not audit the financial statements of the Hoke County ABC Board, which represents 100 percent, 100 percent, and 100 percent of the assets, net position, and revenues, respectively, of the discretely presented component unit as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for the Hoke County ABC Board, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios, the Local Governmental Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County's Contributions, the Register

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hoke County's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual fund financial statements, budget and actual schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024, 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
March 28, 2024

This page left blank intentionally.

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, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

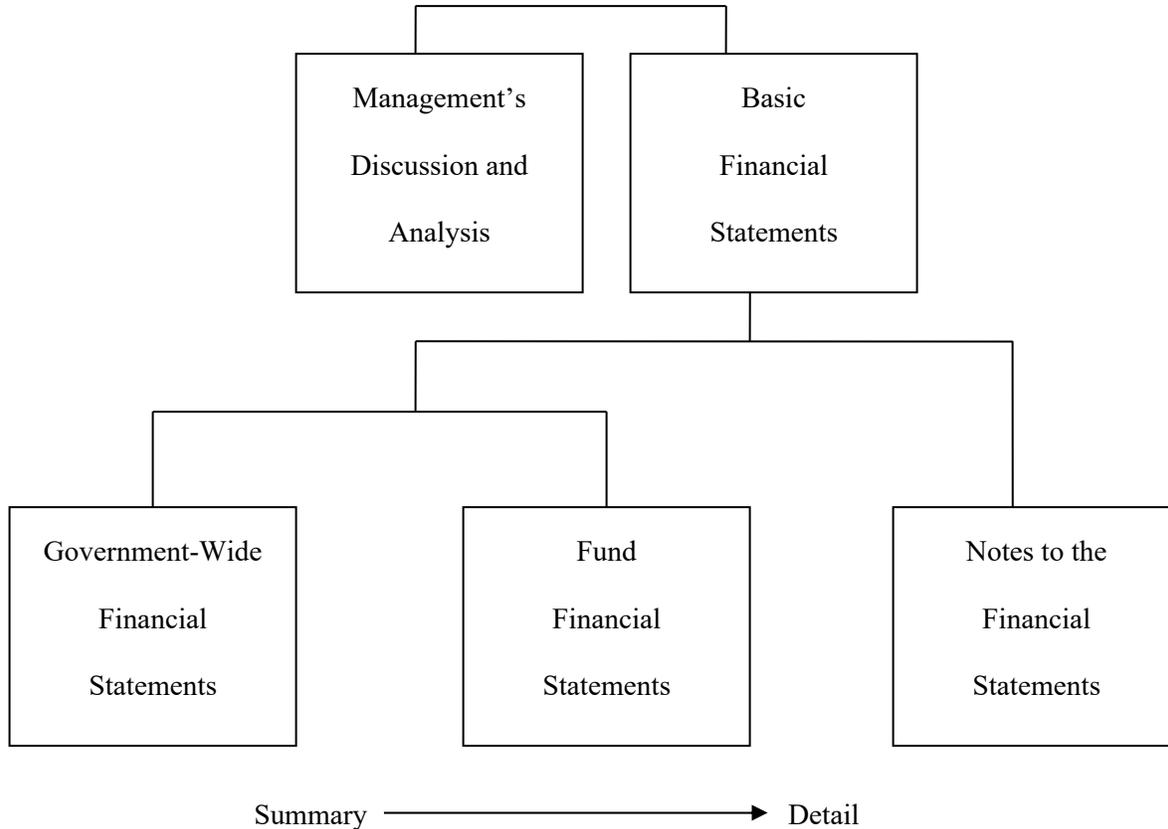
- The assets and deferred outflows of resources of Hoke County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$131,955,842 (net position).
- The County's total net position increased by \$26,576,631, primarily due to increased net position in the governmental activities.
- As of the close of the current fiscal year, Hoke County's governmental funds reported combined ending fund balances of \$66,150,612, after a net increase in fund balance of \$10,077,025. Approximately 31.95% of this total amount, or \$21,135,373, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$47,018,168, or 74.11%, of total General Fund expenditures and transfers out for the fiscal year. Total fund balance of the General Fund, \$59,847,218, was 94.33% of total General Fund expenditures and transfers out for the year.
- Hoke County's total debt decreased by \$4,702,409. The decrease was mainly due to timely payment of debt service when due as well as installment purchases. The County implemented GASB 96, *Subscriptions*, during the fiscal year.
- S&P Global Ratings maintained its long-term rating of 'AA-' on Hoke County's N.C. general obligation (GO) bonds outstanding. At the same time, S&P Global Ratings maintained its long-term rating of 'A+' on the County's limited obligation appropriation debt outstanding. Moody's Investor Service maintained its rating of County's general obligation bonds of 'Aa2' and the outstanding limited obligation bonds of 'Aa3'.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

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

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Hoke County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Hoke County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in-and-out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resource focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Hoke County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds. Hoke County has one kind of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Hoke County uses enterprise funds to account for its water and sewer activity, and for its landfill operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Hoke County has three fiduciary funds, all of which are custodial funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 28 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 84 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 \$131,955,842 as of June 30, 2023. The County's net position increased by \$26,576,631 in the same period. One of the largest portions, \$74,469,551, 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, \$19,941,286 (15.11%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$37,545,005 is unrestricted.

Hoke County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 108,081,421	\$ 82,781,684	\$ 15,949,369	\$ 20,318,664	\$ 124,030,790	\$ 103,100,348
Capital assets, net of depreciation	63,827,239	51,357,650	63,869,608	63,143,758	127,696,847	114,501,408
Total assets	<u>171,908,660</u>	<u>134,139,334</u>	<u>79,818,977</u>	<u>83,462,422</u>	<u>251,727,637</u>	<u>217,601,756</u>
Deferred Outflows of Resources	<u>9,538,617</u>	<u>6,958,990</u>	<u>912,372</u>	<u>650,027</u>	<u>10,450,989</u>	<u>7,609,017</u>
Liabilities:						
Long-term liabilities outstanding	43,785,679	46,999,079	19,412,702	20,487,496	63,198,381	67,486,575
Other liabilities	58,599,025	41,391,346	5,953,190	4,586,621	64,552,215	45,977,967
Total liabilities	<u>102,384,704</u>	<u>88,390,425</u>	<u>25,365,892</u>	<u>25,074,117</u>	<u>127,750,596</u>	<u>113,464,542</u>
Deferred Inflows of Resources	<u>2,297,306</u>	<u>5,828,106</u>	<u>174,882</u>	<u>538,914</u>	<u>2,472,188</u>	<u>6,367,020</u>
Net Position:						
Net investment in capital assets	31,026,642	20,472,395	43,442,909	41,638,910	74,469,551	62,111,305
Restricted	19,941,286	15,197,347	-	-	19,941,286	15,197,347
Unrestricted	25,797,339	11,210,051	11,747,666	16,860,508	37,545,005	28,070,559
Total net position	<u>\$ 76,765,267</u>	<u>\$ 46,879,793</u>	<u>\$ 55,190,575</u>	<u>\$ 58,499,418</u>	<u>\$ 131,955,842</u>	<u>\$ 105,379,211</u>

Hoke County's Changes in Net Position
Figure 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 9,176,391	\$ 5,694,259	\$ 12,482,687	\$ 12,139,750	\$ 21,659,078	\$ 17,834,009
Operating grants	20,438,073	9,992,974	-	-	20,438,073	9,992,974
Capital grants	5,215,925	664,977	(219,407)	1,456,600	4,996,518	2,121,577
General revenues:						
Property taxes	37,761,865	33,271,463	-	-	37,761,865	33,271,463
Other taxes	16,752,383	15,144,581	-	-	16,752,383	15,144,581
Unrestricted:						
Intergovernmental	253,346	167,569	-	-	253,346	167,569
Miscellaneous	-	-	34,400	-	34,400	-
Investment income	3,317,023	133,923	39,819	44,641	3,356,842	178,564
Total revenues	<u>92,915,006</u>	<u>65,069,746</u>	<u>12,337,499</u>	<u>13,640,991</u>	<u>105,252,505</u>	<u>78,710,737</u>
Expenses:						
General government	10,815,284	8,549,434	-	-	10,815,284	8,549,434
Public safety	20,059,673	17,594,929	-	-	20,059,673	17,594,929
Economic and physical development	923,027	1,248,757	-	-	923,027	1,248,757
Human services	15,432,206	13,766,265	-	-	15,432,206	13,766,265
Cultural and recreational	1,796,579	1,627,735	-	-	1,796,579	1,627,735
Transportation	1,474,332	1,267,745	-	-	1,474,332	1,267,745
Education	10,481,412	7,456,145	-	-	10,481,412	7,456,145
Interest on long-term debt	2,047,019	1,306,931	-	-	2,047,019	1,306,931
Water Fund	-	-	11,935,100	9,235,365	11,935,100	9,235,365
Sanitation	-	-	3,711,242	3,214,850	3,711,242	3,214,850
Total expenses	<u>63,029,532</u>	<u>52,817,941</u>	<u>15,646,342</u>	<u>12,450,215</u>	<u>78,675,874</u>	<u>65,268,156</u>
Change in net position	29,885,474	12,251,805	(3,308,843)	1,190,776	26,576,631	13,442,581
Net Position:						
Beginning of year - July 1	<u>46,879,793</u>	<u>34,627,988</u>	<u>58,499,418</u>	<u>57,308,642</u>	<u>105,379,211</u>	<u>91,936,630</u>
End of year - June 30	<u>\$ 76,765,267</u>	<u>\$ 46,879,793</u>	<u>\$ 55,190,575</u>	<u>\$ 58,499,418</u>	<u>\$ 131,955,842</u>	<u>\$ 105,379,211</u>

Governmental Activities. Governmental activities increased the County's net position by \$29,885,474 mainly due to increases in cash and capital assets.

Business-Type Activities. Business-type activities decreased the County's net position by \$3,308,843 mainly due to water distribution expenses and less 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 \$50,864,120, while total fund balance reached \$59,847,218. The County currently has an available fund balance of 80.42% of total General Fund expenditures and transfers out, while total fund balance represents 94.33% of that same amount.

At June 30, 2023, the governmental funds of Hoke County reported a combined fund balance of \$66,150,612, a 17.97% increase over last year. This increase is mainly due to an increase in fund balance of the General Fund of \$15,433,473. The County has spent its American Recovery Act funding during the fiscal year and made a transfer to the General fund in the amount of \$10 million for revenue replacement from the Multi-Year Grants Fund. In addition, the County had revaluation in the prior year in which property values significantly increased which increased total ad valorem tax revenue by over \$4m. Due to the economy picking back up, the County also experienced an increase of \$3.3m investment earnings due to higher interest rates.

The County continues activity within its Administrative Capital Projects Fund. The 401 PR Building is not quite completed yet, but a large portion is done to date and is expected to complete in FY 2024. Meanwhile the new courthouse, transit facility, and others continue to be built. The capital project fund holds over \$30m in state funding designated for the new courthouse that is yet to be spent. The fund has a fund balance of \$7,749,260 at June 30, 2023.

As indicated previously, the American Recovery Act funds were all spent during fiscal year 2023. The Multi-Year Grants Fund transferred a portion to the General Fund for revenue replacement. The ending fund balance of the fund was \$42,113 at June 30, 2023.

The County is currently building a new high school at a cost of \$3,675,000. Within the Schools Capital Projects Fund, the source of funding will come from the State. Although the fund shows a deficit fund balance at June 30, 2023 of \$2,881,239, the County will be reimbursed for the expenditures by the State in the next fiscal year.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services. Total

amendments to the General Fund increased total revenues and other financing sources from the original budget by over \$20m (31%). The largest part of the increases were to amend the budget to receive the transfer in from other fund for revenue replacement and increasing appropriated fund balance for additional expenditures that occurred during the year.

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 \$5,396,467 and \$6,351,199 for the Solid Waste Fund. The Water and Sewer District Fund reported a decrease in net position of \$3,359,400, and the Solid Waste Fund reported a growth in net position of \$50,557 for a combined total decrease in net position of \$3,308,843.

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, 2023 totals \$127,696,847 (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 19 vehicles in the General Fund
- Purchase of 1 vehicle for the Water and Sewer Department
- Purchase of 1 large vehicle and equipment for Solid Wasted Department
- Completion of the James A. Leach Aquatic and Recreation Center
- Continued work on Hwy 401 Sewer Project

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 3,680,785	\$ 3,680,785	\$ 705,456	\$ 671,456	\$ 4,386,241	\$ 4,352,241
Land improvements	422,644	295,055	-	-	422,644	295,055
Plant and distribution system	-	-	57,475,429	59,397,907	57,475,429	59,397,907
Building and improvements	20,758,120	21,270,086	121,680	125,694	20,879,800	21,395,780
Furniture and equipment	1,677,492	1,076,583	970,033	937,224	2,647,525	2,013,807
Vehicles	1,891,855	1,901,177	585,454	516,202	2,477,309	2,417,379
Right-to-use assets	208,848	109,476	9,287	14,377	218,135	123,853
Construction in progress	35,187,495	23,133,964	4,002,269	1,495,275	39,189,764	24,629,239
Total	<u>\$ 63,827,239</u>	<u>\$ 51,467,126</u>	<u>\$ 63,869,608</u>	<u>\$ 63,158,135</u>	<u>\$ 127,696,847</u>	<u>\$ 114,625,261</u>

Additional information on the County’s capital assets can be found in Note 3.A of the basic financial statements.

Long-Term Debt. As of June 30, 2023, Hoke County had total debt outstanding of \$66,879,503.

**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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General obligation bonds - direct placement	\$ -	\$ -	\$ 1,334,000	\$ 1,760,000	\$ 1,334,000	\$ 1,760,000
Installment purchases - direct borrowing	-	-	127,500	297,500	127,500	297,500
Revenue bonds - direct placement	-	-	10,769,000	10,988,000	10,769,000	10,988,000
Limited obligation bonds - direct placement	41,220,383	44,518,600	7,140,000	7,360,000	48,360,383	51,878,600
Bond premium	5,064,653	5,434,201	1,047,035	1,099,387	6,111,688	6,533,588
Lease and subscription liabilities	<u>167,768</u>	<u>109,886</u>	<u>9,164</u>	<u>14,338</u>	<u>176,932</u>	<u>124,224</u>
Total	<u>\$ 46,452,804</u>	<u>\$ 50,062,687</u>	<u>\$ 20,426,699</u>	<u>\$ 21,519,225</u>	<u>\$ 66,879,503</u>	<u>\$ 71,581,912</u>

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

The state of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for Hoke County is approximately \$344,361,000.

Additional information regarding Hoke County’s long-term debt can be found in Note 3.B beginning on page 69 of this audited financial report.

Economic Factors and Next Year’s Budget

Hoke County encompasses 391 square miles of which (37%) is located on the Fort Bragg military reservation. Fort Bragg is one of the largest military complexes in the world with approximately 56,000 military personnel, 14,000 civilian employees and 23,000 family members associated with the base. The base contributes to growth in the local economy, particularly for sales tax revenues. The County anticipates continued commercial and residential growth along the highway 401 corridor with the addition in recent years of two hospital systems and Veteran’s Medical Facility and the completion of the County’s James A. Leach Aquatic and Recreation Center. We also expect a positive impact to Hoke County as a result of the 1.3 million-square-foot Amazon Fulfillment Center completed within a 20 mile radius of Raeford in neighboring Cumberland County. It is expected that this facility could provide 500 jobs.

The County continued to take a fiscally conservative approach in preparing and adopting the fiscal year 2024 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, 2024

Governmental Activities. The valuation of property for the upcoming year is estimated to be \$4.2 billion, with a tax rate of \$.73 per one hundred dollars of valuation of property listed as of January 1, 2023.

Budgeted expenditures in the General Fund are expected to increase to \$72,433,853 compared to an original budget of \$64,784,457 in fiscal year 2023. This is primarily due to increases in salaries and benefits and operational expenses due to inflation.

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

Governmental Activities. Property taxes are expected to reflect 49.8% of the total General Fund budget of \$72.4 million.

The largest component of General Fund expenditures is expected to be employee compensation, which represents 46.17% 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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hoke County ABC Board
Assets:				
Cash and cash equivalents	\$ 62,511,781	\$ 12,937,975	\$ 75,449,756	\$ 1,220,991
Receivables, net	13,276,041	1,180,883	14,456,924	-
Lease receivable	7,113	-	7,113	-
Inventories	10,140	199,503	209,643	376,423
Prepaid expenses	1,289,819	-	1,289,819	51,173
Restricted cash and cash equivalents	30,917,266	1,631,008	32,548,274	-
Net pension asset	69,261	-	69,261	-
Other assets	-	-	-	132,821
Capital assets:				
Land, improvements, and construction in progress	38,868,280	4,707,725	43,576,005	4,000
Other capital assets, net of depreciation	24,958,959	59,161,883	84,120,842	131,737
Capital assets, net	<u>63,827,239</u>	<u>63,869,608</u>	<u>127,696,847</u>	<u>135,737</u>
Total assets	<u>171,908,660</u>	<u>79,818,977</u>	<u>251,727,637</u>	<u>1,917,145</u>
Deferred Outflows of Resources:				
OPEB deferrals	1,109,128	109,692	1,218,820	-
Pension deferrals	8,429,489	802,680	9,232,169	105,205
Total deferred outflows of resources	<u>9,538,617</u>	<u>912,372</u>	<u>10,450,989</u>	<u>105,205</u>
Liabilities:				
Accounts payable and accrued liabilities	2,853,188	1,243,307	4,096,495	632,804
Advances from grantor	30,589,516	-	30,589,516	-
Accrued interest payable	169,669	45,574	215,243	-
Due in less than one year	4,822,649	1,136,146	5,958,795	-
Payable from restricted assets	15,954	1,631,008	1,646,962	-
Net pension liability - LGERS	12,261,841	1,212,710	13,474,551	116,778
Total pension liability - LEOSSA	1,165,316	-	1,165,316	-
Total OPEB liability	6,720,892	684,445	7,405,337	-
Due in more than one year	43,785,679	19,412,702	63,198,381	132,957
Total liabilities	<u>102,384,704</u>	<u>25,365,892</u>	<u>127,750,596</u>	<u>882,539</u>
Deferred Inflows of Resources:				
OPEB deferrals	1,647,593	162,949	1,810,542	-
Pension deferrals	497,091	11,933	509,024	37,971
Prepaid taxes	146,398	-	146,398	-
Leases	6,224	-	6,224	-
Total deferred inflows of resources	<u>2,297,306</u>	<u>174,882</u>	<u>2,472,188</u>	<u>37,971</u>

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

HOKE COUNTY, NORTH CAROLINA

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hoke County ABC Board
Net Position:				
Net investment in capital assets	31,026,642	43,442,909	74,469,551	135,737
Restricted:				
Stabilization by state statute	7,924,739	-	7,924,739	-
General government	267,426	-	267,426	-
Human services	1,123,695	-	1,123,695	-
Register of Deeds	187,599	-	187,599	-
Register of Deeds' pension plan	106,761	-	106,761	-
Cultural and recreational	7,749,260	-	7,749,260	-
Public safety	2,581,806	-	2,581,806	-
Working capital	-	-	-	147,201
Unrestricted	25,797,339	11,747,666	37,545,005	818,902
Total net position	<u>\$ 76,765,267</u>	<u>\$ 55,190,575</u>	<u>\$ 131,955,842</u>	<u>\$ 1,101,840</u>

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

This page left blank intentionally.

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 10,815,284	\$ 1,710,114	\$ 11,891,898	\$ -
Public safety	20,059,673	1,936,514	601,377	1,377,178
Economic and physical development	923,027	18,524	112,654	-
Human services	15,432,206	5,161,235	6,777,502	-
Cultural and recreational	1,796,579	276,626	-	-
Transportation	1,474,332	73,378	1,039,517	782,508
Education	10,481,412	-	15,125	3,056,239
Interest on long-term debt	2,047,019	-	-	-
Total governmental activities	<u>63,029,532</u>	<u>9,176,391</u>	<u>20,438,073</u>	<u>5,215,925</u>
Business-Type Activities:				
Water and sewer	11,935,100	8,760,707	-	(219,407)
Landfill	3,711,242	3,721,980	-	-
Total business-type activities	<u>15,646,342</u>	<u>12,482,687</u>	<u>-</u>	<u>(219,407)</u>
Total primary government	<u>\$ 78,675,874</u>	<u>\$ 21,659,078</u>	<u>\$ 20,438,073</u>	<u>\$ 4,996,518</u>
Component Unit:				
ABC Board	<u>\$ 4,954,200</u>	<u>\$ 4,951,469</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, 2023

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hoke County ABC Board
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 2,786,728	\$ -	\$ 2,786,728	
Public safety	(16,144,604)	-	(16,144,604)	
Economic and physical development	(791,849)	-	(791,849)	
Human services	(3,493,469)	-	(3,493,469)	
Cultural and recreational	(1,519,953)	-	(1,519,953)	
Transportation	421,071	-	421,071	
Education	(7,410,048)	-	(7,410,048)	
Interest on long-term debt	(2,047,019)	-	(2,047,019)	
Total governmental activities	<u>(28,199,143)</u>	<u>-</u>	<u>(28,199,143)</u>	
Business-Type Activities:				
Water and sewer	-	(3,393,800)	(3,393,800)	
Landfill	-	10,738	10,738	
Total business-type activities	<u>-</u>	<u>(3,383,062)</u>	<u>(3,383,062)</u>	
Total primary government	<u>(28,199,143)</u>	<u>(3,383,062)</u>	<u>(31,582,205)</u>	
Component Unit:				
ABC Board				\$ <u>(2,731)</u>
General Revenues:				
Taxes:				
Ad valorem taxes	37,761,865	-	37,761,865	-
Local option sales tax	16,734,452	-	16,734,452	-
Other taxes	17,931	-	17,931	-
Miscellaneous	-	34,400	34,400	-
Unrestricted intergovernmental	253,346	-	253,346	-
Investment earnings	3,317,023	39,819	3,356,842	146
Total general revenues	<u>58,084,617</u>	<u>74,219</u>	<u>58,158,836</u>	<u>146</u>
Change in net position	29,885,474	(3,308,843)	26,576,631	(2,585)
Net Position:				
Beginning of year - July 1	<u>46,879,793</u>	<u>58,499,418</u>	<u>105,379,211</u>	<u>1,104,425</u>
End of year - June 30	<u>\$ 76,765,267</u>	<u>\$ 55,190,575</u>	<u>\$ 131,955,842</u>	<u>\$ 1,101,840</u>

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

HOKE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	Major			Nonmajor		Total Governmental Funds
	General Fund	Administrative Capital Projects Fund	Multi-Year Grants Fund	School Capital Projects Fund	Other Governmental Funds	
Assets:						
Cash and cash equivalents	\$ 52,966,834	\$ 8,533,406	\$ 51,567	\$ -	\$ 959,974	\$ 62,511,781
Taxes receivable, net	1,417,677	-	-	-	136,695	1,554,372
Accounts receivable, net	4,783,284	755,073	-	3,056,239	2,985,907	11,580,503
Lease receivable	7,113	-	-	-	-	7,113
Note receivable	-	-	-	-	141,166	141,166
Inventory	10,140	-	-	-	-	10,140
Prepays	1,289,819	-	-	-	-	1,289,819
Due from other funds	2,898,966	-	-	-	-	2,898,966
Restricted cash and cash equivalents	60,324	30,372,822	216,694	-	267,426	30,917,266
Total assets	<u>\$ 63,434,157</u>	<u>\$ 39,661,301</u>	<u>\$ 268,261</u>	<u>\$ 3,056,239</u>	<u>\$ 4,491,168</u>	<u>\$ 110,911,126</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 2,000,686	\$ 784,146	\$ 9,454	\$ -	\$ 58,902	\$ 2,853,188
Advances from grantor	-	30,372,822	216,694	-	-	30,589,516
Liabilities payable from restricted assets	15,954	-	-	-	-	15,954
Due to other funds	-	-	-	2,881,239	17,727	2,898,966
Total liabilities	<u>2,016,640</u>	<u>31,156,968</u>	<u>226,148</u>	<u>2,881,239</u>	<u>76,629</u>	<u>36,357,624</u>
Deferred Inflows of Resources:						
Taxes receivable	1,417,677	-	-	-	136,695	1,554,372
Prepaid taxes	146,398	-	-	-	-	146,398
Unavailable revenues - grants	-	755,073	-	3,056,239	2,884,584	6,695,896
Leases	6,224	-	-	-	-	6,224
Total deferred inflows of resources	<u>1,570,299</u>	<u>755,073</u>	<u>-</u>	<u>3,056,239</u>	<u>3,021,279</u>	<u>8,402,890</u>
Fund Balances:						
Non-spendable:						
Inventories	10,140	-	-	-	-	10,140
Prepaid items	1,289,819	-	-	-	-	1,289,819
Leases	889	-	-	-	-	889
Restricted:						
Stabilization by state statute	7,682,250	-	-	-	242,489	7,924,739
General government	-	-	-	-	267,426	267,426
Human services	1,076,156	-	-	-	47,539	1,123,695
Register of Deeds	187,599	-	-	-	-	187,599
Cultural and recreational	-	7,749,260	-	-	-	7,749,260
Public safety	2,083,678	-	42,113	-	456,015	2,581,806
Committed	44,370	-	-	-	-	44,370
Assigned	454,149	-	-	-	455,876	910,025
Unassigned	47,018,168	-	-	(2,881,239)	(76,085)	44,060,844
Total fund balances	<u>59,847,218</u>	<u>7,749,260</u>	<u>42,113</u>	<u>(2,881,239)</u>	<u>1,393,260</u>	<u>66,150,612</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 63,434,157</u>	<u>\$ 39,661,301</u>	<u>\$ 268,261</u>	<u>\$ 3,056,239</u>	<u>\$ 4,491,168</u>	<u>\$ 110,911,126</u>

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

HOKE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

**Total
Governmental
Funds**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances \$ 66,150,612

Capital assets used in governmental activities are not financial resources and, therefore, are not reported:

Total capital assets and right to use assets	\$ 81,189,012	
Less accumulated depreciation and amortization	<u>(17,361,773)</u>	
Net capital assets	\$ <u>63,827,239</u>	63,827,239

Net pension asset 69,261

Net pension liability (LGERS) (12,261,841)

Total pension liability (LEOSSA) (1,165,316)

Total OPEB liability (6,720,892)

Deferred inflows of resources related to pensions are not reported in the funds.

ROD	\$ (3,643)	
LGERS	(120,673)	
LEOSSA	<u>(372,775)</u>	
	\$ <u>(497,091)</u>	(497,091)

Deferred inflows of resources related to OPEB are not reported in the funds. (1,647,593)

Deferred outflows of resources related to pensions are not reported in the funds.

ROD	\$ 41,143	
LGERS	8,116,020	
LEOSSA	<u>272,326</u>	
	\$ <u>8,429,489</u>	8,429,489

Deferred outflows of resources related to OPEB are not reported in the funds. 1,109,128

Liabilities for deferred inflows in the fund statements but not the government-wide statements 8,250,268

Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds, leases, subscriptions, installment financing, and premium	\$ (46,452,804)	
Accrued interest payable	(169,669)	
Compensated absences	<u>(2,155,524)</u>	
Total	\$ <u>(48,777,997)</u>	(48,777,997)

Net position of governmental activities \$ 76,765,267

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, 2023

	Major			Nonmajor		Total Governmental Funds
	General Fund	Administrative Capital Projects Fund	Multi-Year Grants Fund	School Capital Projects Fund	Other Governmental Funds	
Revenues:						
Ad valorem taxes	\$ 34,143,335	\$ -	\$ -	\$ -	\$ 3,585,869	\$ 37,729,204
Local option sales taxes	16,734,452	-	-	-	-	16,734,452
Other taxes and licenses	17,931	-	-	-	-	17,931
Unrestricted intergovernmental	253,346	-	-	-	-	253,346
Restricted intergovernmental	10,647,694	1,530,852	10,984,331	-	262,786	23,425,663
E-911 wireless	-	-	-	-	214,310	214,310
Permits and fees	2,499,221	-	-	-	-	2,499,221
Sales and services	1,859,424	-	-	-	-	1,859,424
Investment earnings	2,528,751	783,855	-	-	4,417	3,317,023
Miscellaneous	-	-	-	-	263,549	263,549
Total revenues	<u>68,684,154</u>	<u>2,314,707</u>	<u>10,984,331</u>	<u>-</u>	<u>4,330,931</u>	<u>86,314,123</u>
Expenditures:						
Current:						
General government	9,669,149	328,030	728,557	-	-	10,725,736
Public safety	14,661,090	2,161,033	143,120	-	3,890,219	20,855,462
Economic and physical development	797,535	-	112,654	-	-	910,189
Human services	14,316,056	-	-	-	165,628	14,481,684
Cultural and recreational	1,670,334	9,441,602	-	-	-	11,111,936
Transportation	1,321,713	943,841	-	-	-	2,265,554
Education	7,533,129	-	-	3,056,239	-	10,589,368
Debt service:						
Principal retirements	3,447,072	-	-	-	53,666	3,500,738
Interest and fees	2,056,697	-	-	-	137	2,056,834
Total expenditures	<u>55,472,775</u>	<u>12,874,506</u>	<u>984,331</u>	<u>3,056,239</u>	<u>4,109,650</u>	<u>76,497,501</u>
Revenues over (under) expenditures	<u>13,211,379</u>	<u>(10,559,799)</u>	<u>10,000,000</u>	<u>(3,056,239)</u>	<u>221,281</u>	<u>9,816,622</u>
Other Financing Sources (Uses):						
Lease and subscription liabilities issued	192,679	-	-	-	67,724	260,403
Transfers in	10,000,000	7,795,585	-	175,000	-	17,970,585
Transfers out	<u>(7,970,585)</u>	<u>-</u>	<u>(10,000,000)</u>	<u>-</u>	<u>-</u>	<u>(17,970,585)</u>
Total other financing sources (uses)	<u>2,222,094</u>	<u>7,795,585</u>	<u>(10,000,000)</u>	<u>175,000</u>	<u>67,724</u>	<u>260,403</u>
Net change in fund balances	15,433,473	(2,764,214)	-	(2,881,239)	289,005	10,077,025
Fund Balances:						
Beginning of year - July 1	<u>44,413,745</u>	<u>10,513,474</u>	<u>42,113</u>	<u>-</u>	<u>1,104,255</u>	<u>56,073,587</u>
End of year - June 30	<u>\$ 59,847,218</u>	<u>\$ 7,749,260</u>	<u>\$ 42,113</u>	<u>\$ (2,881,239)</u>	<u>\$ 1,393,260</u>	<u>\$ 66,150,612</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, 2023

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 10,077,025
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities:	
Current year capital outlay and right to use assets	14,361,686
Cost of disposed capital asset not recorded in fund statements	(361,595)
Depreciation and amortization expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not the fund statements	(1,639,978)
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.	(260,403)
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.	3,500,738
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(458,864)
Pension expense - LEOSSA	(122,080)
Pension expense - LGERS	(1,219,206)
Pension expense - ROD	(5,834)
OPEB plan expense	(586,898)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements.	<u>6,600,883</u>
Changes in net position of governmental activities (Exhibit B)	<u>\$ 29,885,474</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, 2023**

	Budget Amounts		Actual	Variance with Final Budget Over/Under
	Original Budget	Final Budget		
Revenues:				
Ad valorem taxes	\$ 33,911,560	\$ 33,911,560	\$ 34,143,335	\$ 231,775
Local option sales taxes	14,198,868	16,998,868	16,734,452	(264,416)
Other taxes and licenses	17,450	17,450	17,931	481
Unrestricted intergovernmental	226,737	226,737	253,346	26,609
Restricted intergovernmental	13,176,633	14,544,955	10,647,694	(3,897,261)
Permits and fees	1,867,956	2,047,956	2,499,221	451,265
Sales and services	1,060,253	1,282,635	1,859,424	576,789
Investment earnings	25,000	802,000	2,528,751	1,726,751
Total revenues	<u>64,484,457</u>	<u>69,832,161</u>	<u>68,684,154</u>	<u>(1,148,007)</u>
Expenditures:				
Current:				
General government	14,312,128	24,820,875	9,616,485	15,204,390
Public safety	15,484,262	16,078,526	14,636,164	1,442,362
Economic and physical development	896,752	896,752	797,535	99,217
Human services	17,115,192	17,814,977	14,316,056	3,498,921
Cultural and recreational	1,770,524	1,770,524	1,670,334	100,190
Transportation	1,469,077	1,469,077	1,321,713	147,364
Intergovernmental - education	7,903,385	7,653,385	7,533,129	120,256
Debt service:				
Principal retirements	3,365,000	3,447,072	3,447,072	-
Interest and fees	2,346,137	2,264,065	2,056,697	207,368
Total expenditures	<u>64,662,457</u>	<u>76,215,253</u>	<u>55,395,185</u>	<u>20,820,068</u>
Revenues over (under) expenditures	<u>(178,000)</u>	<u>(6,383,092)</u>	<u>13,288,969</u>	<u>19,672,061</u>
Other Financing Sources (Uses):				
Transfers out	(122,000)	(8,949,310)	(8,050,585)	898,725
Transfers in	-	10,000,000	10,000,000	-
Lease and subscription liabilities issued	-	-	192,679	(192,679)
Appropriated fund balance	300,000	5,332,402	-	5,332,402
Total other financing sources (uses)	<u>178,000</u>	<u>6,383,092</u>	<u>2,142,094</u>	<u>(4,240,998)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	15,431,063	<u>\$ 15,431,063</u>
Fund Balance:				
Beginning of year - July 1			<u>44,194,919</u>	
End of year - June 30			<u>\$ 59,625,982</u>	

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Major		Total
	Water and Sewer District	Solid Waste	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 5,960,651	\$ 6,977,324	\$ 12,937,975
Accounts receivable, net	955,809	225,074	1,180,883
Inventories	199,503	-	199,503
Total current assets	<u>7,115,963</u>	<u>7,202,398</u>	<u>14,318,361</u>
Non-current assets:			
Restricted cash and cash equivalents	1,631,008	-	1,631,008
Land and construction in progress	4,525,073	182,652	4,707,725
Other capital assets, net of depreciation and amortization	57,739,859	1,422,024	59,161,883
Total non-current assets	<u>63,895,940</u>	<u>1,604,676</u>	<u>65,500,616</u>
Total assets	<u>71,011,903</u>	<u>8,807,074</u>	<u>79,818,977</u>
Deferred Outflows of Resources:			
OPEB deferrals	72,009	37,683	109,692
Pension deferrals	535,120	267,560	802,680
Total deferred outflows of resources	<u>607,129</u>	<u>305,243</u>	<u>912,372</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	814,579	428,728	1,243,307
Accrued interest expense	45,574	-	45,574
Current portion of long-term debt	1,123,179	12,967	1,136,146
Liabilities to be paid from restricted assets:			
Customer deposits	1,631,008	-	1,631,008
Total current liabilities	<u>3,614,340</u>	<u>441,695</u>	<u>4,056,035</u>
Non-current liabilities:			
Net pension liability	808,473	404,237	1,212,710
Total OPEB liability	440,205	244,240	684,445
Long-term obligations	19,399,736	12,966	19,412,702
Total non-current liabilities	<u>20,648,414</u>	<u>661,443</u>	<u>21,309,857</u>
Total liabilities	<u>24,262,754</u>	<u>1,103,138</u>	<u>25,365,892</u>
Deferred Inflows of Resources:			
OPEB deferrals	113,623	49,326	162,949
Pension deferrals	7,955	3,978	11,933
Total deferred inflows of resources	<u>121,578</u>	<u>53,304</u>	<u>174,882</u>
Net Position:			
Net investment in capital assets	41,838,233	1,604,676	43,442,909
Unrestricted	5,396,467	6,351,199	11,747,666
Total net position	<u>\$ 47,234,700</u>	<u>\$ 7,955,875</u>	<u>\$ 55,190,575</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, 2023

	Major		Total
	Water and Sewer District	Solid Waste	
Operating Revenues:			
Water and sewer charges	\$ 7,856,779	\$ -	\$ 7,856,779
Tap and impact fees	768,422	-	768,422
Solid waste collection fees	-	3,497,151	3,497,151
Other operating revenues	135,506	224,829	360,335
Total operating revenues	<u>8,760,707</u>	<u>3,721,980</u>	<u>12,482,687</u>
Operating Expenses:			
Water administration	1,634,715	-	1,634,715
Water treatment	1,110,576	-	1,110,576
Water distribution	5,056,204	-	5,056,204
Sewer operations	539,241	-	539,241
Sewer plant operations	979,818	-	979,818
Landfill operations	-	3,551,947	3,551,947
Amortization	(47,262)	-	(47,262)
Depreciation	2,081,426	159,295	2,240,721
Total operating expenses	<u>11,354,718</u>	<u>3,711,242</u>	<u>15,065,960</u>
Operating income (loss)	<u>(2,594,011)</u>	<u>10,738</u>	<u>(2,583,273)</u>
Non-Operating Revenues (Expenses):			
Investment earnings	-	39,819	39,819
Miscellaneous	34,400	-	34,400
Interest and other charges	(580,382)	-	(580,382)
Total non-operating revenues (expenses)	<u>(545,982)</u>	<u>39,819</u>	<u>(506,163)</u>
Income (loss) before capital contributions	(3,139,993)	50,557	(3,089,436)
Capital contributions	<u>(219,407)</u>	<u>-</u>	<u>(219,407)</u>
Change in net position	(3,359,400)	50,557	(3,308,843)
Net Position:			
Beginning of year - July 1	<u>50,594,100</u>	<u>7,905,318</u>	<u>58,499,418</u>
End of year - June 30	<u>\$ 47,234,700</u>	<u>\$ 7,955,875</u>	<u>\$ 55,190,575</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, 2023

	Major		
	Water and Sewer District	Solid Waste	Total
Cash Flows from Operating Activities:			
Cash received from customers	\$ 8,936,028	\$ 3,698,551	\$ 12,634,579
Cash paid for goods and services	(6,849,991)	(2,536,472)	(9,386,463)
Cash paid to employees for services	(1,918,241)	(774,015)	(2,692,256)
Net cash provided (used) by operating activities	<u>167,796</u>	<u>388,064</u>	<u>555,860</u>
Cash Flows from Capital and Related Financing Activities:			
Principal payments on long-term debt	(1,040,174)	-	(1,040,174)
Interest paid on debt	(582,629)	-	(582,629)
Capital contribution - grants	1,136,153	-	1,136,153
Acquisition and construction of capital assets	(2,699,123)	(376,383)	(3,075,506)
Net cash provided (used) by capital and related financing activities	<u>(3,185,773)</u>	<u>(376,383)</u>	<u>(3,562,156)</u>
Cash Flows from Investing Activities:			
Interest on investments	-	39,819	39,819
Net increase (decrease) in cash and cash equivalents	(3,017,977)	51,500	(2,966,477)
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>10,609,636</u>	<u>6,925,824</u>	<u>17,535,460</u>
End of year - June 30	<u>\$ 7,591,659</u>	<u>\$ 6,977,324</u>	<u>\$ 14,568,983</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (2,594,011)	\$ 10,738	\$ (2,583,273)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	2,081,426	159,295	2,240,721
Amortization	(47,262)	-	(47,262)
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
(Increase) decrease in accounts receivable	104,872	(23,429)	81,443
(Increase) decrease in inventory	(48,562)	-	(48,562)
(Increase) decrease in deferred outflows of resources - pensions	(191,171)	(95,586)	(286,757)
Increase (decrease) in net pension liability	587,663	293,831	881,494
Increase (decrease) in deferred inflows of resources - pensions	(316,104)	(158,052)	(474,156)
Increase (decrease) in accounts payable	478,054	185,111	663,165
Increase (decrease) in customer deposits	70,449	-	70,449
Increase (decrease) in deferred inflows of resources - OPEB	79,289	30,835	110,124
(Increase) decrease in deferred outflows of resources - OPEB	17,577	6,835	24,412
Increase (decrease) in OPEB payable	(55,074)	(21,418)	(76,492)
Increase (decrease) in accrued vacation pay	650	(96)	554
Total adjustments	<u>2,761,807</u>	<u>377,326</u>	<u>3,139,133</u>
Net cash provided (used) by operating activities	<u>\$ 167,796</u>	<u>\$ 388,064</u>	<u>\$ 555,860</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, 2023

	Custodial Funds
Assets:	
Cash and cash equivalents	\$ 63,325
Prepaid expenses	3,582
Taxes receivable for other governments, net	<u>20,546</u>
Total assets	<u>87,453</u>
Liabilities:	
Accounts payable and accrued liabilities	190
Due to other governments	<u>39,773</u>
Total liabilities	<u>39,963</u>
Net Position:	
Restricted:	
Individuals, organizations, and other governments	<u>\$ 47,490</u>

The accompanying notes 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, 2023**

	<u>Custodial Funds</u>
Additions:	
Ad valorem taxes and interest for other governments	\$ 237,460
Collections on behalf of individuals/organizations	<u>40,670</u>
Total additions	<u>278,130</u>
Deductions:	
Tax and interest distributions to other governments	237,461
Payments on behalf of individuals/organizations	<u>28,390</u>
Total deductions	<u>265,851</u>
Net increase (decrease) in fiduciary net position	12,279
Net position, beginning, July 1	<u>35,211</u>
Net position, ending, June 30	<u>\$ 47,490</u>

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

This page left blank intentionally.

HOKE COUNTY, NORTH CAROLINA

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

1. Summary of Significant Accounting Policies

The accounting policies of 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, 2023

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, 2023

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

School Capital Projects Fund. The School Capital Projects Fund is used to account for expenditures of school improvements and new construction projects.

The County reports the following major enterprise funds:

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

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

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

The County reports the following fund types:

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

Nonmajor Funds. The County maintains seven legally budgeted funds. The Revolving Loan Fund, the Emergency Systems Telephone Fund, the Asset Forfeiture Fund, the Grant Projects Fund, the Fire District Fund, the Representative Payee Fund, and the Opioid Fund are reported as nonmajor special revenue funds.

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

HOKE COUNTY, NORTH CAROLINA

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

the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied, Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

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

HOKE COUNTY, NORTH CAROLINA

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

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

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

C. Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund and all special revenue funds except for the Multi-Year Grants Special Revenue Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the capital project funds and the enterprise capital projects funds.

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

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

Deposits and Investments

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

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

HOKE COUNTY, NORTH CAROLINA

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

The County's investments are carried at fair value. The North Carolina Capital Management Trust (NCCMT), which consists of an SEC-registered fund, is authorized by G.S. 159-30(c). The Government Portfolio is a 2a-7 fund which invests in treasuries and government agencies and is rated AAAM by S&P and AAA-mf by Moody Investor Services. The Government Portfolio is reported at fair value.

Cash and Cash Equivalents

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

Restricted Assets

Deposits in the General Fund and customer deposits in the Water and Sewer Fund held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Tax Revaluation Fund is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Unspent grant and opioid settlement proceeds of the Other Governmental Funds are restricted for the purpose of which the funds were received, such as capital construction, or for a specific purpose only.

Restricted cash was comprised of the following at June 30, 2023:

Governmental Activities:	
General Fund:	
Restricted for revaluation	\$ 44,370
Deposits	15,954
Other Governmental Funds:	
Unspent grant proceeds	30,589,516
Unspent opioid settlement proceeds	267,426
Total governmental activities	<u>30,917,266</u>
Business-Type Activities	
Water and Sewer District Fund:	
Customer deposits	<u>1,631,008</u>
Total restricted cash	<u>\$ 32,548,274</u>

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of

HOKE COUNTY, NORTH CAROLINA

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

January 1, 2022. 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.

Lease Receivable

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is recognized into revenue on a straight-line basis over the term of the lease.

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. If significant, the amount of inventory on hand at year end is reported on the balance sheet in the governmental funds. However, in the Government-wide Statement of Activities the cost of these inventories is expensed as the items are used. 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.

HOKE COUNTY, NORTH CAROLINA

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

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

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

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

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

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

<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

HOKE COUNTY, NORTH CAROLINA

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criteria for this category – prepaid taxes, OPEB deferrals, pension deferrals, lease, and unavailable revenues (reported only on the Balance Sheet of the Governmental Funds.)

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

Compensated Absences

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

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

HOKE COUNTY, NORTH CAROLINA

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

Opioid Settlement Funds

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

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

The County received \$263,549 as part of this settlement in fiscal year 2023. Per the terms of the MOA, the County created a special revenue fund, the Opioid Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds that have been received are restricted until expended. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic. No funds have been expended as of June 30, 2023.

Reimbursements for Pandemic-related Expenditures

In fiscal year 2021, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The County was allocated \$10,728,557 of fiscal recovery funds to be paid in two equal installments. The first installment of \$5,364,278 was received in September 2021. The second installment was received in October 2022. County staff and the Board of Commissioners have elected to use \$10,000,000 of the ARPA funds to over eligible salaries under revenue replacement. Revenue replacement funds were transferred to the General Fund during the fiscal year. The remainder of the expenditures were incurred for the purchase of radios for the fire districts and to expand broadband services in the county in the special revenue fund during the current fiscal year.

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.

HOKE COUNTY, NORTH CAROLINA

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

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

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

HOKE COUNTY, NORTH CAROLINA

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

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 General Government – portion of fund balance restricted by revenue source to pay for opioid abatement and remediation activities.

Restricted for Human Services – portion of fund balance available for appropriation but legally segregated for health department expenditures. It represents the balance of the total unexpended health department grants and related fees in the General Fund. The balance in the other governmental fund is restricted for the purposes of trust beneficiaries of the DSS trust account.

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

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

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

<u>Purpose</u>	<u>General Fund</u>	<u>Administrative Capital Projects Fund</u>	<u>Multi-Year Grants Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
General government	\$ -	\$ -	\$ -	\$ 267,426	\$ 267,426
Human services	1,076,156	-	-	47,539	1,123,695
Register of Deeds	187,599	-	-	-	187,599
Cultural and recreational	-	7,749,260	-	-	7,749,260
Public safety	2,083,678	-	42,113	456,015	2,581,806
Total	<u>\$ 3,347,433</u>	<u>\$ 7,749,260</u>	<u>\$ 42,113</u>	<u>\$ 770,980</u>	<u>\$ 11,909,786</u>

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of the Register of Deeds’ pension plan of \$106,761.

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.

HOKE COUNTY, NORTH CAROLINA

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

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

Purpose	General Fund
Tax revaluation	\$ 44,370

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

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

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

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

Purpose	General Fund	Other Governmental Funds	Total
General government	\$ -	\$ 11,401	\$ 11,401
Economic development	-	444,475	444,475
Subsequent year's expenditures	454,149	-	454,149
Total	\$ 454,149	\$ 455,876	\$ 910,025

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.

HOKE COUNTY, NORTH CAROLINA

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

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	\$ 59,847,218
Less:	
Inventories	10,140
Prepays	1,289,819
Leases	889
Stabilization by state statute	<u>7,682,250</u>
Total available fund balance	<u>\$ 50,864,120</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 for all plans are reported at fair value.

HOKE COUNTY, NORTH CAROLINA

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

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>\$ 59,625,982</u>
---	----------------------

Register of Deeds Automation Fund:

Expenditures:

General government	(52,664)
Transfers in	53,000

Fund balance, beginning	<u>187,263</u>
Fund balance, ending	<u>187,599</u>

Revaluation Fund:

Fund balance, ending	<u>44,370</u>
----------------------	---------------

Law Enforcement Officer Fund:

Expenditures:

Public safety	(24,926)
Transfers in	27,000

Fund balance, beginning	<u>(12,807)</u>
Fund balance, ending	<u>(10,733)</u>

Total ending fund balance (Exhibit D)	<u>\$ 59,847,218</u>
---------------------------------------	----------------------

2. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Non-Compliance with North Carolina General Statutes

The County was in violation of N.C. General Statute 159-29 and did not have an adequate performance bond amount for its finance director during fiscal year 2023. Management agrees and will increase the bond according to statute during fiscal year 2024. Finance Director will review statute each year and ensure bond is in compliance with the current law.

HOKE COUNTY, NORTH CAROLINA

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

The County was in violation of N.C. General Statute 159-34 and did not have its audit completed timely. The audit report was not submitted to the Local Government Commission by the required deadline. The County experienced issues with upgrading the accounting system and also experienced significant turnover in finance personnel. Management notes that there were Statewide issues with the required system upgrade which contributed to the delays of the audit. The County has filled the vacant positions within the finance department and has corrected the multi-year funds issue caused by the system upgrade which should help the County have a timely audit going forward.

2. Contractual Violations

The County did not meet its bond covenant ratios required for the financing of revenue bonds in the Water and Sewer District Fund. The noncompliance was due to the fund ending in a net loss for the fiscal year due to unanticipated increase in costs related to water capacity purchases. The County is currently in negotiation with the vendor and are hoping to finalize an updated contract with them that will properly reflect the County's current capacity needs. The County is in contact with the lender regarding the non-compliance of the bond covenant.

B. Deficit in Fund Balance of Individual Funds

The School Capital Projects Fund had a deficit fund balance at June 30, 2023 of \$2,881,239 due to a time lag of when expenditures occurred to when reimbursement will be received. The County made its local match to the project during fiscal year 2023. The remaining source of funds will come from the state as expenditures are incurred and a request for reimbursement is made. The County booked a year end receivable for the portion spent during the year of \$3,056,239.

3. Detail Notes On All Funds

A. Assets

Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County'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.

HOKE COUNTY, NORTH CAROLINA

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

However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institutions used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, the County's deposits had a carrying amount of \$68,100,715 and a bank balance of \$69,994,585. 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, 2023, Hoke County had \$4,303 cash on hand.

Investments

At June 30, 2023, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>
N.C. Capital Management	Fair Value -		
Trust - Government Portfolio	Level 1	<u>\$ 39,956,337</u>	<u>\$ 39,956,337</u>

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

All investments of the County 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. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's internal investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. The County has no formal policy regarding credit risk but limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County's investments in the N.C. Capital Management Trust Government Portfolio carried a credit rating of AAAM by

HOKE COUNTY, NORTH CAROLINA

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

Standard & Poor's and AAA-mf by Moody's Investor Services as of June 30, 2023. The County's investments in US Treasuries are rated AA+ by Standard and Poor's and Aaa by Moody's Investor Services.

Property Tax-Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at 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</u> <u>Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 962,178	\$ -	\$ 962,178
2021	647,060	-	647,060
2022	1,442,875	-	1,442,875
2023	979,454	-	979,454
Total	<u>\$ 4,031,567</u>	<u>\$ -</u>	<u>\$ 4,031,567</u>

Receivables

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

	<u>Accounts</u>	<u>Taxes</u>	<u>Due From Other Governments</u>	<u>Leases Receivable</u>	<u>Notes Receivable</u>	<u>Total</u>
Governmental Activities:						
General	\$ 27,680	\$ 1,646,946	\$ 4,755,604	\$ 7,113	\$ -	\$ 6,437,343
Other governmental	3,605,730	168,279	3,912,635	-	141,166	7,827,810
Allowance for doubtful accounts	<u>(721,146)</u>	<u>(260,853)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(981,999)</u>
Total receivables	<u>\$ 2,912,264</u>	<u>\$ 1,554,372</u>	<u>\$ 8,668,239</u>	<u>\$ 7,113</u>	<u>\$ 141,166</u>	<u>\$ 13,283,154</u>
Business-Type Activities:						
Water and sewer district	\$ 1,984,436	\$ -	\$ 105,830	\$ -	\$ -	\$ 2,090,266
Solid waste	386,837	-	38,997	-	-	425,834
Allowance for doubtful accounts	<u>(1,335,217)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,335,217)</u>
Total business-type activities	<u>\$ 1,036,056</u>	<u>\$ -</u>	<u>\$ 144,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,180,883</u>

HOKE COUNTY, NORTH CAROLINA

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

Due from other governments consists of the following:

Governmental Activities:

Local option sales tax	\$ 2,458,868
Refundable sales tax	424,487
MV taxes, state	373,460
Gasoline taxes, state	34,430
Other governmental, state	53,637
Grants receivable	<u>5,323,357</u>
Total	<u><u>\$ 8,668,239</u></u>

Business-Type Activities:

Grants receivable	\$ 105,830
Others	<u>38,997</u>
Total	<u><u>\$ 144,827</u></u>

At June 30, 2023, taxes for other governments in the Custodial Fund are net of an allowance for doubtful accounts of \$3,871.

Leases Receivable

On 08/01/2022, the County entered into an 18-month lease as Lessor for the use of USDA Office. An initial lease receivable was recorded in the amount of \$16,005. As of 06/30/2023, the value of the lease receivable is \$7,113. The lessee is required to make monthly fixed payments of \$889. The lease has an interest rate of 0%. The land improvements estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$6,224, and the County recognized lease revenue of \$9,781 during the fiscal year.

The future minimum lease payments receivable as of June 30, 2023, were as follows:

Year Ending	Principal	Interest
June 30		
2024	<u><u>\$ 7,113</u></u>	<u><u>\$ -</u></u>

HOKE COUNTY, NORTH CAROLINA

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

Capital Assets

Primary Government

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

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental Activities:					
Non-Depreciable Assets:					
Land	\$ 3,680,785	\$ -	\$ -	\$ -	\$ 3,680,785
Construction in progress	23,133,964	12,874,506	351,599	(469,376)	35,187,495
Total non-depreciable capital assets	<u>26,814,749</u>	<u>12,874,506</u>	<u>351,599</u>	<u>(469,376)</u>	<u>38,868,280</u>
Depreciable Assets:					
Land improvements	325,762	154,700	-	-	480,462
Buildings	28,495,336	102,783	-	-	28,598,119
Equipment	5,648,959	375,773	-	469,376	6,494,108
Vehicles and motor equipment	5,995,103	580,215	215,245	-	6,360,073
Right-to-use lease equipment	180,114	13,380	65,853	-	127,641
Right-to-use subscription software	-	260,329	-	-	260,329
Total depreciable capital assets	<u>40,645,274</u>	<u>1,487,180</u>	<u>281,098</u>	<u>469,376</u>	<u>42,320,732</u>
Less Accumulated Depreciation and Amortization:					
Land improvements	30,707	27,111	-	-	57,818
Buildings	7,225,250	614,749	-	-	7,839,999
Equipment	4,572,376	244,240	-	-	4,816,616
Vehicles and motor equipment	4,093,926	581,262	206,970	-	4,468,218
Right-to-use lease equipment	70,638	56,893	64,132	-	63,399
Right-to-use subscription software	-	115,723	-	-	115,723
Total accumulated depreciation/ amortization	<u>15,992,897</u>	<u>1,639,978</u>	<u>271,102</u>	<u>-</u>	<u>17,361,773</u>
Total depreciable capital assets, net	<u>24,652,377</u>	<u>(152,798)</u>	<u>9,996</u>	<u>469,376</u>	<u>24,958,959</u>
Governmental activities capital assets, net	<u>\$ 51,467,126</u>	<u>\$ 12,721,708</u>	<u>\$ 361,595</u>	<u>\$ -</u>	<u>\$ 63,827,239</u>

HOKE COUNTY, NORTH CAROLINA

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

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

General government	\$ 323,437
Public safety	841,602
Economic and physical development	23,148
Human services	191,026
Cultural and recreational	203,510
Transportation	<u>57,255</u>
Total	<u>\$ 1,639,978</u>

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

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2023</u>
Business-Type Activities:				
Water and Sewer District:				
Non-Depreciable Assets:				
Land	\$ 488,804	\$ 34,000	\$ -	\$ 522,804
Construction in progress	<u>1,495,275</u>	<u>2,506,994</u>	-	<u>4,002,269</u>
Total non-depreciable capital assets	<u>1,984,079</u>	<u>2,540,994</u>	-	<u>4,525,073</u>
Depreciable Assets:				
Plant and distribution system	81,181,496	-	-	81,181,496
Furniture and maintenance equipment	2,071,227	7,094	-	2,078,321
Buildings	124,620	-	-	124,620
Vehicles	1,002,316	32,813	-	1,035,129
Right-to-use lease equipment	19,467	-	-	19,467
Total depreciable capital assets	<u>84,399,126</u>	<u>39,907</u>	-	<u>84,439,033</u>
Less Accumulated Depreciation and Amortization:				
Plant and distribution system	22,512,664	1,900,968	-	24,413,632
Furniture and maintenance equipment	1,299,203	107,682	-	1,406,885
Buildings	33,231	2,493	-	35,724
Vehicles	762,470	70,283	-	832,753
Right-to-use lease equipment	5,090	5,090	-	10,180
Total accumulated depreciation/ amortization	<u>24,612,658</u>	<u>2,086,516</u>	-	<u>26,699,174</u>
Total depreciable capital assets, net	<u>59,786,468</u>			<u>57,739,859</u>
Water and sewer capital assets, net	<u>61,770,547</u>			<u>62,264,932</u>

HOKE COUNTY, NORTH CAROLINA

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

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Solid Waste:				
Non-Depreciable Assets:				
Land	182,652	-	-	182,652
Depreciable Assets:				
Buildings and improvements	38,016	-	-	38,016
Plant and distribution system	1,075,504	-	-	1,075,504
Furniture and maintenance equipment	1,047,639	177,493	-	1,225,132
Vehicles	907,586	198,890	-	1,106,476
Total depreciable capital assets	3,068,745	376,383	-	3,445,128
Less Accumulated Depreciation:				
Buildings and improvements	3,711	1,521	-	5,232
Plant and distribution system	346,429	21,510	-	367,939
Furniture and maintenance equipment	882,439	44,096	-	926,535
Vehicles	631,230	92,168	-	723,398
Total accumulated depreciation	1,863,809	159,295	-	2,023,104
Total depreciable capital assets, net	1,204,936			1,422,024
Solid waste capital assets, net	1,387,588			1,604,676
Business-type activities capital assets, net	\$ 63,158,135			\$ 63,869,608

Net Investment in Capital Assets

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

	Governmental Activities	Business-Type Activities
Capital assets	\$ 63,827,239	\$ 63,869,608
Long-term debt	46,452,804	20,426,699
Less:		
School debt to which County does not hold title	13,652,207	-
Total capital debt	32,800,597	20,426,699
Net investment in capital assets	\$ 31,026,642	\$ 43,442,909

HOKE COUNTY, NORTH CAROLINA

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

Construction Commitments

The government has active construction projects at year-end. At June 30, 2023, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental Activities:		
401 PR building	\$ 31,754,590	\$ 565,545
City of Raeford water project	81,720	1,918,280
2023 Administrative Building project	246,310	445,290
New courthouse 2022	2,161,033	29,298,967
2023 HATS Facility project	943,841	1,708,639
2022 High School project	3,056,239	618,761
Total	<u>\$ 38,243,733</u>	<u>\$ 34,555,482</u>
Business-Type Activities:		
Grow Hoke Sewer project	\$ 1,442,527	\$ 534,155
Rockfish Area Sewer	2,384,962	319,457
Westgate Pump Station Replacement	46,000	1,174,000
Industrial Park Sewer	53,100	274,400
211 Widening Upfit	75,680	1,479,320
Total	<u>\$ 4,002,269</u>	<u>\$ 3,781,332</u>

B. Liabilities

Payables

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

	<u>Accounts Payable</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 1,251,491	\$ 749,195	\$ 2,000,686
Other governmental	852,502	-	852,502
Total governmental activities	<u>\$ 2,103,993</u>	<u>\$ 749,195</u>	<u>\$ 2,853,188</u>
Business-Type Activities:			
Water and sewer district	\$ 764,372	\$ 50,207	\$ 814,579
Solid waste	406,098	22,630	428,728
Total business-type activities	<u>\$ 1,170,470</u>	<u>\$ 72,837</u>	<u>\$ 1,243,307</u>

HOKE COUNTY, NORTH CAROLINA

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

Pension Plan and Other Post-Employment Obligations

Local Governmental Employees' Retirement System

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

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

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

HOKE COUNTY, NORTH CAROLINA

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2023 was 13.04% of compensation for law enforcement officers and 12.16% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$2,478,084 for the year ended June 30, 2023.

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

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

At June 30, 2023, the County reported a liability of \$13,474,551 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023, the County's proportionate share was 0.239% (measured as of June 30, 2022), which was a decrease of 0.001% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023, the County recognized pension expense of \$3,817,870. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 580,606	\$ 56,925
Changes of assumptions	1,344,458	-
Net difference between projected and actual earnings on pension plan investments	4,453,480	-
Changes in proportion and differences between County contributions and proportionate share of contributions	62,072	75,682
County contributions subsequent to the measurement date	2,478,084	-
Total	<u>\$ 8,918,700</u>	<u>\$ 132,607</u>

HOKE COUNTY, NORTH CAROLINA

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

\$2,478,084 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2024	\$ 2,005,904
2025	1,673,503
2026	506,881
2027	2,121,721
2028	-
Thereafter	-
Total	<u>\$ 6,308,009</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The plan actuary 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, 2021 valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

Future 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, 2023

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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic fixed income	7.0%	5.0%
Inflation sensitive	6.0%	2.7%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. 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, 2023

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	\$ 24,319,829	\$ 13,474,551	\$ 4,537,412

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, 2021 valuation date, the Separation Allowance's membership consisted of:

Inactive members currently receiving benefits	3
Active plan members	66
Total	69

HOKE COUNTY, NORTH CAROLINA

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

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separate Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria, which are outlined in GASB Statements 73.

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2021 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent per annum
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor per annum
Discount rate	4.31 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, 2021, valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

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

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

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

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

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

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

HOKE COUNTY, NORTH CAROLINA

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

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operation budget. The County’s obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$27,191 as benefits came due for the reporting period.

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

At June 30, 2023, the County reported a total pension liability of \$1,165,316. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the County recognized pension expense of \$148,912.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 862	\$ 123,942
Changes of assumptions	259,925	248,832
County benefit payments and plan administrative expense made subsequent to the measurement date	11,539	-
Total	\$ 272,326	\$ 372,774

\$11,539 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, 2024. 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
2024	\$ (18,368)
2025	2,603
2026	4,084
2027	(35,367)
2028	(55,015)
Thereafter	(9,924)
Total	\$ (111,987)

HOKE COUNTY, NORTH CAROLINA

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

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 4.31%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31%) or 1-percentage-point higher (5.31%) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	\$ 1,282,136	\$ 1,165,316	\$ 1,060,414

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

	2023
Beginning balance	\$ 1,305,685
Service cost	126,527
Interest on the total pension liability	29,072
Difference between expected and actual experience in the measurement of the total pension liability	(13,999)
Changes of assumptions or other inputs	(254,778)
Benefit payments	(27,191)
Ending balance of the total pension liability	\$ 1,165,316

Changes of Assumptions. Changes of assumptions and other inputs reflect an increase in the Municipal Bond Index Rate from 2.25 percent at December 30, 2021 to 4.31 percent at December 30, 2022 (measurement date).

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

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

HOKE COUNTY, NORTH CAROLINA

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

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 \$189,606 for the reporting year. No amounts were forfeited.

Register of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$4,673 for the year ended June 30, 2023.

HOKE COUNTY, NORTH CAROLINA

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

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

At June 30, 2023, the County reported an asset of \$69,261 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2023, the County's proportion was 0.523% (measured as date of June 30, 2022), which was a decrease of 0.026% from its proportion as of June 30, 2022 (measured as of June 30, 2021). For the year ended June 30, 2023, the County recognized pension expense of \$10,506. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 534	\$ 1,255
Changes of assumptions	3,667	-
Net difference between projected and actual earnings on pension plan investments	28,787	-
Changes in proportion and differences between County contributions and proportionate share of contributions	3,482	2,388
County contributions subsequent to the measurement date	4,673	-
Total	\$ 41,143	\$ 3,643

\$4,673 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2024	\$ 7,885
2025	8,118
2026	9,584
2027	7,240
2028	-
Thereafter	-
Total	\$ 32,827

HOKE COUNTY, NORTH CAROLINA

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

Actuarial Assumptions. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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, 2021, valuation was based on the results of an actuarial experience review for LGERS for the period January 1, 2015, through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 99.9% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2022, is 1.1%.

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

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

HOKE COUNTY, NORTH CAROLINA

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

payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	\$ (48,927)	\$ (69,261)	\$ (86,383)

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

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

The net pension liability (asset) for LGERS and ROD was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021. The total pension liability for LEOSSA was measured as of December 31, 2022, with an actuarial valuation date of December 31, 2021. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities.

Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate share of net pension liability (asset)	\$ 13,474,551	\$ (69,261)	n/a	\$ 13,405,290
Proportion of the net pension liability (asset)	0.23885%	0.52312%	n/a	-
Total pension liability	-	-	\$ 1,165,316	1,165,316
Pension expense	3,817,870	10,506	148,912	3,977,288

HOKE COUNTY, NORTH CAROLINA

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

At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	ROD	LEOSSA	Total
Deferred Outflows of Resources:				
Pensions - difference between expected and actual experience	\$ 580,606	\$ 534	\$ 862	\$ 582,002
Changes of assumptions	1,344,458	3,667	259,925	1,608,050
Pensions - difference between projected and actual investment earnings	4,453,480	28,787	-	4,482,267
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	62,072	3,482	-	65,554
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	2,478,084	4,673	11,539	2,494,296
Total	\$ 8,918,700	\$ 41,143	\$ 272,326	\$ 9,232,169
Deferred Inflows of Resources:				
Pensions - difference between expected and actual experience	\$ 56,925	\$ 1,255	\$ 123,942	\$ 182,122
Changes of assumptions	-	-	248,832	248,832
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	75,682	2,388	-	78,070
Total	\$ 132,607	\$ 3,643	\$ 372,774	\$ 509,024

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 Governmental Employees’ Retirement System may continue coverage in the County’s group health plan until they reach age 65. Elected officials with at least 20 years of service with the County are eligible to retire at any age and continue coverage in the County’s group health plan for a period of five years.

HOKE COUNTY, NORTH CAROLINA

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

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, 2022:

Inactive plan members or beneficiaries currently receiving benefit payments	4
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>379</u>
Total	<u><u>383</u></u>

HOKE COUNTY, NORTH CAROLINA

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

Total OPEB Liability

The County's total OPEB liability of \$7,405,337 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases:	
General employees	3.25 to 8.41 percent, including wage inflation
Law enforcement officers	3.25 to 7.90 percent, including wage inflation
Municipal Bond Index Rate:	
Prior measurement date	2.16 percent
Measurement date	3.54 percent
Healthcare cost trends:	
Pre-Medicare Medical and Prescription Drug	7.00 percent for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare Medical and Prescription Drug	5.125 percent for 2022 decreasing to an ultimate rate of 4.50% by 2025

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	\$ 8,255,240
Changes for the year:	
Service cost	681,358
Interest	191,980
Differences between expected and actual experience	(730,020)
Changes of assumptions or other inputs	(895,456)
Benefit payments	(97,765)
Net changes	(849,903)
Balance at June 30, 2023	\$ 7,405,337

HOKE COUNTY, NORTH CAROLINA

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

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54%.

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increase used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022, valuation were based on a review of recent plan experience performed concurrently with the June 30, 2022 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the plan, determined using the discount rate of 3.54%, as well as what the plan’s total OPEB liability would be if it were determined using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 8,285,335	\$ 7,405,337	\$ 6,621,758

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

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 6,392,076	\$ 7,405,337	\$ 8,620,567

HOKE COUNTY, NORTH CAROLINA

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

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

For the year ended June 30, 2023, the County recognized OPEB expense of \$726,640. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 244,050	\$ 965,979
Changes of assumptions	867,027	844,563
Benefit payments and plan administrative expense made subsequent to the measurement date	107,743	-
Total	<u>\$ 1,218,820</u>	<u>\$ 1,810,542</u>

\$107,743 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2024	\$ (156,359)
2025	(147,027)
2026	(48,210)
2027	(9,807)
2028	(63,897)
Thereafter	(274,165)
Total	<u>\$ (699,465)</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, 2023

Lump-sum benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

Closure and Post-Closure Care Costs

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

Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB deferrals	\$ 1,218,820	\$ 1,810,542
Pension deferrals	9,232,169	509,024
Prepaid taxes not yet earned (general)	-	146,398
Leases (general)	-	6,224
Unavailable revenues - grants (CPF)	-	3,811,312
Unavailable revenues - opioid settlement funds (special revenue)	-	2,884,584
Taxes receivable, net (general)	-	1,417,677
Taxes receivable, net (special revenue)	-	136,695
Total	<u>\$ 10,450,989</u>	<u>\$ 10,722,456</u>

Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is insured through Dial Insurance Agency for Property, Liability, Automobile and Worker's Compensation.

HOKE COUNTY, NORTH CAROLINA

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

Traveler's Insurance Company is the carrier for Property, Liability and Automobile insurance. Bitco is the carrier for Worker's Compensation. BCS Liability is the carrier for Cyber Liability. The County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$113 million for any one occurrence, general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence; auto physical damage for owned autos to actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the North Carolina statutory limits. All property coverage and some liability coverages are subject to per occurrence deductibles, as selected by the County.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through commercial crime coverage with a \$250,000 occurrence limit. The director of finance is bonded for \$200,000, and the tax collector is bonded for \$100,000. The County plans to increase the bond for the finance director to \$1,000,000 upon its next renewal in April 2024 in order to comply with S.L. 2022-53, Section 9(a).

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

Long-Term Obligations

Leases

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

Serviced by the General Fund:

On 07/01/2021, the County entered into a 39-month lease as Lessee for the use of COECO Copier Finance. An initial lease liability was recorded in the amount of \$3,815. As of 06/30/2023, the value of the lease liability is \$1,478. Hoke County is required to make monthly fixed payments of \$100. The lease has an interest rate of 0.7270%. The value of the right-to-use asset as of 06/30/2023 is \$3,815 with accumulated amortization of \$2,320 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule. Hoke County has 1 extension option for 12 months.

HOKE COUNTY, NORTH CAROLINA

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

On 07/01/2021, the County entered into a 38-month lease as Lessee for the use of Dex Copier Health Dept. An initial lease liability was recorded in the amount of \$21,938. As of 06/30/2023, the value of the lease liability is \$8,139. Hoke County is required to make monthly fixed payments of \$584. The lease has an interest rate of 0.7270%. The value of the right-to-use asset as of 06/30/2023 is \$21,938 with accumulated amortization of \$13,676 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule. Hoke County has the option to purchase the Equipment for \$1.

On 07/01/2021, the County entered into a 46-month lease as Lessee for the use of Pitney Bowes Finance. An initial lease liability was recorded in the amount of \$15,428. As of 06/30/2023, the value of the lease liability is \$7,253. Hoke County is required to make quarterly fixed payments of \$1,046. The lease has an interest rate of 0.8930%. The value of the right-to-use asset as of 06/30/2023 is \$15,428 with accumulated amortization of \$8,020 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule.

On 07/01/2021, the County entered into a 39-month lease as Lessee for the use of Pitney Bowes DSS. An initial lease liability was recorded in the amount of \$7,182. As of 06/30/2023, the value of the lease liability is \$4,024. Hoke County is required to make quarterly fixed payments of \$809. The lease has an interest rate of 0.7270%. The value of the right-to-use asset as of 06/30/2023 is \$7,182 with accumulated amortization of \$4,389 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule.

On 07/01/2021, the County entered into a 46-month lease as Lessee for the use of Dex Copier Tax Collections. An initial lease liability was recorded in the amount of \$7,686. As of 06/30/2023, the value of the lease liability is \$3,708. Hoke County is required to make monthly fixed payments of \$170. The lease has an interest rate of 0.8930%. The value of the right-to-use asset as of 06/30/2023 is \$7,686 with accumulated amortization of \$4,010 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule. Hoke County has the option to purchase the Equipment for \$1.

On 07/01/2021, the County entered into a 44-month lease as Lessee for the use of Copiers Plus Printers HATS. An initial lease liability was recorded in the amount of \$16,512. As of 06/30/2023, the value of the lease liability is \$7,572. Hoke County is required to make monthly fixed payments of \$382. The lease has an interest rate of 0.8930%. The value of the right-to-use asset as of 06/30/2023 is \$16,512 with accumulated amortization of \$9,007 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule.

On 07/01/2021, the County entered into a 46-month lease as Lessee for the use of Dex Copier Tax Assessment. An initial lease liability was recorded in the amount of \$9,047. As of 06/30/2023, the value of the lease liability is \$4,362. Hoke County is required to make monthly fixed payments of \$200. The lease has an interest rate of 0.8930%. The value of the right-to-use asset as of 06/30/2023 is \$9,047 with accumulated amortization of \$4,720 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule.

HOKE COUNTY, NORTH CAROLINA

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

On 07/01/2021, the County entered into a 49-month lease as Lessee for the use of Dex Copier DMV. An initial lease liability was recorded in the amount of \$4,813. As of 06/30/2023, the value of the lease liability is \$2,476. Hoke County is required to make monthly fixed payments of \$100. The lease has an interest rate of 0.8930%. The value of the right-to-use asset as of 06/30/2023 is \$4,813 with accumulated amortization of \$2,354 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule.

On 07/01/2021, the County entered into a 59-month lease as Lessee for the use of Canon Image Runner Copier. An initial lease liability was recorded in the amount of \$15,814. As of 06/30/2023, the value of the lease liability is \$9,474. Hoke County is required to make monthly fixed payments of \$275. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of 06/30/2023 is \$15,814 with accumulated amortization of \$6,411 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule.

On 07/01/2021, the County entered into a 49-month lease as Lessee for the use of Canon Copier Veterans Services. An initial lease liability was recorded in the amount of \$5,294. As of 06/30/2023, the value of the lease liability is \$2,724. Hoke County is required to make monthly fixed payments of \$110. The lease has an interest rate of 0.8930%. The value of the right-to-use asset as of 06/30/2023 is \$5,294 with accumulated amortization of \$2,590 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule.

On 08/31/2021, the County entered into a 60-month lease as Lessee for the use of Systel Copier Senior Services. An initial lease liability was recorded in the amount of \$6,732. As of 06/30/2023, the value of the lease liability is \$4,187. Hoke County is required to make monthly fixed payments of \$115. The lease has an interest rate of 0.9640%. The value of the right-to-use asset as of 06/30/2023 is \$6,732 with accumulated amortization of \$2,513 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule.

On 02/07/2023, the County entered into a 60-month lease as Lessee for the use of Dex Copier Library. An initial lease liability was recorded in the amount of \$3,474. As of 06/30/2023, the value of the lease liability is \$3,252. Hoke County is required to make monthly fixed payments of \$328. The lease has an interest rate of 2.6820%. The value of the right-to-use asset as of 06/30/2023 is \$3,474 with accumulated amortization of \$279 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule.

On 07/01/2022, the County entered into a 30-month lease as Lessee for the use of Pitney Bowes ROD. An initial lease liability was recorded in the amount of \$1,080. As of 06/30/2023, the value of the lease liability is \$360. Hoke County is required to make quarterly fixed payments of \$180. The lease has an interest rate of 0%. The value of the right-to-use asset as of 06/30/2023 is \$1,080 with accumulated amortization of \$720 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule.

HOKE COUNTY, NORTH CAROLINA

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

On 07/01/2022, the County entered into a 60-month lease as Lessee for the use of Pitney Bowes Sheriff. An initial lease liability was recorded in the amount of \$2,617. As of 06/30/2023, the value of the lease liability is \$2,010. Hoke County is required to make quarterly fixed payments of \$145. The lease has an interest rate of 0.3870%. The value of the right-to-use asset as of 06/30/2023 is \$2,617 with accumulated amortization of \$573 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule.

On 08/15/2022, the County entered into a 36-month lease as Lessee for the use of COECO Communications 2022. An initial lease liability was recorded in the amount of \$6,209. As of 06/30/2023, the value of the lease liability is \$4,435. Hoke County is required to make monthly fixed payments of \$177. The lease has an interest rate of 0%. The value of the right-to-use asset as of 06/30/2023 is \$6,209 with accumulated amortization of \$1,817 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule.

Serviced by the Water and Sewer Fund:

On 07/01/2021, the County entered into a 45-month lease as Lessee for the use of Canon Copiers Utilities Department. An initial lease liability was recorded in the amount of \$19,467. As of 06/30/2023, the value of the lease liability is \$9,164. Hoke County is required to make monthly fixed payments of \$440. The lease has an interest rate of 0.8930%. The value of the right-to-use asset as of 06/30/2023 is \$19,467 with accumulated amortization of \$10,180 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule.

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

Year Ending	General Fund		Water and Sewer	
June 30	Principal	Interest	Principal	Interest
2024	\$ 35,195	\$ 459	\$ 5,219	\$ 61
2025	22,630	193	3,945	15
2026	6,056	69	-	-
2027	1,136	23	-	-
2028	437	4	-	-
Total	\$ 65,454	\$ 748	\$ 9,164	\$ 76

Subscriptions

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

HOKE COUNTY, NORTH CAROLINA

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

Serviced by Governmental Funds:

On 07/01/2022, the County entered into a 25-month subscription for the use of Zuercher CAD. An initial subscription liability was recorded in the amount of \$67,724. As of 06/30/2023, the value of the subscription liability is \$14,058. Hoke County is required to make annual fixed payments of \$53,803. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of 06/30/2023 is \$72,224 with accumulated amortization of \$34,393 and is included with Right-to-Use Subscription Software on the capital asset rollforward schedule.

On 07/01/2022, the County entered into a 51-month subscription for the use of TurningPoint Inst. An initial subscription liability was recorded in the amount of \$9,610. As of 06/30/2023, the value of the subscription liability is \$7,171. Hoke County is required to make annual fixed payments of \$2,669. The subscription has an interest rate of 2.2753%. The value of the right-to-use asset as of 06/30/2023 is \$9,610 with accumulated amortization of \$2,247 and is included with Right-to-Use Subscription Software on the capital asset rollforward schedule.

On 07/01/2022, the County entered into a 24-month subscription for the use of Patagonia Health. An initial subscription liability was recorded in the amount of \$67,573. As of 06/30/2023, the value of the subscription liability is \$33,448. Hoke County is required to make annual fixed payments of \$34,125. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of 06/30/2023 is \$74,649 with accumulated amortization of \$37,325 and is included with Right-to-Use Subscription Software on the capital asset rollforward schedule.

On 03/03/2023, the County entered into a 15-month subscription for the use of NinjaOne software. An initial subscription liability was recorded in the amount of \$21,651. As of 06/30/2023, the value of the subscription liability is \$10,671. Hoke County is required to make annual fixed payments of \$10,980. The subscription has an interest rate of 2.8943%. The value of the right-to-use asset as of 06/30/2023 is \$21,651 with accumulated amortization of \$5,677 and is included with Right-to-Use Subscription Software on the capital asset rollforward schedule.

On 07/01/2022, the County entered into a 25-month subscription for the use of Zuercher Jail. An initial subscription liability was recorded in the amount of \$32,751. As of 06/30/2023, the value of the subscription liability is \$16,644. Hoke County is required to make annual fixed payments of \$16,173. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of 06/30/2023 is \$32,751 with accumulated amortization of \$15,596 and is included with Right-to-Use Subscription Software on the capital asset rollforward schedule.

On 07/01/2022, the County entered into a 22-month subscription for the use of Zuercher - Sheriff. An initial subscription liability was recorded in the amount of \$5,730. As of 06/30/2023, the value of the subscription liability is \$0. Hoke County is required to make annual fixed payments of \$24,094. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of 06/30/2023 is \$5,730 with accumulated amortization of \$3,025 and is included with Right-to-Use Subscription Software on the capital asset rollforward schedule.

HOKE COUNTY, NORTH CAROLINA

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

On 09/19/2022, the County entered into a 24-month subscription for the use of Flock Group Sheriff. An initial subscription liability was recorded in the amount of \$19,802. As of 06/30/2023, the value of the subscription liability is \$9,802. Hoke County is required to make annual fixed payments of \$10,000. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of 06/30/2023 is \$20,852 with accumulated amortization of \$8,167 and is included with Right-to-Use Subscription Software on the capital asset rollforward schedule. The County has 1 extension option for 24 months.

On 07/01/2022, the County entered into a 30-month subscription for the use of DebtBook. An initial subscription liability was recorded in the amount of \$20,509. As of 06/30/2023, the value of the subscription liability is \$10,520. Hoke County is required to make annual fixed payments of \$10,238. The subscription has an interest rate of 2.1843%. The value of the right-to-use asset as of 06/30/2023 is \$20,509 with accumulated amortization of \$8,025 and is included with Right-to-Use Subscription Software on the capital asset rollforward schedule.

On 07/01/2022, the County entered into a 22-month subscription for the use of Fire Prevention Package. An initial subscription liability was recorded in the amount of \$1,673. As of 06/30/2023, the value of the subscription liability is \$0. Hoke County is required to make annual fixed payments of \$1,702. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of 06/30/2023 is \$2,353 with accumulated amortization of \$1,268 and is included with Right-to-Use Subscription Software on the capital asset rollforward schedule.

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

Year Ending		
June 30	Principal	Interest
2024	\$ 97,480	\$ 2,198
2025	2,390	110
2026	2,444	56
Total	<u>\$ 102,314</u>	<u>\$ 2,364</u>

General Obligations Indebtedness

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

HOKE COUNTY, NORTH CAROLINA

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

The County's general obligation bond long-term debt at June 30, 2023 is comprised of the following individual issues:

General Obligation Bonds:

Water and Sewer Fund:

\$4,770,000 2014B refunding series, due in semi-annual payments,
including interest at a rate of 2.39%, maturing in 2026 \$ 1,334,000

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

Year Ending June 30	Water and Sewer	
	Principal	Interest
2024	\$ 436,000	\$ 31,883
2025	445,000	21,462
2026	453,000	10,827
Total	\$ 1,334,000	\$ 64,172

The County's notes payable debt at June 30, 2023 is comprised of the following individual issues:

Notes Payable - Water and Sewer Fund:

\$1,360,000 note, payable in monthly installments of \$14,167, at
zero interest, maturing in 2024 - direct borrowing \$ 127,500

The County's outstanding notes from direct borrowing related to business-type activities in the amount of \$127,500 is secured by a deed of trust. The borrowing contains provisions that in the event of a default the bank may exercise any one of the following remedies:

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

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

Year Ending June 30	Water and Sewer	
	Principal	Interest
2024	\$ 127,500	\$ -

HOKE COUNTY, NORTH CAROLINA

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

Limited Obligations- Direct Placement:

General Fund:

\$18,710,000 Non-General Obligation Qualified School Construction
Bond; tax credit rate 4.38%, maturing in 2032 \$ 13,220,383

\$31,730,000 refinancing limited obligation bonds; due in annual installments,
interest rate ranging from 2-5%, maturing in 2041 28,000,000

Total limited obligation bonds - General Fund \$ 41,220,383

Water and Sewer Fund:

\$7,585,000 refinancing limited obligation bonds; due in annual installments,
interest rate ranging from 2-5%, maturing in 2043 \$ 7,140,000

All limited obligation bonds serviced by the County's General Fund are collateralized by the full-faith credit and taxing power of the County. Principal and interest payments are appropriated when due. In the event of a default, the County agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the County.

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

Year Ending June 30	General Fund		Water and Sewer	
	Principal	Interest	Principal	Interest
2024	\$ 3,259,575	\$ 2,069,959	\$ 230,000	\$ 254,900
2025	3,270,185	1,961,959	240,000	243,400
2026	3,275,398	1,852,959	255,000	231,400
2027	3,194,008	1,743,209	265,000	218,650
2028	3,181,888	1,652,959	280,000	205,400
2029-2033	14,059,329	6,289,688	1,625,000	805,400
2034-2038	6,815,000	1,182,800	1,975,000	455,800
2039-2043	4,165,000	208,350	2,270,000	151,600
Total	<u>\$ 41,220,383</u>	<u>\$ 16,961,885</u>	<u>\$ 7,140,000</u>	<u>\$ 2,566,550</u>

HOKE COUNTY, NORTH CAROLINA

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

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. \$ 8,075,000

\$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. 1,529,000

\$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. 1,165,000

Total revenue bonds payable \$ 10,769,000

The County's revenue bonds from direct placement related to USDA bonds for business-type activities is in the amount of \$10,769,000. The county pledges a special obligation of the County payable solely from the net revenues of the County's water and sewer system and from the proceeds of the water and sewer revenue bonds of the County. Neither the credit nor the taxing power of the county is pledged for the payment of this bond and no holder of this bond has the right to compel exercise of the taxing power by the county or the forfeiture of any of the County's property in connection with any default hereon. In the event of a default, the County agrees to pay to the Purchase, on demand, interest on any and all amounts due and owing by the County.

HOKE COUNTY, NORTH CAROLINA

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

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

Year Ending June 30	Water and Sewer	
	Principal	Interest
2024	\$ 224,000	\$ 269,225
2025	230,000	263,625
2026	234,000	257,875
2027	241,000	252,025
2028	247,000	246,000
2029-2033	1,331,000	1,134,225
2034-2038	1,507,000	959,200
2039-2043	1,704,000	761,325
2044-2048	1,928,000	537,300
2049-2053	2,180,000	284,050
2054-2058	943,000	35,400
Total	<u>\$ 10,769,000</u>	<u>\$ 5,000,250</u>

The County is not 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 2016A, 2016B, and 2016C USDA revenue bonds at June 30, 2023. The County agreed 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. During fiscal year 2023, the County experienced more expenditures than the revenue and therefore, net revenues were not enough to meet the bond covenant ratios.

HOKE COUNTY, NORTH CAROLINA

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

The debt service coverage ratio calculation for the year ended June 30, 2023 is as follows:

Operating revenues	\$ 8,760,707
Operating expenses*	9,320,554
Net revenues	<u>\$ (559,847)</u>

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

Current year debt service	\$ 493,700
Current year debt service percent coverage	-113%

Net revenues may not be less than 100% of the amount necessary to pay annual debt service obligations on subordinated indebtedness

Debt service on subordinated indebtedness	\$ 1,129,245
Debt service on subordinated indebtedness percent coverage	-50%

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

Debt service	\$ 1,578,788
Debt services on debt coming due in next fiscal year percent of coverage	-35%

*Per revenue bond covenant, this does not include depreciation and amortization expense of \$2,034,164.

The County has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$10,769,000 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 \$15,769,250. Principal and interest paid for the current year and total customer net revenues were \$493,700 and \$(559,847), respectively.

HOKE COUNTY, NORTH CAROLINA

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

Debt Related to Capital Activities – Of the total governmental activities debt listed, only \$32,800,597 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, 2023:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion</u>
Governmental Activities:					
Limited obligation bonds	\$ 44,518,600	\$ -	\$ 3,298,217	\$ 41,220,383	\$ 3,259,575
Bond premium	5,434,201	-	369,548	5,064,653	352,637
Lease liabilities	109,886	13,380	57,812	65,454	35,195
Subscription liabilities	-	247,023	144,709	102,314	97,480
Compensated absences	1,317,297	1,526,658	688,431	2,155,524	1,077,762
Total OPEB liability	7,494,303	-	773,411	6,720,892	-
Net pension liability (LGERS)	3,348,954	8,912,887	-	12,261,841	-
Total pension liability (LEOSSA)	1,305,685	-	140,369	1,165,316	-
Total governmental activities	<u>\$ 63,528,926</u>	<u>\$ 10,699,948</u>	<u>\$ 5,472,497</u>	<u>\$ 68,756,377</u>	<u>\$ 4,822,649</u>
Business-Type Activities:					
Water and Sewer District:					
General obligation bonds	\$ 1,760,000	\$ -	\$ 426,000	\$ 1,334,000	\$ 436,000
Limited obligation bonds	7,360,000	-	220,000	7,140,000	230,000
Bond premium	1,099,387	-	52,352	1,047,035	52,352
Revenue bonds - direct placement	10,988,000	-	219,000	10,769,000	224,000
Installment purchases - direct borrowing	297,500	-	170,000	127,500	127,500
Lease liabilities	14,338	-	5,174	9,164	5,219
Compensated absences	95,566	16,038	15,388	96,216	48,108
Total OPEB liability	495,279	-	55,074	440,205	-
Net pension liability (LGERS)	220,810	587,663	-	808,473	-
Total water and sewer	<u>22,330,880</u>	<u>603,701</u>	<u>1,162,988</u>	<u>21,771,593</u>	<u>1,123,179</u>
Solid Waste:					
Compensated absences	26,029	10,137	10,233	25,933	12,967
Total OPEB liability	265,658	-	21,418	244,240	-
Net pension liability (LGERS)	110,406	293,831	-	404,237	-
Total solid waste	<u>402,093</u>	<u>303,968</u>	<u>31,651</u>	<u>674,410</u>	<u>12,967</u>
Total business-type activities	<u>\$ 22,732,973</u>	<u>\$ 907,669</u>	<u>\$ 1,194,639</u>	<u>\$ 22,446,003</u>	<u>\$ 1,136,146</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, 2023

At June 30, 2023, the County had a legal debt margin of approximately \$344,361,000.

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, 2023, there were no industrial revenue bonds outstanding.

Interfund Balances and Activity

Transfer to/from other funds during the year ended June 30, 2023, consist of the following:

	From	To	Purpose
General Fund	\$ 7,970,585	\$ -	
School Capital Projects Fund	-	175,000	Fund school project
Administrative Capital Projects Fund	-	7,795,585	Fund project costs
Multi-Year Grants Fund	10,000,000	-	
General Fund	-	10,000,000	ARP revenue replacement
Water and Sewer District Fund	2,355,612	-	
Waste Water Treatment Plant Fund (project fund of Water and Sewer District Fund)	-	2,355,612	Fund project costs
Total	\$ 20,326,197	\$ 20,326,197	

Balances due to/from other funds at June 30, 2023 consist of the following:

	From	To	Purpose
Special Revenue Funds:			
Fire District Fund	\$ 17,727	\$ -	Deficit cash
Capital Project Funds:			
Major-School Capital Projects	2,881,239	-	Fund school projects
General Fund:	-	2,898,966	
Total	\$ 2,898,966	\$ 2,898,966	

HOKE COUNTY, NORTH CAROLINA

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

4. Jointly Governed Organizations

Southeastern Family and Community Services, Inc.

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

Justice Board

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

Southeastern Economic Development Commission

The County, along with four other counties, has established the Southeastern Economic Development Commission to oversee economic and industrial development in the region. The County made a contribution to the Commission of \$4,687 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.

HOKE COUNTY, NORTH CAROLINA

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

5. 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.

6. Related Party Transactions

For the fiscal year ended June 30, 2023, the County received the following from the Hoke County ABC Board: \$207,338 for tax distributions.

This page left blank intentionally.

HOKE COUNTY, NORTH CAROLINA

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

	<u>Total OPEB Liability</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 8,255,240	\$ 7,352,298	\$ 5,452,009
Service cost	681,358	692,060	421,568
Interest on TOL and cash flows	191,980	176,420	203,325
Changes of benefit terms	-	-	23,421
Differences between expected and actual experience	(730,020)	17,080	371,947
Changes of assumptions or other inputs	(895,456)	141,193	1,009,747
Benefit payments	(97,765)	(123,811)	(129,719)
Ending balance of the total OPEB liability	<u>\$ 7,405,337</u>	<u>\$ 8,255,240</u>	<u>\$ 7,352,298</u>
Covered-employee payroll	\$ 18,018,477	\$ 16,369,375	\$ 16,369,375
Total OPEB liability as a percentage of covered-employee payroll	41.10%	50.43%	44.91%

Notes to Schedule:

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

Hoke County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

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

HOKE COUNTY, NORTH CAROLINA

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

	Total OPEB Liability		
	2020	2019	2018
Beginning balance	\$ 4,745,333	\$ 5,177,633	\$ 5,003,061
Service cost	391,659	400,281	428,343
Interest on TOL and cash flows	182,457	182,444	149,495
Changes of benefit terms	-	-	-
Differences between expected and actual experience	6,643	(1,011,377)	(13,129)
Changes of assumptions or other inputs	236,818	102,895	(316,667)
Benefit payments	(110,901)	(106,543)	(73,470)
Ending balance of the total OPEB liability	<u>\$ 5,452,009</u>	<u>\$ 4,745,333</u>	<u>\$ 5,177,633</u>
Covered-employee payroll	\$ 13,956,925	\$ 13,956,925	\$ 12,985,118
Total OPEB liability as a percentage of covered-employee payroll	39.06%	34.00%	39.87%

HOKE COUNTY, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2023	2022	2021	2020	2019
County's proportion of the net pension liability (asset) %	0.23885%	0.23997%	0.24698%	0.24203%	0.23994%
County's proportionate share of the net pension liability (asset) \$	\$ 13,474,551	\$ 3,680,170	\$ 8,825,648	\$ 6,609,651	\$ 5,692,198
County's covered payroll	\$ 18,696,481	\$ 17,522,437	\$ 17,634,521	\$ 16,685,246	\$ 15,160,605
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	72.07%	21.00%	50.05%	39.61%	37.55%
Plan fiduciary net position as a percentage of the total pension liability **	84.14%	95.51%	88.61%	90.86%	91.63%

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

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

HOKE COUNTY, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.25446%	0.25636%	0.26065%	0.24745%	0.24320%
County's proportionate share of the net pension liability (asset) \$	\$ 3,887,445	\$ 5,440,818	\$ 1,169,782	\$ (1,459,327)	\$ 2,931,494
County's covered payroll	\$ 15,610,906	\$ 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	24.90%	38.25%	8.08%	-10.54%	24.35%
Plan fiduciary net position as a percentage of the total pension liability **	94.18%	91.47%	98.09%	102.64%	94.35%

HOKE COUNTY, NORTH CAROLINA

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

Local Governmental Employees' Retirement System					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 2,478,084	\$ 2,158,809	\$ 1,812,630	\$ 1,615,106	\$ 1,325,183
Contributions in relation to the contractually required contribution	<u>2,478,084</u>	<u>2,158,809</u>	<u>1,812,630</u>	<u>1,615,106</u>	<u>1,325,183</u>
Contribution deficiency (excess)	<u>\$ -</u>				
County's covered payroll	\$ 20,096,406	\$ 18,696,481	\$ 17,522,437	\$ 17,634,521	\$ 16,685,246
Contributions as a percentage of covered payroll	12.33%	11.55%	10.34%	9.16%	7.94%

HOKE COUNTY, NORTH CAROLINA

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

Local Governmental Employees' Retirement System					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,165,976	\$ 1,165,712	\$ 972,034	\$ 1,032,713	\$ 987,199
Contributions in relation to the contractually required contribution	<u>1,165,976</u>	<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>	<u>\$ -</u>
County's covered payroll	\$ 15,160,605	\$ 15,610,906	\$ 14,222,807	\$ 14,477,764	\$ 13,843,764
Contributions as a percentage of covered payroll	7.69%	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 TEN FISCAL YEARS***

	Register of Deeds' Supplemental Pension Fund				
	2023	2022	2021	2020	2019
County's proportion of the net pension liability (asset) %	0.52312%	0.54856%	0.51359%	0.41085%	0.51979%
County's proportionate share of the net pension liability (asset) \$	\$ (69,261)	\$ (105,395)	\$ (117,705)	\$ (81,110)	\$ (86,093)
Plan fiduciary net position as a percentage of the total pension liability **	139.04%	156.53%	173.62%	164.11%	153.31%

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

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

HOKE COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund				
	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.44527%	0.50084%	0.47544%	0.50351%	0.51401%
County's proportionate share of the net pension liability (asset) \$	\$ (76,003)	\$ (93,637)	\$ (110,178)	\$ (114,142)	\$ (109,793)
Plan fiduciary net position as a percentage of the total pension liability **	153.77%	160.17%	197.29%	193.88%	190.50%

HOKE COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 4,673	\$ 5,997	\$ 6,583	\$ 4,918	\$ 3,905
Contributions in relation to the contractually required contribution	<u>4,673</u>	<u>5,997</u>	<u>6,583</u>	<u>4,918</u>	<u>3,905</u>
Contribution deficiency (excess)	<u>\$ -</u>				

HOKE COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,051	\$ 4,266	\$ 4,092	\$ 3,392	\$ 3,309
Contributions in relation to the contractually required contribution	<u>4,051</u>	<u>4,266</u>	<u>4,092</u>	<u>3,392</u>	<u>3,309</u>
Contribution deficiency (excess)	<u>\$ -</u>				

HOKE COUNTY, NORTH CAROLINA

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

Law Enforcement Officers' Special Separation Allowance				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 1,305,685	\$ 1,321,460	\$ 778,845	\$ 708,903
Service cost	126,527	126,352	82,586	65,431
Interest on the total pension liability	29,072	25,351	25,070	25,484
Differences between expected and actual experience in the measurement of the total pension liability	(13,999)	(108,975)	(9,949)	(30,784)
Changes of assumptions or other inputs	(254,778)	(42,620)	464,551	27,401
Benefit payments	(27,191)	(15,883)	(19,643)	(17,590)
Ending balance of the total pension liability	<u>\$ 1,165,316</u>	<u>\$ 1,305,685</u>	<u>\$ 1,321,460</u>	<u>\$ 778,845</u>

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

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

HOKE COUNTY, NORTH CAROLINA**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SEVEN FISCAL YEARS***

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

HOKE COUNTY, NORTH CAROLINA

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

Law Enforcement Officers' Special Separation Allowance				
	2023	2022	2021	2020
Total pension liability	\$ 1,165,316	\$ 1,305,685	\$ 1,321,460	\$ 778,845
Covered-employee payroll	3,387,923	3,295,982	3,384,694	2,973,469
Total pension liability as a percentage of covered-employee payroll	34.40%	39.61%	39.04%	26.19%

Notes to the Schedules:

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

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

HOKE COUNTY, NORTH CAROLINA

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

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

HOKE COUNTY, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GENERAL FUND CONSOLIDATED
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Register of Deeds Automation Fund	Revaluation Fund	Law Enforcement Officer Fund	Total
Revenues:					
Ad valorem taxes	\$ 34,143,335	\$ -	\$ -	\$ -	\$ 34,143,335
Local option sales taxes	16,734,452	-	-	-	16,734,452
Other taxes and licenses	17,931	-	-	-	17,931
Unrestricted intergovernmental	253,346	-	-	-	253,346
Restricted intergovernmental	10,647,694	-	-	-	10,647,694
Permits and fees	2,499,221	-	-	-	2,499,221
Sales and services	1,859,424	-	-	-	1,859,424
Investment earnings	2,528,751	-	-	-	2,528,751
Total revenues	<u>68,684,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,684,154</u>
Expenditures:					
Current:					
General government	9,616,485	52,664	-	-	9,669,149
Public safety	14,636,164	-	-	24,926	14,661,090
Economic and physical development	797,535	-	-	-	797,535
Human services	14,316,056	-	-	-	14,316,056
Cultural and recreational	1,670,334	-	-	-	1,670,334
Transportation	1,321,713	-	-	-	1,321,713
Intergovernmental - education	7,533,129	-	-	-	7,533,129
Debt service:					
Principal retirements	3,447,072	-	-	-	3,447,072
Interest and fees	2,056,697	-	-	-	2,056,697
Total expenditures	<u>55,395,185</u>	<u>52,664</u>	<u>-</u>	<u>24,926</u>	<u>55,472,775</u>
Revenues over (under) expenditures	<u>13,288,969</u>	<u>(52,664)</u>	<u>-</u>	<u>(24,926)</u>	<u>13,211,379</u>
Other Financing Sources (Uses):					
Intrafund transfers	(80,000)	53,000	-	27,000	-
Transfers out	(7,970,585)	-	-	-	(7,970,585)
Transfers in	10,000,000	-	-	-	10,000,000
Long-term debt issued	192,679	-	-	-	192,679
Total other financing sources (uses)	<u>2,142,094</u>	<u>53,000</u>	<u>-</u>	<u>27,000</u>	<u>2,222,094</u>
Net change in fund balance	15,431,063	336	-	2,074	15,433,473
Fund Balance:					
Beginning of year - July 1	<u>44,194,919</u>	<u>187,263</u>	<u>44,370</u>	<u>(12,807)</u>	<u>44,413,745</u>
End of year - June 30	<u>\$ 59,625,982</u>	<u>\$ 187,599</u>	<u>\$ 44,370</u>	<u>\$ (10,733)</u>	<u>\$ 59,847,218</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, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023			2022
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 33,681,545	\$ 33,908,649	\$ 227,104	\$ 30,190,098
Interest	230,015	234,686	4,671	230,106
Total	<u>33,911,560</u>	<u>34,143,335</u>	<u>231,775</u>	<u>30,420,204</u>
Local Option Sales Tax:				
Article 39 - one percent	3,912,127	3,550,290	(361,837)	3,349,554
Article 40 - 1/2 of a percent	5,576,787	5,349,124	(227,663)	4,849,133
Article 42 - 1/2 of a percent	2,098,000	2,433,381	335,381	2,244,591
Article 44 - 1/2 of a percent	3,560,914	3,311,841	(249,073)	2,815,096
Medicaid hold harmless	1,851,040	2,089,816	238,776	1,866,806
Total	<u>16,998,868</u>	<u>16,734,452</u>	<u>(264,416)</u>	<u>15,125,180</u>
Other Taxes and Licenses:				
Privilege licenses	500	1,633	1,133	2,138
Cable TV franchise tax	16,950	16,298	(652)	17,263
Total	<u>17,450</u>	<u>17,931</u>	<u>481</u>	<u>19,401</u>
Unrestricted Intergovernmental:				
Payments in lieu of taxes	26,737	30,523	3,786	29,234
Beer and wine tax	200,000	222,823	22,823	138,335
Total	<u>226,737</u>	<u>253,346</u>	<u>26,609</u>	<u>167,569</u>
Restricted Intergovernmental:				
Social services	5,664,123	5,098,189	(565,934)	4,847,547
Health department	3,555,085	2,682,940	(872,145)	3,506,512
Law enforcement grants	391,670	302,445	(89,225)	286,255
Juvenile justice	165,302	167,994	2,692	165,302
Transportation	912,023	1,040,952	128,929	947,430
Emergency management grant	46,000	25,375	(20,625)	17,500
Senior services grants	387,507	292,009	(95,498)	417,260
ABC profits for law enforcement	20,000	218,660	198,660	203,673
Other	3,403,245	819,130	(2,584,115)	67,118
Total	<u>14,544,955</u>	<u>10,647,694</u>	<u>(3,897,261)</u>	<u>10,458,597</u>
Permits and Fees:				
Inspection fees	705,000	905,246	200,246	1,085,964
Sheriff fees	497,906	585,629	87,723	479,735
Court facility fees	43,400	56,505	13,105	44,048
Register of Deeds fees	630,650	739,758	109,108	836,312
Tax administration	171,000	212,083	41,083	190,403
Total	<u>2,047,956</u>	<u>2,499,221</u>	<u>451,265</u>	<u>2,636,462</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, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023			2022
	Budget	Actual	Variance Over/Under	Actual
Sales and Services:				
Health department fees	213,832	315,244	101,412	221,567
Jail fees	214,131	174,122	(40,009)	265,260
Corporative extensions	83,031	137,068	54,037	137,068
Economic development	19,000	18,524	(476)	16,105
Library	5,200	8,457	3,257	6,029
Parks and recreation	52,870	268,169	215,299	82,284
Elections	2,000	564	(1,436)	14,914
Transportation	47,000	73,378	26,378	78,680
Planning and zoning	125,500	271,500	146,000	238,555
Miscellaneous revenue	520,071	592,398	72,327	642,665
Total	<u>1,282,635</u>	<u>1,859,424</u>	<u>576,789</u>	<u>1,703,127</u>
Investment Earnings	<u>802,000</u>	<u>2,528,751</u>	<u>1,726,751</u>	<u>133,523</u>
Total revenues	<u>69,832,161</u>	<u>68,684,154</u>	<u>(1,148,007)</u>	<u>60,664,063</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	546,348	496,188	50,160	492,454
Operating expenses	236,200	217,486	18,714	181,169
Capital outlay	15,000	-	15,000	827
Charges for services	-	(24,997)	24,997	(24,997)
Total	<u>797,548</u>	<u>688,677</u>	<u>108,871</u>	<u>649,453</u>
Administration:				
Salaries and employee benefits	354,985	413,604	(58,619)	351,790
Operating expenses	16,077,397	2,275,679	13,801,718	1,881,192
Capital outlay	172,500	124,387	48,113	10,560
Charges for services	(288,913)	(288,913)	-	(288,913)
Total	<u>16,315,969</u>	<u>2,524,757</u>	<u>13,791,212</u>	<u>1,954,629</u>
Human Resources:				
Salaries and employee benefits	303,647	124,432	179,215	162,666
Operating expenses	53,000	47,486	5,514	25,552
Charges for services	(46,710)	(46,710)	-	(46,710)
Total	<u>309,937</u>	<u>125,208</u>	<u>184,729</u>	<u>141,508</u>
Grants Management:				
Salaries & employee benefits	144,675	146,509	(1,834)	105,378
Operating expenses	22,700	16,236	6,464	49,696
Operating expenses	383,747	22,286	361,461	10,856
Capital outlay	-	-	-	44,573
Total	<u>551,122</u>	<u>185,031</u>	<u>366,091</u>	<u>210,503</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, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023			2022
	Budget	Actual	Variance Over/Under	Actual
Audio Video Maintenance:				
Salaries & employee benefits	208,790	222,432	(13,642)	202,235
Operating expenses	201,858	170,533	31,325	137,236
Capital outlay	10,000	14,175	(4,175)	-
Total	420,648	407,140	13,508	339,471
Elections:				
Salaries and employee benefits	164,863	145,948	18,915	161,744
Operating expenses	162,500	109,842	52,658	89,647
Capital outlay	56,000	50,858	5,142	34,680
Total	383,363	306,648	76,715	286,071
Finance:				
Salaries and employee benefits	770,104	711,394	58,710	766,788
Operating expenses	321,135	240,332	80,803	143,079
Capital outlay	-	20,509	(20,509)	19,243
Charges for services	(211,111)	(211,111)	-	(211,111)
Total	880,128	761,124	119,004	717,999
Tax Administration:				
Salaries and employee benefits	573,130	459,149	113,981	443,151
Operating expenses	117,425	87,954	29,471	65,585
Capital outlay	20,000	19,760	240	9,047
Total	710,555	566,863	143,692	517,783
Tax Collections:				
Salaries and employee benefits	458,530	452,614	5,916	426,571
Operating expenses	80,066	40,441	39,625	48,131
Capital outlay	-	-	-	7,687
Total	538,596	493,055	45,541	482,389
DMV:				
Operating expenses	146,600	143,955	2,645	157,275
Capital outlay	-	-	-	4,813
Total	146,600	143,955	2,645	162,088
Legal:				
Special legal services	184,619	128,375	56,244	112,324
Register of Deeds:				
Salaries and employee benefits	289,691	212,904	76,787	244,284
Operating expenses	67,100	25,377	41,723	78,476
Capital outlay	5,500	1,080	4,420	2,306
Total	362,291	239,361	122,930	325,066

HOKE COUNTY, NORTH CAROLINA

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

	2023			2022
	Budget	Actual	Variance Over/Under	Actual
Central Garage:				
Salaries and employee benefits	123,080	127,056	(3,976)	119,377
Operating expenses	17,540	6,525	11,015	5,072
Capital outlay	9,000	4,160	4,840	-
Charges for services	(31,736)	(31,736)	-	(31,736)
Total	117,884	106,005	11,879	92,713
Public Buildings:				
Salaries and employee benefits	870,369	783,466	86,903	717,961
Operating expenses	812,375	777,545	34,830	577,735
JALARC expenses	25,000	25,223	(223)	-
Capital outlay	256,545	272,709	(16,164)	217,440
Charges for services	-	(39,862)	39,862	(39,862)
Total	1,964,289	1,819,081	145,208	1,473,274
Groundskeeping:				
Salaries and employee benefits	67,293	66,849	444	61,885
Operating expenses	27,920	22,983	4,937	24,287
Capital outlay	159,000	158,800	200	10,614
Total	254,213	248,632	5,581	96,786
Information Technology:				
Salaries and employee benefits	425,865	435,004	(9,139)	496,608
Operating expenses	508,919	467,589	41,330	263,685
Capital outlay	-	21,651	(21,651)	-
Charges for services	(56,671)	(56,671)	-	(56,671)
Total	878,113	867,573	10,540	703,622
Special Appropriations	5,000	5,000	-	-
Total general government	24,820,875	9,616,485	15,204,390	8,265,679
Public Safety:				
Sheriff:				
Salaries and employee benefits	6,256,435	6,253,327	3,108	5,663,816
Operating expenses	1,321,775	1,119,515	202,260	1,137,384
Capital outlay	506,292	499,255	7,037	571,605
Total	8,084,502	7,872,097	212,405	7,372,805
Court Facilities:				
Operating expenses	108,500	122,895	(14,395)	97,867
Capital outlay	33,000	1,999	31,001	6,693
Total	141,500	124,894	16,606	104,560

HOKE COUNTY, NORTH CAROLINA

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

	2023			2022
	Budget	Actual	Variance Over/Under	Actual
Jail:				
Salaries and employee benefits	3,311,077	2,643,096	667,981	2,639,369
Operating expenses	1,388,389	1,180,964	207,425	1,126,991
Capital outlay	-	-	-	15,569
Total	4,699,466	3,824,060	875,406	3,781,929
Communications:				
Salaries and employee benefits	1,128,775	1,043,261	85,514	996,847
Operating expenses	248,970	167,590	81,380	159,959
Capital outlay	-	44,690	(44,690)	2,302
Total	1,377,745	1,255,541	122,204	1,159,108
Emergency Management:				
Salaries and employee benefits	359,416	236,820	122,596	275,299
Operating expenses	131,750	101,395	30,355	50,564
Capital outlay	-	69,246	(69,246)	30,058
Total	491,166	407,461	83,705	355,921
Animal Control:				
Salaries and employee benefits	352,644	347,095	5,549	319,861
Operating expenses	111,202	89,501	21,701	78,234
Capital outlay	-	-	-	30,557
Total	463,846	436,596	27,250	428,652
Juvenile Justice:				
Operating expenses	175,302	172,958	2,344	169,255
Inspections:				
Salaries and employee benefits	401,499	341,916	59,583	286,192
Operating expenses	51,500	21,483	30,017	28,639
Capital outlay	82,000	79,208	2,792	62,865
Total	534,999	442,607	92,392	377,696
Medical Examiner:				
Contracted services	110,000	99,950	10,050	76,450
Total public safety	16,078,526	14,636,164	1,442,362	13,826,376
Economic and Physical Development:				
Planning and Zoning:				
Salaries and employee benefits	162,895	155,189	7,706	142,949
Operating expenses	14,162	13,163	999	9,710
Total	177,057	168,352	8,705	152,659

HOKE COUNTY, NORTH CAROLINA

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

	2023			2022
	Budget	Actual	Variance Over/Under	Actual
Economic Development:				
Salaries and employee benefits	13,000	-	13,000	-
Operating expenditures	109,750	76,233	33,517	66,323
Total	122,750	76,233	46,517	66,323
Cooperative Extension:				
Salaries and employee benefits	473,118	449,008	24,110	429,955
Operating expenses	41,208	29,350	11,858	37,616
Capital outlay	1,000	-	1,000	5,136
Total	515,326	478,358	36,968	472,707
Conservation:				
Salaries and employee benefits	70,419	71,795	(1,376)	67,566
Operating expenses	8,800	2,797	6,003	2,524
Capital outlay	2,400	-	2,400	28,881
Total	81,619	74,592	7,027	98,971
Total economic and physical development	896,752	797,535	99,217	790,660
Human Services:				
Environmental Health:				
Operating expenses	99,600	31,149	68,451	42,578
Capital outlay	-	9,610	(9,610)	-
Total	99,600	40,759	58,841	42,578
Client Services:				
Operating expenses	90,000	69,925	20,075	86,671
Child Health:				
Operating expenses	67,649	43,380	24,269	42,313
Child Services Coordinator:				
Operating expenses	8,300	4,494	3,806	6,862
Pregnancy Care Management:				
Operating expenses	8,200	4,263	3,937	6,250
Ed/Risk Reduction:				
Operating expenses	163,480	119,980	43,500	56,638
WIC - Nutrition:				
Operating expenses	2,250	1,563	687	1,182

HOKE COUNTY, NORTH CAROLINA

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

	2023			2022
	Budget	Actual	Variance Over/Under	Actual
WIC - Administration:				
Operating expenses	300	300	-	265
WIC - Breastfeeding Peer Counsel				
Operating expenses	1,150	-	1,150	-
NC Partnership for Children:				
Operating expenses	4,000	4,000	-	4,000
WIC - Breastfeeding:				
Operating expenses	3,000	3,154	(154)	2,660
WorkFirst Block Grant:				
Salaries and employee benefits	-	474	(474)	-
Operating expenses	38,500	2,091	36,409	1,178
Total	38,500	2,565	35,935	1,178
Public Assistance:				
Operating expenses	1,456,048	969,484	486,564	1,272,733
DSS - IV-D:				
Operating expenses	75,040	56,972	18,068	47,220
Title XX:				
Operating expenses	307,017	229,549	77,468	363,946
DSS-Food Stamps:				
Operating expenses	36,247	27,486	8,761	11,921
Veterans Service:				
Salaries and employee benefits	103,243	52,642	50,601	75,720
Operating expenses	8,920	1,671	7,249	2,603
Capital outlay	1,200	-	1,200	5,294
Total	113,363	54,313	59,050	83,617
Health Administration:				
Salaries and employee benefits	3,067,263	2,519,139	548,124	2,356,320
Operating expenses	444,000	394,433	49,567	377,964
Capital outlay	-	-	-	370,163
Total	3,511,263	2,913,572	597,691	3,104,447
Communicable Diseases:				
Operating expenses	241,019	79,588	161,431	27,270

HOKE COUNTY, NORTH CAROLINA

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

	2023			2022
	Budget	Actual	Variance Over/Under	Actual
Bioterrorism Grant:				
Operating expenses	26,685	25,642	1,043	20,528
Breast and Cervical Cancer Program:				
Operating expenses	14,600	9,283	5,317	8,819
Women's Preventive Health:				
Operating expenses	71,250	59,423	11,827	74,560
Maternal Care:				
Salaries and employee benefits	10,000	4,219	5,781	6,902
Operating expenses	32,350	28,075	4,275	31,538
Total	42,350	32,294	10,056	38,440
Immunization:				
Operating expenses	48,000	28,916	19,084	36,840
Safe Routes to School:				
Operating expenses	34,000	(293)	34,293	946
Opioid Grant:				
Operating expenses	557,969	287,702	270,267	161,018
Covid Health:				
Operating expenses	455,000	170,747	284,253	438,284
DSS - Administration:				
Salaries and employee benefits	6,619,096	5,907,409	711,687	4,808,707
Operating expenses	1,378,555	1,220,195	158,360	628,890
Capital outlay	-	-	-	7,182
Total	7,997,651	7,127,604	870,047	5,444,779
Senior Services:				
Salaries and employee benefits	560,196	545,823	14,373	531,321
Operating expenses	733,724	402,304	331,420	436,540
Capital outlay	-	-	-	30,966
Total	1,293,920	948,127	345,793	998,827
Health Primary Care:				
Operating expenses	45,100	31,460	13,640	34,338
Special Appropriations	1,002,026	969,804	32,222	1,026,369
Total human services	17,814,977	14,316,056	3,498,921	13,445,499

HOKE COUNTY, NORTH CAROLINA

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

	2023			2022
	Budget	Actual	Variance Over/Under	Actual
Cultural and Recreational:				
Recreation:				
Salaries and employee benefits	765,291	707,618	57,673	612,558
Operating expenses	375,844	431,182	(55,338)	305,607
Capital outlay	9,060	-	9,060	9,373
Total	1,150,195	1,138,800	11,395	927,538
Literacy Council:				
Salaries and employee benefits	91,716	84,094	7,622	76,074
Operating expenses	7,000	-	7,000	-
Total	98,716	84,094	14,622	76,074
Library:				
Salaries and employee benefits	424,113	377,769	46,344	351,861
Operating expenses	97,500	66,197	31,303	79,817
Capital outlay	-	3,474	(3,474)	8,689
Total	521,613	447,440	74,173	440,367
Total cultural and recreational	1,770,524	1,670,334	100,190	1,443,979
Transportation:				
Salaries and employee benefits	1,064,279	992,332	71,947	882,313
Operating expenses	404,798	329,351	75,447	269,389
Capital outlay	-	30	(30)	406,142
Total	1,469,077	1,321,713	147,364	1,557,844
Education:				
Public school - current	5,937,500	5,937,500	-	5,700,000
Public school - additional appropriation	-	-	-	11,597
Community colleges	488,885	366,664	122,221	488,885
Capital outlay	969,000	967,927	1,073	997,663
Total	7,395,385	7,272,091	123,294	7,198,145
Special Appropriations	258,000	261,038	(3,038)	258,000
Total education	7,653,385	7,533,129	120,256	7,456,145
Debt Service:				
Principal retirement - government	3,447,072	3,447,072	-	2,403,692
Interest and fees	2,264,065	2,056,697	207,368	1,676,480
Total debt service	5,711,137	5,503,769	207,368	4,080,172
Total expenditures	76,215,253	55,395,185	20,820,068	50,866,354

HOKE COUNTY, NORTH CAROLINA

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

	2023			2022
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	(6,383,092)	13,288,969	19,672,061	9,797,709
Other Financing Sources (Uses):				
Intrafund transfers	(127,000)	(80,000)	47,000	(174,000)
Transfers to other funds:				
Capital project funds	(8,822,310)	(7,970,585)	851,725	(1,000,000)
Transfers from other funds:				
Special revenue funds	10,000,000	10,000,000	-	-
Lease and subscription liabilities issued	-	192,679	192,679	180,114
Appropriated fund balance	5,332,402	-	(5,332,402)	-
Total other financing sources (uses)	6,383,092	2,142,094	(4,240,998)	(993,886)
Net change in fund balance	\$ -	15,431,063	\$ 15,431,063	8,803,823
Fund Balance:				
Beginning of year - July 1		44,194,919		35,391,096
End of year - June 30		\$ 59,625,982		\$ 44,194,919

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, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operating expenditures	\$ 55,000	\$ 52,664	\$ 2,336
Revenues over (under) expenditures	(55,000)	(52,664)	2,336
Other Financing Sources (Uses):			
Intrafund transfers	<u>55,000</u>	<u>53,000</u>	<u>(2,000)</u>
Net change in fund balance	<u>\$ -</u>	336	<u>\$ 336</u>
Fund Balance:			
Beginning of year - July 1		<u>187,263</u>	
End of year - June 30		<u>\$ 187,599</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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operating expenditures	\$ 50,000	\$ -	\$ 50,000
Revenues over (under) expenditures	(50,000)	-	50,000
Other Financing Sources (Uses):			
Intrafund transfers	50,000	-	(50,000)
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>44,370</u>	
End of year - June 30		<u>\$ 44,370</u>	

HOKE COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operating expenditures	\$ 27,000	\$ 24,926	\$ 2,074
Revenues over (under) expenditures	(27,000)	(24,926)	2,074
Other Financing Sources (Uses):			
Intrafund transfers	27,000	27,000	-
Net change in fund balance	\$ -	2,074	\$ 2,074
Fund Balance:			
Beginning of year - July 1		(12,807)	
End of year - June 30		<u>\$ (10,733)</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, 2023**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Budget Variance</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 33,535,837	\$ -	\$ 1,530,852	\$ 1,530,852	\$ (32,004,985)
Local contributions	-	4,739	-	4,739	4,739
Investment earnings	460,000	-	783,855	783,855	323,855
Total revenues	<u>33,995,837</u>	<u>4,739</u>	<u>2,314,707</u>	<u>2,319,446</u>	<u>(31,676,391)</u>
Expenditures:					
General Government:					
City of Raeford water project	2,000,000	-	81,720	81,720	1,918,280
2023 Adminstrative Building project	691,600	-	246,310	246,310	445,290
Total general government	<u>2,691,600</u>	<u>-</u>	<u>328,030</u>	<u>328,030</u>	<u>2,363,570</u>
Public Safety:					
Goose pond debris	398,475	23,673	-	23,673	374,802
New courthouse 2022	31,460,000	-	2,161,033	2,161,033	29,298,967
Total public safety	<u>31,858,475</u>	<u>23,673</u>	<u>2,161,033</u>	<u>2,184,706</u>	<u>29,673,769</u>
Cultural and Recreational:					
401 PR building	<u>32,320,135</u>	<u>22,312,988</u>	<u>9,441,602</u>	<u>31,754,590</u>	<u>565,545</u>
Transportation:					
BUS53 section 5310 mobility	469,378	130,000	-	130,000	339,378
2023 HATS Facility project	2,652,480	-	943,841	943,841	1,708,639
Total transportation	<u>3,121,858</u>	<u>130,000</u>	<u>943,841</u>	<u>1,073,841</u>	<u>2,048,017</u>
Human Services:					
DSS Housing project	<u>320,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>320,000</u>
Total expenditures	<u>70,312,068</u>	<u>22,466,661</u>	<u>12,874,506</u>	<u>35,341,167</u>	<u>34,970,901</u>
Revenues over (under) expenditures	<u>(36,316,231)</u>	<u>(22,461,922)</u>	<u>(10,559,799)</u>	<u>(33,021,721)</u>	<u>3,294,510</u>
Other Financing Sources (Uses):					
Transfers from General Fund	11,903,096	8,562,262	7,795,585	16,357,847	4,454,751
Premium on debt issued	3,918,134	3,918,134	-	3,918,134	-
Long-term debt issued	20,495,001	20,495,000	-	20,495,000	(1)
Total other financing sources (uses)	<u>36,316,231</u>	<u>32,975,396</u>	<u>7,795,585</u>	<u>40,770,981</u>	<u>4,454,750</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,513,474</u>	<u>(2,764,214)</u>	<u>\$ 7,749,260</u>	<u>\$ 7,749,260</u>
Fund Balance:					
Beginning of year - July 1			<u>10,513,474</u>		
End of year - June 30			<u>\$ 7,749,260</u>		

HOKE COUNTY, NORTH CAROLINA

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

	<u>Project Authorization</u>	<u>Actual</u>			<u>Budget Variance</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted Intergovernmental Revenues:					
Urgent Home Repair grant 2021	\$ 100,000	\$ 70,805	\$ 28,195	\$ 99,000	\$ (1,000)
Urgent Home Repair grant 2022	100,000	-	83,739	83,739	(16,261)
Urgent Home Repair grant 2023	1,000	-	720	720	(280)
Emergency Management Performance grant	277,021	379,835	13,564	393,399	116,378
NC Office of Recovery Resiliency grant	240,000	132,133	103,082	235,215	(4,785)
American Rescue Plan	10,728,557	-	10,728,557	10,728,557	-
NC DHHS Public Health OEEB State grant	92,732	-	26,474	26,474	(66,258)
Total revenues	<u>11,539,310</u>	<u>582,773</u>	<u>10,984,331</u>	<u>11,567,104</u>	<u>27,794</u>
Expenditures:					
Emergency Management Performance Grant:					
Operating expenses	452,910	379,835	13,564	393,399	59,511
Urgent Home Repair 2021	100,000	70,805	28,195	99,000	1,000
Urgent Home Repair 2022	100,000	-	83,739	83,739	16,261
Urgent Home Repair 2023	1,000	-	720	720	280
NC Office of Recovery Resiliency Grant	240,000	132,133	103,082	235,215	4,785
American Rescue Plan	728,557	-	728,557	728,557	-
Climate change adaptation - Sandhills	<u>92,732</u>	<u>-</u>	<u>26,474</u>	<u>26,474</u>	<u>66,258</u>
Total expenditures	<u>1,715,199</u>	<u>582,773</u>	<u>984,331</u>	<u>1,567,104</u>	<u>148,095</u>
Revenues over (under) expenditures	<u>9,824,111</u>	<u>-</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>175,889</u>
Other Financing Sources (Uses):					
Transfers to other funds	(10,000,000)	-	(10,000,000)	(10,000,000)	-
Transfers from other funds	175,889	42,113	-	42,113	(133,776)
Total other financing sources (uses)	<u>(9,824,111)</u>	<u>42,113</u>	<u>(10,000,000)</u>	<u>(9,957,887)</u>	<u>(133,776)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 42,113</u>	<u>-</u>	<u>\$ 42,113</u>	<u>\$ 42,113</u>
Fund Balance:					
Beginning of year - July 1			<u>42,113</u>		
End of year - June 30			<u>\$ 42,113</u>		

HOKE COUNTY, NORTH CAROLINA

SCHOOL 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, 2023

	<u>Project Authorization</u>	<u>Actual</u>			<u>Budget Variance</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 3,500,000	\$ -	\$ -	\$ -	\$ (3,500,000)
Expenditures:					
2022 High School Project:					
Professional services	3,675,000	-	3,056,239	3,056,239	618,761
Revenues over (under) expenditures	(175,000)	-	(3,056,239)	(3,056,239)	(2,881,239)
Other Financing Sources (Uses):					
Transfers from General Fund	175,000	-	175,000	175,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(2,881,239)	<u>\$ (2,881,239)</u>	<u>\$ (2,881,239)</u>
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ (2,881,239)</u>		

This page left blank intentionally.

HOKE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	<u>Revolving Loan Fund</u>	<u>Emergency Systems Telephone Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Grant Projects Fund</u>
Assets:				
Cash and cash equivalents	\$ 444,475	\$ 352,277	\$ 104,282	\$ 11,401
Taxes receivable	-	-	-	-
Accounts receivable	-	17,859	-	-
Notes receivable	141,166	-	-	-
Restricted cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 585,641</u>	<u>\$ 370,136</u>	<u>\$ 104,282</u>	<u>\$ 11,401</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 544	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>544</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Taxes receivable	-	-	-	-
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted:				
Stabilization by state statute	141,166	17,859	-	-
General government	-	-	-	-
Public safety	-	351,733	104,282	-
Human services	-	-	-	-
Assigned	444,475	-	-	11,401
Unassigned	-	-	-	-
Total fund balances	<u>585,641</u>	<u>369,592</u>	<u>104,282</u>	<u>11,401</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 585,641</u>	<u>\$ 370,136</u>	<u>\$ 104,282</u>	<u>\$ 11,401</u>

HOKE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	<u>Fire District Fund</u>	<u>Representative Payee Fund</u>	<u>Opioid Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ -	\$ 47,539	\$ -	\$ 959,974
Taxes receivable	136,695	-	-	136,695
Accounts receivable	83,464	-	2,884,584	2,985,907
Notes receivable	-	-	-	141,166
Restricted cash and cash equivalents	-	-	267,426	267,426
Total assets	<u>\$ 220,159</u>	<u>\$ 47,539</u>	<u>\$ 3,152,010</u>	<u>\$ 4,491,168</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 58,358	\$ -	\$ -	\$ 58,902
Due to other funds	17,727	-	-	17,727
Total liabilities	<u>76,085</u>	<u>-</u>	<u>-</u>	<u>76,629</u>
Deferred Inflows of Resources:				
Taxes receivable	136,695	-	-	136,695
Unavailable revenues	-	-	2,884,584	2,884,584
Total deferred inflows of resources	<u>136,695</u>	<u>-</u>	<u>2,884,584</u>	<u>3,021,279</u>
Fund Balances:				
Restricted:				
Stabilization by state statute	83,464	-	-	242,489
General government	-	-	267,426	267,426
Public safety	-	-	-	456,015
Human services	-	47,539	-	47,539
Assigned	-	-	-	455,876
Unassigned	(76,085)	-	-	(76,085)
Total fund balances	<u>7,379</u>	<u>47,539</u>	<u>267,426</u>	<u>1,393,260</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 220,159</u>	<u>\$ 47,539</u>	<u>\$ 3,152,010</u>	<u>\$ 4,491,168</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, 2023

	<u>Revolving Loan Fund</u>	<u>Emergency Systems Telephone Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Grant Projects Fund</u>
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	87,994	-
E-911 wireless	-	214,310	-	-
Miscellaneous	-	-	-	-
Investment earnings	-	540	-	-
Total revenues	<u>-</u>	<u>214,850</u>	<u>87,994</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	-	141,305	163,045	-
Human services	-	-	-	-
Principal	-	53,666	-	-
Interest and fees	-	137	-	-
Total expenditures	<u>-</u>	<u>195,108</u>	<u>163,045</u>	<u>-</u>
Revenues over (under) expenditures	-	19,742	(75,051)	-
Other Financing Sources (Uses):				
Long-term debt issued	-	67,724	-	-
Net change in fund balances	-	87,466	(75,051)	-
Fund Balances:				
Beginning of year - July 1	<u>585,641</u>	<u>282,126</u>	<u>179,333</u>	<u>11,401</u>
End of year - June 30	<u>\$ 585,641</u>	<u>\$ 369,592</u>	<u>\$ 104,282</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, 2023

	<u>Fire District Fund</u>	<u>Representative Payee Fund</u>	<u>Opioid Fund</u>	<u>Total</u>
Revenues:				
Ad valorem taxes	\$ 3,585,869	\$ -	\$ -	\$ 3,585,869
Restricted intergovernmental	-	174,792	-	262,786
E-911 wireless	-	-	-	214,310
Miscellaneous	-	-	263,549	263,549
Investment earnings	-	-	3,877	4,417
Total revenues	<u>3,585,869</u>	<u>174,792</u>	<u>267,426</u>	<u>4,330,931</u>
Expenditures:				
Current:				
Public safety	3,585,869	-	-	3,890,219
Human services	-	165,628	-	165,628
Principal	-	-	-	53,666
Interest and fees	-	-	-	137
Total expenditures	<u>3,585,869</u>	<u>165,628</u>	<u>-</u>	<u>4,109,650</u>
Revenues over (under) expenditures	-	9,164	267,426	221,281
Other Financing Sources (Uses):				
Long-term debt issued	-	-	-	67,724
Net change in fund balances	-	9,164	267,426	289,005
Fund Balances:				
Beginning of year - July 1	<u>7,379</u>	<u>38,375</u>	<u>-</u>	<u>1,104,255</u>
End of year - June 30	<u>\$ 7,379</u>	<u>\$ 47,539</u>	<u>\$ 267,426</u>	<u>\$ 1,393,260</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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Miscellaneous revenue	\$ -	\$ 77,714	\$ 77,714
Revenues over (under) expenditures	<u>\$ -</u>	77,714	<u>\$ 77,714</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(77,714)</u>	
Net change in fund balance		-	
Fund Balance:			
Beginning of year - July 1		<u>585,641</u>	
End of year - June 30		<u>\$ 585,641</u>	

HOKE COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUND - EMERGENCY SYSTEMS TELEPHONE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
E-911	\$ 250,870	\$ 214,310	\$ (36,560)
Investment earnings	-	540	540
Total revenues	<u>250,870</u>	<u>214,850</u>	<u>(36,020)</u>
Expenditures:			
Implemental functions	6,043	6,043	-
Telephone & furniture	16,925	16,925	-
Software and software maintenance	60,758	60,758	-
Hardware and hardware maintenance	110,984	55,222	55,762
Training	2,357	2,357	-
Debt service:			
Principal	53,666	53,666	-
Interest	137	137	-
Total expenditures	<u>250,870</u>	<u>195,108</u>	<u>55,762</u>
Revenues over (under) expenditures	-	19,742	19,742
Other Financing Sources (Uses):			
Subscriptions issued	-	67,724	67,724
Net change in fund balance	<u>\$ -</u>	87,466	<u>\$ 87,466</u>
Fund Balance:			
Beginning of year - July 1		<u>282,126</u>	
End of year - June 30		<u>\$ 369,592</u>	
PSAP Reconciliation:			
Amounts reported on the Emergency Telephone System Fund budget to actual are different from the PSAP revenue - expenditure report because:			
Ending fund balance, reported on budget to actual		\$ 369,592	
Difference in beginning fund balance due to transposition error on PSAP report		9,956	
Current year eligible expenditures reflected in the general ledger not reported on PSAP report		<u>856</u>	
Ending balance, PSAP revenue - expenditure report		<u>\$ 380,404</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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Federal asset forfeiture treasury funds	\$ 60,000	\$ 64,696	\$ 4,696
State asset forfeiture funds	<u>10,000</u>	<u>23,298</u>	<u>13,298</u>
Total revenues	<u>70,000</u>	<u>87,994</u>	<u>17,994</u>
Expenditures:			
Operating expenditures:			
Federal asset forfeiture treasury funds	155,000	152,804	2,196
State asset forfeiture funds	<u>20,000</u>	<u>10,241</u>	<u>9,759</u>
Total expenditures	<u>175,000</u>	<u>163,045</u>	<u>11,955</u>
Revenues over (under) expenditures	(105,000)	(75,051)	29,949
Other Financing Sources (Uses):			
Appropriated fund balance	<u>105,000</u>	<u>-</u>	<u>(105,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(75,051)</u>	<u>\$ (75,051)</u>
Fund Balance:			
Beginning of year - July 1		<u>179,333</u>	
End of year - June 30		<u>\$ 104,282</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, 2023

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

HOKE COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUND - FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 3,790,991	\$ 3,585,869	\$ (205,122)
Expenditures:			
Public Safety:			
Fire Districts:			
North Raeford Fire Department	285,356	189,422	95,934
Antioch Fire Department	195,448	187,432	8,016
North Scotland Fire Department	25,897	16,071	9,826
Puppy Creek Fire Department	1,247,340	1,229,702	17,638
Rockfish Fire Department	559,159	536,406	22,753
Hillcrest Fire Department	701,727	678,390	23,337
West Hoke Fire Department	202,431	194,954	7,477
Pine Hill Fire Department	173,119	168,985	4,134
Tyler Town Fire Department	88,443	80,631	7,812
Stonewall Fire Department	250,146	248,510	1,636
Crestline Fire Department	61,925	55,366	6,559
Total expenditures	<u>3,790,991</u>	<u>3,585,869</u>	<u>205,122</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>7,379</u>	
End of year - June 30		<u>\$ 7,379</u>	

HOKE COUNTY, NORTH CAROLINA

**SPECIAL REVENUE FUND - REPRESENTATIVE PAYEE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 160,000	\$ 174,792	\$ 14,792
Expenditures:			
Payments made for the benefit of beneficiaries	160,000	165,628	5,628
Net change in fund balance	<u>\$ -</u>	9,164	<u>\$ 9,164</u>
Fund Balance:			
Beginning of year - July 1		<u>38,375</u>	
End of year - June 30		<u>\$ 47,539</u>	

HOKE COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUND - OPIOID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Miscellaneous	\$ -	\$ 263,549	\$ 263,549
Investment earnings	-	3,877	3,877
Total revenues	<u>-</u>	<u>267,426</u>	<u>267,426</u>
 Net change in fund balance	 <u>\$ -</u>	 267,426	 <u>\$ 267,426</u>
 Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 267,426</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating Revenues:			
Water and sewer charges	\$ 7,339,710	\$ 7,856,779	\$ 517,069
Tap and impact fees	770,872	768,422	(2,450)
Other operating revenues	<u>65,950</u>	<u>135,506</u>	<u>69,556</u>
Total operating revenues	<u>8,176,532</u>	<u>8,760,707</u>	<u>584,175</u>
Non-operating revenues:			
Restricted intergovernmental	-	34,400	34,400
Miscellaneous	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total non-operating revenues	<u>1,000</u>	<u>34,400</u>	<u>33,400</u>
Total revenues	<u>8,177,532</u>	<u>8,795,107</u>	<u>617,575</u>
Expenditures:			
Water and Sewer Operations:			
Salaries and benefits	1,972,431	1,918,241	54,190
Other operating expenses	8,607,464	6,925,836	1,681,628
Capital outlay	53,000	77,554	(24,554)
Charges for services	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Total	<u>10,982,895</u>	<u>9,271,631</u>	<u>1,711,264</u>
Debt Service:			
Interest and fees	582,629	582,629	-
Debt principal	<u>1,035,035</u>	<u>1,040,174</u>	<u>(5,139)</u>
Total	<u>1,617,664</u>	<u>1,622,803</u>	<u>(5,139)</u>
Total expenditures	<u>12,600,559</u>	<u>10,894,434</u>	<u>1,706,125</u>
Revenues over (under) expenditures	<u>(4,423,027)</u>	<u>(2,099,327)</u>	<u>2,323,700</u>
Other Financing Sources (Uses):			
Intrafund transfers	<u>(2,569,919)</u>	<u>(2,355,612)</u>	<u>214,307</u>
Appropriated fund balance	<u>6,992,946</u>	<u>-</u>	<u>(6,992,946)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (4,454,939)</u>	<u>\$ (4,454,939)</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (4,454,939)	
Reconciling items:			
Depreciation		(2,081,426)	
Amortization - leases		(5,090)	
Amortization - premium from refunding		52,352	
Debt principal		1,040,174	
Change in accrued interest		2,247	
Intrafund transfer		2,355,612	
Capital outlay		73,907	
Capital contributions - project		(219,407)	
Change in compensated absences		(650)	
Change in deferred outflows of resources - OPEB		(17,577)	
Change in OPEB liability		55,074	
Change in deferred inflows of resources - OPEB		(79,289)	
Change in deferred outflows of resources - pensions		191,171	
Change in net pension liability		(587,663)	
Change in deferred inflows of resources - pensions		<u>316,104</u>	
Change in net position		<u>\$ (3,359,400)</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, 2023

	<u>Project Authorization</u>	<u>Actual</u>			<u>Budget Variance</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
NC DOT reimbursement - 211W2	\$ 1,555,000	\$ 56,600	\$ 19,080	\$ 75,680	\$ (1,479,320)
Investment earnings	-	107,110	-	107,110	107,110
Total revenues	<u>1,555,000</u>	<u>163,710</u>	<u>19,080</u>	<u>182,790</u>	<u>(1,372,210)</u>
Expenditures:					
211W2:					
Professional services	355,000	61,800	13,880	75,680	279,320
Construction cost	1,200,000	-	-	-	1,200,000
Total 211W2	<u>1,555,000</u>	<u>61,800</u>	<u>13,880</u>	<u>75,680</u>	<u>1,479,320</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 101,910</u>	<u>\$ 5,200</u>	<u>\$ 107,110</u>	<u>\$ 107,110</u>

HOKE COUNTY, NORTH CAROLINA

WATER RATE STABILIZATION FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Other Financing Sources (Uses) :					
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, 2023

	Project Authorization	Actual			Budget Variance
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental - IPARK	\$ 262,000	\$ -	\$ 30,150	\$ 30,150	\$ (231,850)
Golden Leaf Fund - 401SP	1,400,000	1,400,000	(268,637)	1,131,363	(268,637)
Contribution - VFD	-	6,484	-	6,484	6,484
Total revenues	<u>1,662,000</u>	<u>1,406,484</u>	<u>(238,487)</u>	<u>1,167,997</u>	<u>(494,003)</u>
Expenditures:					
Grow Hoke Sewer Project:					
Professional services	<u>1,976,682</u>	<u>1,433,475</u>	<u>9,052</u>	<u>1,442,527</u>	<u>534,155</u>
Rockfish Area Sewer 2022 Project:					
Professional services	175,000	-	-	-	175,000
Construction	2,000	-	-	-	2,000
Total Rockfish Area sewer 2022 project	<u>177,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,000</u>
Rockfish Area Sewer:					
Professional services	100,000	-	98,300	98,300	1,700
Construction	2,604,419	-	2,286,662	2,286,662	317,757
Total Rockfish area sewer	<u>2,704,419</u>	<u>-</u>	<u>2,384,962</u>	<u>2,384,962</u>	<u>319,457</u>
Westgate Pump Station Replacement:					
Professional services	251,000	-	46,000	46,000	205,000
Construction	969,000	-	-	-	969,000
Total Westgate pump station replacement	<u>1,220,000</u>	<u>-</u>	<u>46,000</u>	<u>46,000</u>	<u>1,174,000</u>
Industrial Park Sewer:					
Professional services	<u>327,500</u>	<u>-</u>	<u>53,100</u>	<u>53,100</u>	<u>274,400</u>
Total expenditures	<u>6,405,601</u>	<u>1,433,475</u>	<u>2,493,114</u>	<u>3,926,589</u>	<u>2,479,012</u>
Revenues over (under) expenditures	(4,743,601)	(26,991)	(2,731,601)	(2,758,592)	1,985,009
Other Financing Sources (Uses) :					
Intrafund transfers, net:					
Water Sewer District Fund	<u>4,743,601</u>	<u>576,682</u>	<u>2,355,612</u>	<u>2,932,294</u>	<u>(1,811,307)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 549,691</u>	<u>\$ (375,989)</u>	<u>\$ 173,702</u>	<u>\$ 173,702</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, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Solid waste charges	\$ 3,429,594	\$ 3,497,151	\$ 67,557
Other	182,003	224,829	42,826
Total operating revenues	<u>3,611,597</u>	<u>3,721,980</u>	<u>110,383</u>
Non-operating revenues:			
Investment earnings	41,792	39,819	(1,973)
Total revenues	<u>3,653,389</u>	<u>3,761,799</u>	<u>108,410</u>
Expenditures:			
Landfill operations:			
Salaries and benefits	883,512	774,015	109,497
Other operating expenses	2,496,524	2,336,150	160,374
Capital outlay	804,557	411,816	392,741
Charges for services	350,000	350,000	-
Total expenditures	<u>4,534,593</u>	<u>3,871,981</u>	<u>662,612</u>
Revenues over (under) expenditures	<u>(881,204)</u>	<u>(110,182)</u>	<u>771,022</u>
Appropriated fund balance	<u>881,204</u>	<u>-</u>	<u>(881,204)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (110,182)</u>	<u>\$ (110,182)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (110,182)	
Reconciling items:			
Capital outlay		376,383	
Depreciation		(159,295)	
Change in compensated absences		96	
Change in deferred outflows of resources - OPEB		(6,835)	
Change in OPEB liability		21,418	
Change in deferred inflows of resources - OPEB		(30,835)	
Change in deferred outflows of resources - pensions		95,586	
Change in net pension liability		(293,831)	
Change in deferred inflows of resources - pensions		<u>158,052</u>	
Change in net position		<u>\$ 50,557</u>	

HOKE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2023

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Fund</u>	<u>Sheriff's Execution Fund</u>	<u>Total Custodial Funds</u>
Assets:				
Cash and cash equivalents	\$ 37,299	\$ 23,778	\$ 2,248	\$ 63,325
Prepaid expenses	3,582	-	-	3,582
Taxes receivable for other governments, net	20,546	-	-	20,546
Total assets	<u>61,427</u>	<u>23,778</u>	<u>2,248</u>	<u>87,453</u>
Liabilities:				
Accounts payable and accrued liabilities	-	-	190	190
Due to other governments	39,773	-	-	39,773
Total liabilities	<u>39,773</u>	<u>-</u>	<u>190</u>	<u>39,963</u>
Net Position:				
Restricted:				
Individuals, organizations, and other governments	<u>\$ 21,654</u>	<u>\$ 23,778</u>	<u>\$ 2,058</u>	<u>\$ 47,490</u>

HOKE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Fund</u>	<u>Sheriff's Execution Fund</u>	<u>Total Custodial Funds</u>
Additions:				
Ad valorem taxes and interest for other governments	\$ 237,460	\$ -	\$ -	\$ 237,460
Collections on behalf of individuals/orgranizations	-	38,856	1,814	40,670
Total additions	<u>237,460</u>	<u>38,856</u>	<u>1,814</u>	<u>278,130</u>
Deductions:				
Tax and interest distributions to other governments	237,461	-	-	237,461
Payments on behalf of individuals/orgranizations	-	26,976	1,414	28,390
Total deductions	<u>237,461</u>	<u>26,976</u>	<u>1,414</u>	<u>265,851</u>
Net increase (decrease) in fiduciary net position	(1)	11,880	400	12,279
Net position, beginning, July 1	<u>21,655</u>	<u>11,898</u>	<u>1,658</u>	<u>35,211</u>
Net position, ending, June 30	<u>\$ 21,654</u>	<u>\$ 23,778</u>	<u>\$ 2,058</u>	<u>\$ 47,490</u>

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2023

<u>Year Ended June 30</u>	<u>Uncollected Balance July 1, 2022</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2023	\$ -	\$ 35,537,908	\$ 34,546,528	\$ 991,380
2022	830,060	-	598,902	231,158
2021	265,674	-	152,548	113,126
2020	145,657	-	82,391	63,266
2019	84,118	-	40,582	43,536
2018	54,305	-	21,967	32,338
2017	37,690	-	11,203	26,487
2016	26,320	-	7,467	18,853
2015	19,122	-	4,894	14,228
2014	122,441	-	9,867	112,574
2013	172,176	-	172,176	-
Total	<u>\$ 1,757,563</u>	<u>\$ 35,537,908</u>	<u>\$ 35,648,525</u>	<u>1,646,946</u>
Less: allowance for uncollectible accounts				<u>(229,269)</u>
Ad valorem taxes receivable, net				<u>\$ 1,417,677</u>
Reconciliation with Revenues:				
Ad Valorem Taxes:				
General Fund				<u>\$ 34,143,335</u>
Reconciling items:				
Interest collected				(234,686)
Discounts allowed				447,702
Taxes written off				172,176
Miscellaneous				933,052
Releases				186,946
Total reconciling items				<u>1,505,190</u>
Total collections and credits				<u>\$ 35,648,525</u>

HOKE COUNTY, NORTH CAROLINA

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

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 4,729,522,733	\$ 0.73	\$ 34,525,516	\$ 30,297,500	\$ 4,228,016
Interest and penalties	16,570,751	0.73	120,966	77,493	43,473
Total	<u>4,746,093,484</u>		<u>34,646,482</u>	<u>30,374,993</u>	<u>4,271,489</u>
Discoveries:					
Current year's taxes	56,728,767		414,120	414,120	-
Prior year's taxes and rollbacks	82,352,740		601,175	601,175	-
Total	<u>139,081,507</u>		<u>1,015,295</u>	<u>1,015,295</u>	<u>-</u>
Abatements			<u>(123,869)</u>	<u>(123,869)</u>	<u>-</u>
Total property valuation	<u>\$ 4,885,174,991</u>				
Net Levy			35,537,908	31,266,419	4,271,489
Uncollected taxes at June 30, 2023			<u>991,380</u>	<u>804,717</u>	<u>186,663</u>
Current Year's Taxes Collected			<u>\$ 34,546,528</u>	<u>\$ 30,461,702</u>	<u>\$ 4,084,826</u>
Current Levy Collection Percentage			<u>97.21%</u>	<u>97.43%</u>	<u>95.63%</u>

MARTIN STARNES

& ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Board of Commissioners
Hoke County
Raeford, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hoke County, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 28, 2024. Our report includes a reference to other auditors who audited the financial statements of the Hoke County ABC Board, as described in our report on Hoke County's financial statements. The financial statements of the Hoke County ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with the Hoke County ABC Board.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as Findings 2023-001, 2023-002, 2023-003 and 2023-004, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hoke County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings, Responses, and Questioned Costs as Findings 2023-002, 2023-003, and 2023-004.

Hoke County's Response to Findings

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

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
March 28, 2024

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Board of Commissioners
Hoke County
Raeford, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hoke County, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Hoke County's major federal programs for the year ended June 30, 2023. Hoke County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, Hoke County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
March 28, 2024

This page left blank intentionally.

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Board of Commissioners
Hoke County
Raeford, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Hoke County, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Hoke County's major state programs for the year ended June 30, 2023. Hoke County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, Hoke County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
March 28, 2024

This page left blank intentionally.

HOKE COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

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?

Yes

Federal Awards

Internal control over major federal programs:

- Material weakness (es) identified? No
- Significant deficiency (s) identified? None reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

No

Identification of major federal programs:

<u>Program Name</u>	<u>AL #</u>
Medicaid Cluster	93.778
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027
Federal Transit Cluster	20.507, 20.526

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, 2023**

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

Auditee qualified as low-risk auditee?

No

Identification of major state programs:

Program Name

-
- Medicaid Cluster
 - State Capital and Infrastructure Funds
 - Public School Building Capital Fund - Needs-Based

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

Section II – Financial Statement Findings

Finding 2023-001

Material Weakness

Criteria: Management should have a system in place to review and reconcile year-end adjustments prior to audit fieldwork in order to reduce the likelihood of errors in financial reporting.

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

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

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

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2022-001, 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, 2023

Section II – Financial Statement Findings (continued)

Finding 2023-002

Material Weakness, Non-Compliance

Criteria: North Carolina General Statute 159-29 requires that the Finance Director give a true accounting and faithful performance bond with sufficient sureties in an amount to be fixed by the governing board. The amount of the bond fixed by the governing board may not be less than the greater of the following: (1) Fifty thousand dollars (\$50,000), or (2) An amount equal to ten percent (10%) of the unit's annually budgeted funds, up to one million dollars (\$1,000,000).

Condition: The Finance Director was not individually bonded for the correct amount during fiscal year 2023.

Effect: The County should have a system in place to ensure compliance with state statutes.

Cause: The County did not increase its bond to cover the Finance Director adequately at the time of renewal during fiscal year 2023.

Recommendation: Management should ensure the Finance Director position is covered sufficiently in an amount not less than what is required by the general statute at its next renewal.

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

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

Section II – Financial Statement Findings (continued)

Finding 2023-003

Material Weakness, Non-Compliance

Criteria: North Carolina General Statute 159-34 requires the County to have its accounts audited as soon as possible after the close of each fiscal year. Each officer and employee of the local government or local public authority having custody of public money or responsibility for keeping records of public financial or fiscal affairs shall produce all books and records requested by the auditor and shall divulge such information relating to fiscal affairs as he may request.

Condition: The annual audit was delayed and issued beyond the required state deadline. Supporting documentation for the audit was not provided timely to the auditor to audit.

Effect: Delays of timely reporting and errors in financial reporting could occur. Others who rely on the audit are not able to get the information they need timely.

Cause: The County experienced issues with upgrading the accounting system. During the fiscal year, they also experienced significant turnover in finance personnel.

Recommendation: The County should put controls in place to ensure that the auditor is provided timely with requested items to assist in getting the audit completed timely.

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

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

Section II – Financial Statement Findings (continued)

Finding 2023-004

Material Weakness, Non-Compliance

Criteria: The County pledged water and sewer customer revenue to repay revenue bonds to assist in financing water and sewer system improvements. According to Section 5.01 of the bond order, the County has a covenant that it must meet.

Condition: The County had a net loss in the Water and Sewer District Fund during fiscal year 2023 and did not meet its bond covenant ratios required by the bond order.

Effect: The County was not in compliance with its bond order.

Cause: The County received an unexpected, extremely large bill for water capacity purchase in 2023 that caused the fund to have a net loss for the fiscal year. The County is currently in negotiation with the vendor and are hoping to finalize an updated contract with them soon that will properly reflect the County's current capacity needs. The County is in contact with the lender regarding the non-compliance of the bond covenant as well.

Recommendation: The County should put controls in place to ensure that this doesn't occur in the future by communicating and negotiating with the vendor in advance to the expiration of contract terms for goods and services.

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

HOKE COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section III – Federal Award Findings and Questioned Costs

None.

Section IV – State Award Findings and Questioned Costs

None.

This page left blank intentionally.

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, 2023**

Section II – Financial Statements Findings

Finding: 2023-001

Name of Contact Person: Garvin Ferguson, Interim 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 perform final review prior to audit. Three vacancies in the Finance Department were filled during FY23. The department is now fully staffed which should ensure subsidiary ledgers are reconciled and year end audit adjustments are made in a timely manner. Finance personnel will continue to take advantage of opportunities for additional training to improve upon current processes and procedures.

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

Finding 2023-002

Name of Contact Person: Garvin Ferguson, Interim Finance Director

Corrective Action/Management’s Response: The County Manager has contacted bonding company to increase the Finance Director’s bond to \$1,000,000. The Finance Director will review statute each year and ensure bond is in compliance with the current law.

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

Finding 2023-003

Corrective Action/Management’s Response: The County completed a required software upgrade to its general ledger software in June of 2023. System wide problems with the upgrade contributed to the audit not being completed and information not being available to the auditors in a timely manner. The issue which primarily affected multi-year projects has been corrected. Vacancies have been filled in the Finance Department that should allow the incoming Finance Director to ensure the audit is completed on time in the future.

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

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 (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

Section II – Financial Statements Findings (continued)

Finding: 2023-004

Name of Contact Person: Garvin Ferguson, Interim Finance Director

Corrective Action/Management’s Response: The County did in fact receive a large unanticipated invoice from the water company for additional capacity usage. This invoice was in addition to the usual 12 months of water purchase invoices. It is in our hopes that this was a one-time billing from the water company.

During the fiscal year, there was a turnover in Utilities Director and the new personnel was not aware of capacity usage to date, nor that there was a limit in the capacity usage based on previous contract. Since then, the new Utilities Director has reached out to the company to renegotiate a new contract for capacity usage for the County. The Utilities Director will continue to monitor water usage monthly to prevent any future overages of the County’s allotment and to identify the potential need for an amendment to the water purchase agreement if needed. Along with the monitoring, the Utilities Director will use the engineer’s water modeling feature to forecast future water needs. The Utilities Director is also currently in the process of drafting a Water Allocation Ordinance which would limit the water allocation allotted to developers. With these procedure in place, it is hopeful that the County will not end with a net loss during any future fiscal year end going forward.

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, 2023

Finding: 2022-001

Status: Modified and repeated as 2023-001

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
FEDERAL AWARDS:					
<u>U.S. Department of Agriculture</u>					
Food and Nutrition Service					
Passed-through the N.C. Department of Health and Human Services:					
Division of Social Services					
<u>Supplemental Nutrition Assistance Program Cluster:</u>					
Administration:					
COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Administration	10.561	235NC406S2514	\$ 105,147	\$ -	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Administration	10.561	235NC406S2514	482,009	-	-
Total Supplemental Nutrition Assistance Program Cluster			587,156	-	-
Division of Public Health					
Administration:					
WIC Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	13A25403GA	372,404	-	-
Total U.S. Department of Agriculture			959,560	-	-
<u>U. S. Department of Transportation</u>					
Federal Transit Administration					
Passed-through N.C. Department of Transportation:					
<u>Federal Transit Cluster:</u>					
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	44637.63.1.3	755,073	-	-
Federal Transit - Formula Grants (Urbanized Area Formula Program):					
21-LU-078 Hoke County Operating	20.507	WBS36231.37.4.2	216,772	-	-
22-LU-078 Hoke County Operating	20.507	WBS36231.37.5.2	138,000	-	-
Total Federal Transit Cluster			1,109,845	-	-
Formula Grants for Rural Areas and Tribal Transit Program:					
23-CT-078-Hoke County Admin	20.509	WBS36233.51.23.1	95,428	5,964	-
22-CT-078 Hoke County Capital II	20.509	WBS36233.51.22.4	1,276	159	-
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program:					
CARES ACT Operating Grant 20-CA-087	20.509	WBS49233.31.1.2	110,939	-	-
Total Formula Grants for Rural Areas and Tribal Transit Program			207,643	6,123	-
Total Federal Transit Administration			1,317,488	6,123	-
Federal Highway Administration					
Passed-through N.C. Department of Transportation:					
<u>Highway Planning, Research & Construction Cluster (Note 3)</u>					
Highway Planning and Construction - Safe Routes to School Program	20.205-7	48778.4.9	19,187	-	-
Total Highway Planning, Research & Construction Cluster (Note 3)			19,187	-	-
Total U.S. Department of Transportation			1,336,675	6,123	-
<u>U.S. Department of Health and Human Services</u>					
Passed-through the N.C. Department of Health and Human Services:					
Centers for Medicare and Medicaid Services					
Division of Health Benefits:					
Division of Social Services					
Administration:					
<u>Medicaid Cluster:</u>					
Medical Assistance Program	93.778	XIX-MAP23	1,722,034	348,514	-
Total Medicaid Cluster			1,722,034	348,514	-
Division of Social Services					
Administration:					
Children's Health Insurance Program - NC Health Choice	93.767	CHIP23	39,608	2,296	-

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
Total Centers for Medicare and Medicaid Services			1,761,642	350,810	-
Centers for Disease Control and Prevention					
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health					
Environmental Public Health and Emergency Response:					
Climate Change Adaptation Grant in the Sandhills	93.070	RFA # A-394	26,473	-	-
Project Grants and Cooperative Agreements for Tuberculosis					
Control Programs	93.116	1460272ENF	1,471	-	-
Injury Prevention and Control Research and State and					
Community Based Programs	93.136	1175852ADH	100,000	-	-
COVID-19 Activities to Support State, Tribal, Local and Territorial					
(STLT) Health Department Response to Public Health or Healthcare					
Crises	93.391	11617955LZ;			
		11755165LZ	142,678	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175878AHH	155,702	-	-
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	6,810	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311462ANB	100	-	-
Public Health Emergency Preparedness	93.069	12642680EW	26,665	-	-
Immunization Cooperative Agreements	93.268	1331631AEJ	14,410	-	-
Covid 19 - Immunization Cooperation Agreements	93.268	1331631AEJ	67,872	-	-
Total Immunization Cooperative Agreements			82,282	-	-
Total Centers for Disease Control and Prevention			572,788	-	-
Office Of Assistant Secretary For Health					
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health					
Family Planning Services	93.217	13A1592BFP	39,384	-	-
Health Resources and Services Administration					
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health					
Maternal and Child Health Services Block Grant to the States	93.994	12715318AR	39,009	4,319	-
Administration for Children and Families					
Passed-through the N.C. Department of Health and Human Services:					
Division of Child Development and Early Education:					
<u>Subsidized Child Care Program Cluster (Note 3)</u>					
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services					
Administration:					
Child Care Mandatory and Matching Funds of the Child Care and					
Development Fund	93.596	G2301NCCCDF	99,427	-	-
Total Subsidized Child Care Program Cluster (Note 3) / Child Care			99,427	-	-
Development Fund Cluster					
Passed-through the N.C. Department of Health and Human Services:					
Division of Social Services					
<u>Foster Care, Adoption, and Guardianship Assistance Program</u>					
<u>Cluster (Note 3):</u>					
Administration:					
Foster Care - Title IV-E	93.658	2301NCFOST	258,723	42,300	-
Adoption Assistance	93.659	2301NCADPT	22,115	-	-
Direct Benefit Payments:					
Foster Care Title IV-E	93.658	2301NCFOST	115,085	28,264	-
Total Foster Care, Adoption, and Guardianship Assistance Program			395,923	70,564	-
Cluster (Note 3)					

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
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 - Work First Admin/Service	93.558	2301NCTANF	52,921	-	-
Total Temporary Assistance for Needy Families			61,907	-	-
Division of Social Services Administration: <u>Special Children Adoption Fund Cluster (Note 3)</u> MaryLee Allen Promoting Safe and Stable Families Program	93.556	G2301NCFPSS	5,031	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G2301NCCWSS	13,278	-	-
Total Special Children Adoption Fund Cluster (Note 3)			18,309	-	-
Social Services Block Grant	93.667	G2301NCSOSR	300,157	-	-
Child Support Services	93.563	2301NCCCES	670,289	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2301NCC1LP	2,410	602	-
Direct Benefit Payments: John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2301NCC1LP	8,000	-	-
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood			10,410	602	-
Low-Income Home Energy Assistance - Crisis Intervention	93.568	G23B1NCLIEA	166,922	-	-
Low-Income Home Energy Assistance	93.568	G23B1NCLIEA	210,935	-	-
Low-Income Home Energy Assistance - Weatherization	93.568	G23B1NCLIEA	17,843	-	-
COVID-19 - Low-Income Home Energy Assistance - Weatherization	93.568	G23B1NCLIEA	65,684	-	-
Total Low-Income Home Energy Assistance			461,384	-	-
Total Administration for Children and Families			2,017,806	71,166	-
Administration for Community Living Passed-through the Lumber River Council of Governments Division of Aging and Adult Services: <u>Aging Cluster:</u> Nutrition Services and CARES Act for Nutrition Services Under Title III-C of the Older Americans Act, CARES Act for Nutrition Services Under Title III-C of the Older Americans Act, and American Rescue Plan for Nutrition Services Under Title III-C of the Older Americans Act: Congregate Nutrition Title III-C1	93.045	ZGA380-A	43,444	2,556	-
Home-Delivered Meals Title III-C2	93.045	ZGA380-A	94,517	5,560	-
Special Programs for the Aging--Title III, Part B--Grants for Supportive Services and Senior Centers, CARES Act for Supportive Services Under Title III-B of the Older Americans Act, and American Rescue Plan for Supportive Services Under Title IIIB of the Older Americans Act: In-Home Services - Title III-B	93.044	ZGA380-A	33,095	1,947	-
Access Services - Title III-B	93.044	ZGA380-A	37,197	2,188	-
Nutrition Services Incentive Program	93.053	ZGA380-A	29,678	-	-
State appropriations: 90% State Funds - In-Home Services		ZGA380-A	-	75,533	75,533
90% State Funds - Home Delivered Meals		ZGA380-A	-	15,966	-
90% State Funds - Access		ZGA380-A	-	8,470	6,558
Total Aging Cluster			237,931	112,220	82,091
Social Services Block Grant	93.667	ZGA380-A	8,335	238	-

HOKE COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
Total Division of Aging and Adult Services			246,266	112,458	82,091
Passed-through N.C. Department of Insurance - SHIIP Division					
State Health Insurance Assistance Program	93.324	90SAPG0027-03-02	4,168	-	-
Medicare Enrollment Assistance Program	93.071	2301NCMISH-01	2,779	-	-
Total Administration for Community Living			253,213	112,458	82,091
Total U.S. Department of Health and Human Services			4,683,842	538,753	82,091
<u>U.S. Department of Homeland Security</u>					
<u>Federal Emergency Management Agency</u>					
Passed-through the United Way					
Emergency Food and Shelter National Board Program	97.024	2023	42,443	-	-
Passed-through the N.C. Department of Public Safety					
Emergency Management Performance Grants	97.042	EMA-2022-EP-00005- 2220047	13,564	-	-
Total U.S. Department of Homeland Security			56,007	-	-
<u>U.S. Department of Justice</u>					
<u>Office of Justice Programs</u>					
Passed through the N.C. Department of Public Safety					
Governor's Crime Commission					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	C1GWSADARX51	21,745	-	-
<u>U.S. Department of Treasury</u>					
Direct Program:					
Equitable Sharing	21.016	NC0470000	177,804	-	-
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		10,728,557	-	-
Total U.S. Dept. of Treasury			10,906,361	-	-
TOTAL FEDERAL AWARDS			17,964,190	544,876	82,091
STATE AWARDS:					
N.C. Dept of Health and Human Services					
Division of Social Services:					
Administration:					
DCD Smart Start			-	20,000	-
ST Child Welfare/CPS/CS LD			-	32,117	-
Energy Assistance Private Grants			-	558	-
Direct benefits:					
F/C at Risk Maximization			-	3,407	-
Foster Care At Risk			-	3,629	-
SFHF Maximization			-	47,765	-
State Foster Home			-	16,314	-
Total Division of Social Services			-	123,790	-
Passed through the Lumber River Council of Governments					
Division of Aging and Adult Services:					
Senior Program General Purposes			-	3,676	-
Division of Public Health:					
Other Receipts / State Supported Expenditures					
Food and Lodging Fees		11534752SZ	-	6,908	-
Public Health Capacity Building - General Aid to Counties		1161411000	-	99,374	-
General Communicable Disease Control		1175451000	-	3,652	-
		1320335504;			
Breast and Cervical Cancer		1320559900	-	7,165	-
Health Communities		1261550300	-	3,747	-
Child Health		1271574500	-	14,231	-
Family Planning - State		13A1573500	-	7,709	-
Maternal Health		13A1574000	-	47,274	-
		13114536BN;			
HIV/STD State		13114536RR	-	2,593	-

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
Women Health Service Fund		13A16020FR	-	8,107	-
Tuberculosis Control		1460455100;			
School Nursing Funding Initiative		1460455400	-	13,282	-
Total Division of Public Health		1332535800	-	150,000	150,000
			-	364,042	150,000
Total N.C. Dept of Health and Human Services			-	491,508	150,000
N.C. Dept of Transportation					
Rural Operating Assistance Program (ROAP)					
ROAP Elderly and Disabled Transportation Assistance Program		36220.10.11.1	-	74,460	-
ROAP Rural General Public Program		36228.22.11.1	-	69,073	-
ROAP Employment		36236.11.10.1	-	16,192	-
Total ROAP			-	159,725	-
N.C. Dept of Public Safety					
LEPC Training Grant			-	10,000	-
NC Tier II Noncompetitive Grant			-	992	-
Division of Juvenile Justice and Delinquency Prevention					
Juvenile Crime Prevention Programs			-	167,994	-
Total N.C. Dept of Public Safety			-	178,986	-
N.C. Dept of Public Instruction					
Public School Building Capital Fund - Needs-Based			-	3,056,239	-
N.C. Housing Finance Agency					
NC Housing Trust Fund/Urgent Repair Program:					
Urgent Home Repair 2021		URP-21	-	28,195	-
Urgent Home Repair 2022		URP-22	-	83,739	-
Urgent Home Repair 2023		URP-23	-	720	-
Total N.C. Housing Finance Agency			-	112,654	-
N.C. Office of Recovery and Resiliency					
State Grants for Financially Distressed Local Governments		NCORR-FDLG-028	-	103,082	-
N.C. Office of State Budget and Management					
State Capital and Infrastructure Funds - Courthouse		Contract #20312	-	1,377,178	-
Passed through The Southeastern Partnership, Inc.					
State Capital and Infrastructure Funds - Industrial Park Sewer			-	30,150	-
Total N.C. Office of State Budget and Management			-	1,407,328	-
TOTAL STATE ASSISTANCE			-	5,509,522	150,000
TOTAL FEDERAL AND STATE ASSISTANCE			\$ 17,964,190	\$ 6,054,398	\$ 232,091

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, 2023. 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 other State Agencies, and are treated separately for State audit requirement purposes: Subsidized Child Care Program Cluster, Foster Care, Adoption, and Guardianship Assistance Program Cluster, Special Children Adoption Fund Cluster, and Highway Planning, Research and Construction Cluster.

Note 4: Indirect Cost Rate

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