

**HOKE COUNTY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

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, 2024

Board of County Commissioners

James A. Leach - Chairman

Tony Hunt- Vice Chairman

Allen Thomas Jr.

Harry Southerland

Bobby Wright

County Officials

Letitia Edens

County Manager

Grady L. Hunt

County Attorney

Gwen McGougan

Clerk to the Board

Ko Tang Cha-Moses

Finance Director

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Independent Auditor's Report

To the Board of Commissioners
Hoke County
Raeford, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hoke County, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the 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, 2024, 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, 2024. 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 States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our 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 January 31, 2025, 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
January 31, 2025

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Management's Discussion and Analysis

As management of Hoke County, we offer readers of Hoke County's financial statements this narrative overview and analysis of the financial activities of Hoke County for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

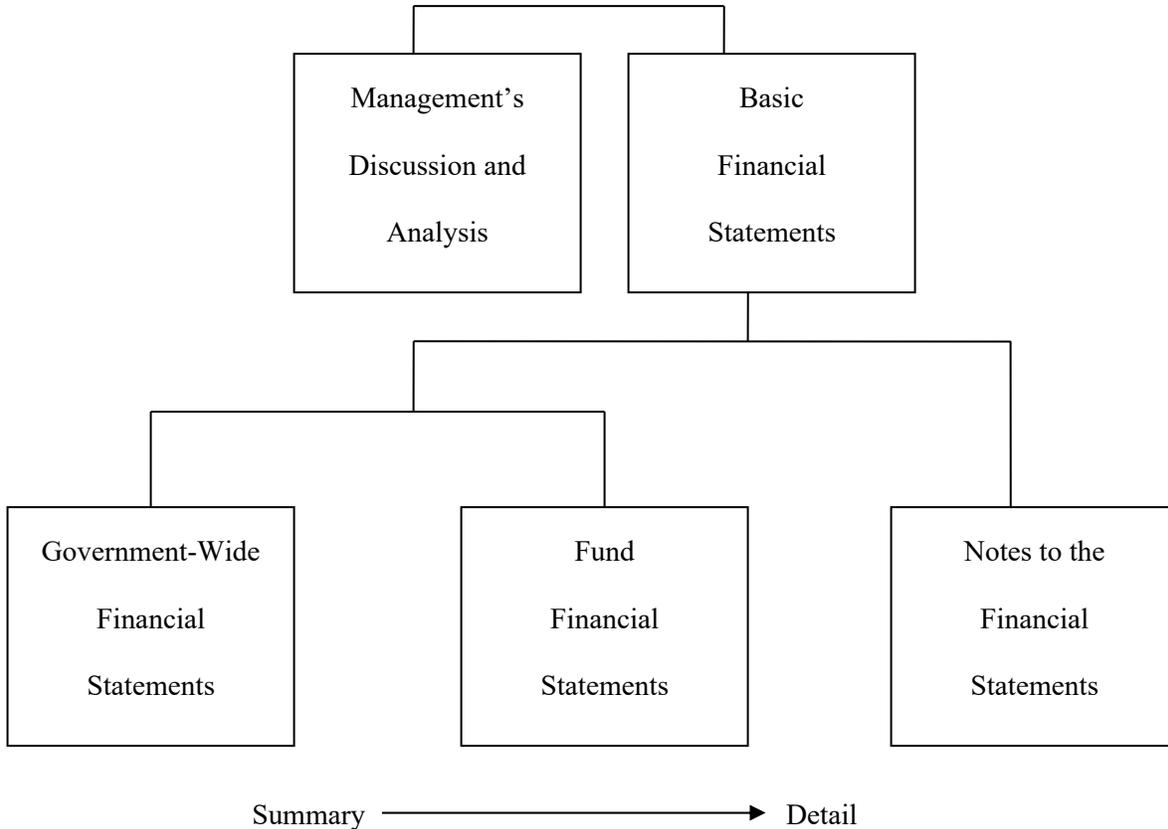
- The assets and deferred outflows of resources of Hoke County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$149,381,440 (net position).
- The County's total net position increased by \$17,425,598, primarily due to increased net position in the governmental activities.
- As of the close of the current fiscal year, Hoke County's governmental funds reported combined ending fund balances of \$59,830,068, after a net decrease in fund balance of \$6,320,544. Approximately 49.16% of this total amount, or \$29,412,907, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$44,357,758, or 68.80%, of total General Fund expenditures and transfers out for the fiscal year. Total fund balance of the General Fund, \$67,644,726, was 104.92% of total General Fund expenditures and transfers out for the year.
- Hoke County's total debt decreased by \$4,655,191. The decrease was mainly due to timely payments of debt service made when due.
- 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 82 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 \$149,381,440 as of June 30, 2024. The County's net position increased by \$17,425,598 in the same period. One of the largest portions, \$87,182,914, 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, \$29,359,038 (19.65%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$32,839,488 is unrestricted.

Hoke County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 120,334,251	\$ 108,081,421	\$ 13,500,562	\$ 15,949,369	\$ 133,834,813	\$ 124,030,790
Capital assets, net of depreciation	71,703,138	63,827,239	65,178,292	63,869,608	136,881,430	127,696,847
Total assets	<u>192,037,389</u>	<u>171,908,660</u>	<u>78,678,854</u>	<u>79,818,977</u>	<u>270,716,243</u>	<u>251,727,637</u>
Deferred Outflows of Resources	<u>10,182,708</u>	<u>9,538,617</u>	<u>969,182</u>	<u>912,372</u>	<u>11,151,890</u>	<u>10,450,989</u>
Liabilities:						
Long-term liabilities outstanding	40,044,729	43,785,679	18,447,212	19,412,702	58,491,941	63,198,381
Other liabilities	65,772,027	58,599,025	6,217,287	5,953,190	71,989,314	64,552,215
Total liabilities	<u>105,816,756</u>	<u>102,384,704</u>	<u>24,664,499</u>	<u>25,365,892</u>	<u>130,481,255</u>	<u>127,750,596</u>
Deferred Inflows of Resources	<u>1,863,051</u>	<u>2,297,306</u>	<u>142,387</u>	<u>174,882</u>	<u>2,005,438</u>	<u>2,472,188</u>
Net Position:						
Net investment in capital assets	41,356,251	31,026,642	45,826,663	43,442,909	87,182,914	74,469,551
Restricted	29,359,038	19,941,286	-	-	29,359,038	19,941,286
Unrestricted	23,825,001	25,797,339	9,014,487	11,747,666	32,839,488	37,545,005
Total net position	<u>\$ 94,540,290</u>	<u>\$ 76,765,267</u>	<u>\$ 54,841,150</u>	<u>\$ 55,190,575</u>	<u>\$ 149,381,440</u>	<u>\$ 131,955,842</u>

Hoke County's Changes in Net Position
Figure 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 9,921,005	\$ 9,176,391	\$ 14,040,686	\$ 12,482,687	\$ 23,961,691	\$ 21,659,078
Operating grants	11,354,470	20,438,073	-	-	11,354,470	20,438,073
Capital grants	14,904,829	5,215,925	250,500	(219,407)	15,155,329	4,996,518
General revenues:						
Property taxes	38,988,218	37,761,865	-	-	38,988,218	37,761,865
Other taxes	17,351,523	16,752,383	-	-	17,351,523	16,752,383
Unrestricted:						
Intergovernmental	273,388	253,346	-	-	273,388	253,346
Miscellaneous	-	-	5,693	34,400	5,693	34,400
Investment income	5,086,868	3,317,023	42,849	39,819	5,129,717	3,356,842
Total revenues	<u>97,880,301</u>	<u>92,915,006</u>	<u>14,339,728</u>	<u>12,337,499</u>	<u>112,220,029</u>	<u>105,252,505</u>
Expenses:						
General government	11,568,795	10,815,284	-	-	11,568,795	10,815,284
Public safety	22,674,994	20,059,673	-	-	22,674,994	20,059,673
Economic and physical development	1,469,161	923,027	-	-	1,469,161	923,027
Human services	16,369,847	15,432,206	-	-	16,369,847	15,432,206
Cultural and recreational	2,879,672	1,796,579	-	-	2,879,672	1,796,579
Transportation	1,733,256	1,474,332	-	-	1,733,256	1,474,332
Education	21,980,968	10,481,412	-	-	21,980,968	10,481,412
Interest on long-term debt	1,428,585	2,047,019	-	-	1,428,585	2,047,019
Water Fund	-	-	10,955,869	11,935,100	10,955,869	11,935,100
Sanitation	-	-	3,733,284	3,711,242	3,733,284	3,711,242
Total expenses	<u>80,105,278</u>	<u>63,029,532</u>	<u>14,689,153</u>	<u>15,646,342</u>	<u>94,794,431</u>	<u>78,675,874</u>
Change in net position	17,775,023	29,885,474	(349,425)	(3,308,843)	17,425,598	26,576,631
Net Position:						
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 94,540,290</u>	<u>\$ 76,765,267</u>	<u>\$ 54,841,150</u>	<u>\$ 55,190,575</u>	<u>\$ 149,381,440</u>	<u>\$ 131,955,842</u>

Governmental Activities. Governmental activities increased the County's net position by \$17,775,023 mainly due to increases in total receivables and capital assets at year end.

Business-Type Activities. Business-type activities decreased the County's net position by \$349,425 mainly due to increases in water treatment and sewer plant operational expenses.

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 \$48,697,274, while total fund balance reached \$67,644,726. The County currently has an available fund balance of 75.77% of total General Fund expenditures and transfers out, while total fund balance represents 104.92% of that same amount.

At June 30, 2024, the governmental funds of Hoke County reported a combined fund balance of \$59,830,068, a 9.55% decrease over last year. This decrease is mainly due to a decrease in fund balance of the School Capital Projects Fund of \$12,156,298 and Administrative Capital Projects Fund of \$2,401,131. The County is actively doing construction on the high school and courthouse projects during the fiscal year which is increasing expenditures in those funds. The County continues to see an increase in investment earnings and sales tax revenue which increased the General Fund's fund balance at the end of the fiscal year.

Within the Administrative Capital Projects Fund, the 401 PR Building and HATS Facility projects were completed during the year. Meanwhile the new courthouse, water project, and others continue to be built. The capital project fund holds over \$26m in state funding designated for the new courthouse and other smaller projects that is yet to be spent. The fund has a fund balance of \$5,348,129 as of June 30, 2024.

The County continues to build the new high school it started in the prior year. However, with increase in costs, the cost of the project has increased to almost \$30m and will tip over that amount after completion of the project. Within the Schools Capital Projects Fund, the source of funding will come from the State as well as have County contributions. Although the fund shows a deficit fund balance at June 30, 2024 of \$15,037,537, the County will be reimbursed for a good portion of 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 \$1,225,716 (2%). The largest part of the increases was to amend the budget for additional grant revenue and to increase permits and fee revenue.

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 \$2,301,591 and \$6,712,896 for the Solid Waste Fund. The Water and Sewer District Fund reported a decrease in net position of \$801,488, and the Solid Waste Fund reported a growth in net position of \$452,063 for a combined total decrease in net position of \$349,425.

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, 2024 totals \$136,881,430 (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 35 vehicles in the General Fund
- Completion of the Hoke Area Transit Service Facility building
- Purchase of 2 vehicles for the Water and Sewer Department
- Completion of the West Gate Pump Station, Industrial Park Sewer Extension, and Grow Hoke Sewer projects
- Purchase of equipment and remodeling of several concrete tipping floor pads for the Solid Waste Department

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 3,665,116	\$ 3,680,785	\$ 705,456	\$ 705,456	\$ 4,370,572	\$ 4,386,241
Land improvements	497,129	422,644	-	-	497,129	422,644
Plant and distribution system	-	-	58,379,780	57,475,429	58,379,780	57,475,429
Building and improvements	54,860,478	20,758,120	117,667	121,680	54,978,145	20,879,800
Furniture and equipment	1,489,918	1,677,492	1,295,548	970,033	2,785,466	2,647,525
Vehicles	2,741,239	1,891,855	489,059	585,454	3,230,298	2,477,309
Right-to-use assets	242,013	208,848	4,197	9,287	246,210	218,135
Construction in progress	8,207,245	35,187,495	4,186,585	4,002,269	12,393,830	39,189,764
Total	\$ 71,703,138	\$ 63,827,239	\$ 65,178,292	\$ 63,869,608	\$ 136,881,430	\$ 127,696,847

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, 2024, Hoke County had total debt outstanding of \$62,224,312.

**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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
General obligation bonds -						
direct placement	\$ -	\$ -	\$ 898,000	\$ 1,334,000	\$ 898,000	\$ 1,334,000
Installment purchases -						
direct borrowing	-	-	-	127,500	-	127,500
Revenue bonds -						
direct placement	-	-	10,545,000	10,769,000	10,545,000	10,769,000
Limited obligation bonds -						
direct placement	37,960,808	41,220,383	6,910,000	7,140,000	44,870,808	48,360,383
Bond premium	4,712,016	5,064,653	994,684	1,047,035	5,706,700	6,111,688
Lease and subscription liabilities	199,859	167,768	3,945	9,164	203,804	176,932
Total	<u>\$ 42,872,683</u>	<u>\$ 46,452,804</u>	<u>\$ 19,351,629</u>	<u>\$ 20,426,699</u>	<u>\$ 62,224,312</u>	<u>\$ 66,879,503</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 \$348,374,000.

Additional information regarding Hoke County’s long-term debt can be found in Note 3.B beginning on page 68 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, a Veteran’s Medical Facility, and the Hoke County James A. Leach Aquatic and Recreation Center. We also expect a positive impact on Hoke County as a result of the 1.3 million-square-foot Amazon Fulfillment Center located within a 20-mile radius of Raeford in neighboring Cumberland County.

The County continues to develop and promote its Regional Industrial Park Site, a rail-served site with an existing biofuel industry. The Industrial Park Site is connected to the port of Wilmington via rail, and I-95 can be reached within 30 minutes. The unemployment rate in the County as of June 2024 was 5.1%.

The County continued to take a fiscally conservative approach in preparing and adopting the fiscal year 2025 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, 2025

Governmental Activities. The valuation of the property for the upcoming year is estimated to be \$4.2 billion, with a tax rate of \$.73 per one hundred dollars of property valuation listed as of January 1, 2024. Budgeted expenditures in the General Fund are expected to increase to \$75,263,644 compared to an original budget of \$72,433,853 in fiscal year 2024. This is primarily due to increased 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 46.7% of the total General Fund budget of \$75.2 million. The most significant component of General Fund expenditures is expected to be employee compensation, which represents 48.06% of the total General Fund budget.

Requests for Information

This report is designed to provide an overview of the County's finances for those interested 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, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hoke County ABC Board
Assets:				
Cash and cash equivalents	\$ 59,106,684	\$ 9,933,126	\$ 69,039,810	\$ 623,249
Receivables, net	29,279,774	1,351,623	30,631,397	-
Inventories	7,468	570,992	578,460	434,913
Prepaid expenses	98,817	-	98,817	45,443
Restricted cash and cash equivalents	31,789,092	1,644,821	33,433,913	-
Net pension asset	52,416	-	52,416	-
Other assets	-	-	-	101,662
Capital assets:				
Land, improvements, and construction in progress	11,872,361	4,892,041	16,764,402	349,163
Other capital assets, net of depreciation	59,830,777	60,286,251	120,117,028	406,355
Capital assets, net	71,703,138	65,178,292	136,881,430	755,518
Total assets	192,037,389	78,678,854	270,716,243	1,960,785
Deferred Outflows of Resources:				
OPEB deferrals	870,730	86,114	956,844	-
Pension deferrals	9,311,978	883,068	10,195,046	89,724
Total deferred outflows of resources	10,182,708	969,182	11,151,890	89,724
Liabilities:				
Accounts payable and accrued liabilities	6,564,029	1,295,224	7,859,253	168,011
Advances from grantor	26,256,902	-	26,256,902	-
Accrued interest payable	160,816	43,378	204,194	-
Due in less than one year	4,539,529	1,038,178	5,577,707	-
Payable from restricted assets	4,772,643	1,644,821	6,417,464	-
Net pension liability - LGERS	14,689,930	1,452,851	16,142,781	101,333
Total pension liability - LEOSSA	1,476,895	-	1,476,895	-
Total OPEB liability	7,311,283	742,835	8,054,118	-
Due in more than one year	40,044,729	18,447,212	58,491,941	104,003
Total liabilities	105,816,756	24,664,499	130,481,255	373,347
Deferred Inflows of Resources:				
OPEB deferrals	1,358,450	134,352	1,492,802	-
Pension deferrals	358,297	8,035	366,332	45,880
Prepaid taxes	146,304	-	146,304	-
Total deferred inflows of resources	1,863,051	142,387	2,005,438	45,880

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

HOKE COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
JUNE 30, 2024**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hoke County ABC Board
Net Position:				
Net investment in capital assets	41,356,251	45,826,663	87,182,914	755,518
Restricted:				
Stabilization by state statute	19,028,508	-	19,028,508	-
General government	493,368	-	493,368	-
Human services	514,425	-	514,425	-
Register of Deeds	189,818	-	189,818	-
Register of Deeds' pension plan	52,416	-	52,416	-
Cultural and recreational	5,348,129	-	5,348,129	-
Public safety	3,732,374	-	3,732,374	-
Working capital	-	-	-	153,045
Unrestricted	<u>23,825,001</u>	<u>9,014,487</u>	<u>32,839,488</u>	<u>722,719</u>
Total net position	<u>\$ 94,540,290</u>	<u>\$ 54,841,150</u>	<u>\$ 149,381,440</u>	<u>\$ 1,631,282</u>

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

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HOKE COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Program Revenues</u>			
	<u>Expenses</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	\$ 11,568,795	\$ 1,851,352	\$ 1,093,534	\$ -
Public safety	22,674,994	2,592,203	2,104,908	4,202,018
Economic and physical development	1,469,161	16,923	386,148	-
Human services	16,369,847	4,801,468	6,850,916	-
Cultural and recreational	2,879,672	588,120	209,192	-
Transportation	1,733,256	70,939	709,772	178,128
Education	21,980,968	-	-	10,524,683
Interest on long-term debt	1,428,585	-	-	-
Total governmental activities	<u>80,105,278</u>	<u>9,921,005</u>	<u>11,354,470</u>	<u>14,904,829</u>
Business-Type Activities:				
Water and sewer	10,955,869	9,898,188	-	250,500
Landfill	3,733,284	4,142,498	-	-
Total business-type activities	<u>14,689,153</u>	<u>14,040,686</u>	<u>-</u>	<u>250,500</u>
Total primary government	<u>\$ 94,794,431</u>	<u>\$ 23,961,691</u>	<u>\$ 11,354,470</u>	<u>\$ 15,155,329</u>
Component Unit:				
ABC Board	<u>\$ 4,628,268</u>	<u>\$ 5,142,491</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, 2024

	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	\$ (8,623,909)	\$ -	\$ (8,623,909)	
Public safety	(13,775,865)	-	(13,775,865)	
Economic and physical development	(1,066,090)	-	(1,066,090)	
Human services	(4,717,463)	-	(4,717,463)	
Cultural and recreational	(2,082,360)	-	(2,082,360)	
Transportation	(774,417)	-	(774,417)	
Education	(11,456,285)	-	(11,456,285)	
Interest on long-term debt	(1,428,585)	-	(1,428,585)	
Total governmental activities	<u>(43,924,974)</u>	<u>-</u>	<u>(43,924,974)</u>	
Business-Type Activities:				
Water and sewer	-	(807,181)	(807,181)	
Landfill	-	409,214	409,214	
Total business-type activities	<u>-</u>	<u>(397,967)</u>	<u>(397,967)</u>	
Total primary government	<u>(43,924,974)</u>	<u>(397,967)</u>	<u>(44,322,941)</u>	
Component Unit:				
ABC Board				\$ <u>514,223</u>
General Revenues:				
Taxes:				
Ad valorem taxes	38,988,218	-	38,988,218	-
Local option sales tax	17,334,885	-	17,334,885	-
Other taxes	16,638	-	16,638	-
Miscellaneous	-	5,693	5,693	2,550
Unrestricted intergovernmental	273,388	-	273,388	-
Investment earnings	5,086,868	42,849	5,129,717	12,669
Total general revenues	<u>61,699,997</u>	<u>48,542</u>	<u>61,748,539</u>	<u>15,219</u>
Change in net position	17,775,023	(349,425)	17,425,598	529,442
Net Position:				
Beginning of year - July 1	<u>76,765,267</u>	<u>55,190,575</u>	<u>131,955,842</u>	<u>1,101,840</u>
End of year - June 30	<u>\$ 94,540,290</u>	<u>\$ 54,841,150</u>	<u>\$ 149,381,440</u>	<u>\$ 1,631,282</u>

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

HOKE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major			Nonmajor	Total Governmental Funds
	General Fund	Administrative Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	
Assets:					
Cash and cash equivalents	\$ 51,485,033	\$ 6,310,273	\$ -	\$ 1,311,378	\$ 59,106,684
Taxes receivable, net	1,394,301	-	-	143,680	1,537,981
Accounts receivable, net	6,315,845	2,300,452	16,462,536	2,603,293	27,682,126
Note receivable	-	-	-	59,667	59,667
Inventory	7,468	-	-	-	7,468
Prepays	98,817	-	-	-	98,817
Due from other funds	12,566,010	-	-	72,741	12,638,751
Restricted cash and cash equivalents	4,867,013	26,198,021	-	724,058	31,789,092
Total assets	<u>\$ 76,734,487</u>	<u>\$ 34,808,746</u>	<u>\$ 16,462,536</u>	<u>\$ 4,914,817</u>	<u>\$ 132,920,586</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,735,825	\$ 1,140,272	\$ 2,563,351	\$ 124,581	\$ 6,564,029
Advances from grantor	-	26,198,021	-	58,881	26,256,902
Liabilities payable from restricted assets	4,772,643	-	-	-	4,772,643
Due to other funds	-	-	12,474,186	164,565	12,638,751
Total liabilities	<u>7,508,468</u>	<u>27,338,293</u>	<u>15,037,537</u>	<u>348,027</u>	<u>50,232,325</u>
Deferred Inflows of Resources:					
Taxes receivable	1,394,301	-	-	143,680	1,537,981
Prepaid taxes	146,304	-	-	-	146,304
Unavailable revenues - grants	40,688	2,122,324	16,462,536	2,548,360	21,173,908
Total deferred inflows of resources	<u>1,581,293</u>	<u>2,122,324</u>	<u>16,462,536</u>	<u>2,692,040</u>	<u>22,858,193</u>
Fund Balances:					
Non-spendable:					
Inventories	7,468	-	-	-	7,468
Prepaid items	98,817	-	-	-	98,817
Restricted:					
Stabilization by state statute	18,841,167	-	-	187,341	19,028,508
General government	-	-	-	493,368	493,368
Human services	438,710	-	-	75,715	514,425
Register of Deeds	189,818	-	-	-	189,818
Cultural and recreational	-	5,348,129	-	-	5,348,129
Public safety	3,116,618	-	-	615,756	3,732,374
Committed	94,370	-	-	-	94,370
Assigned	500,000	-	-	537,375	1,037,375
Unassigned	44,357,758	-	(15,037,537)	(34,805)	29,285,416
Total fund balances	<u>67,644,726</u>	<u>5,348,129</u>	<u>(15,037,537)</u>	<u>1,874,750</u>	<u>59,830,068</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 76,734,487</u>	<u>\$ 34,808,746</u>	<u>\$ 16,462,536</u>	<u>\$ 4,914,817</u>	<u>\$ 132,920,586</u>

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

HOKE COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024**

		<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances		\$ 59,830,068
Capital assets used in governmental activities are not financial resources and, therefore, are not reported:		
Total capital assets and right to use assets	\$ 87,652,333	
Less accumulated depreciation and amortization	(15,949,195)	
Net capital assets	<u>\$ 71,703,138</u>	71,703,138
Net pension asset		52,416
Net pension liability (LGERS)		(14,689,930)
Total pension liability (LEOSSA)		(1,476,895)
Total OPEB liability		(7,311,283)
Deferred inflows of resources related to pensions are not reported in the funds.		
ROD	\$ (2,320)	
LGERS	(81,260)	
LEOSSA	(274,717)	
	<u>\$ (358,297)</u>	(358,297)
Deferred inflows of resources related to OPEB are not reported in the funds.		(1,358,450)
Deferred outflows of resources related to pensions are not reported in the funds.		
ROD	\$ 44,287	
LGERS	8,928,830	
LEOSSA	338,861	
	<u>\$ 9,311,978</u>	9,311,978
Deferred outflows of resources related to OPEB are not reported in the funds.		870,730
Liabilities for deferred inflows in the fund statements but not the government-wide statements		22,711,889
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	\$ (42,872,683)	
Accrued interest payable	(160,816)	
Compensated absences	(1,711,575)	
Total	<u>\$ (44,745,074)</u>	<u>(44,745,074)</u>
Net position of governmental activities		<u>\$ 94,540,290</u>

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Major			Nonmajor		Total Governmental Funds
	General Fund	Administrative Capital Projects Fund	Formerly Major Fund Multi-Year Grants Fund	School Capital Projects Fund	Other Governmental Funds	
Revenues:						
Ad valorem taxes	\$ 35,216,530	\$ -	\$ -	\$ -	\$ 3,788,079	\$ 39,004,609
Local option sales taxes	17,334,885	-	-	-	-	17,334,885
Other taxes and licenses	16,638	-	-	-	-	16,638
Unrestricted intergovernmental	273,388	-	-	-	-	273,388
Restricted intergovernmental	9,757,184	4,562,121	-	-	1,249,899	15,569,204
E-911 wireless	-	-	-	-	76,523	76,523
Permits and fees	3,187,202	-	-	-	-	3,187,202
Sales and services	2,412,218	-	-	-	-	2,412,218
Investment earnings	3,868,701	1,194,954	-	-	23,213	5,086,868
Miscellaneous	-	-	-	-	457,145	457,145
Total revenues	<u>72,066,746</u>	<u>5,757,075</u>	<u>-</u>	<u>-</u>	<u>5,594,859</u>	<u>83,418,680</u>
Expenditures:						
Current:						
General government	10,902,707	176,740	-	-	171,808	11,251,255
Public safety	17,764,697	5,553,997	-	-	4,238,529	27,557,223
Economic and physical development	885,165	-	-	-	517,017	1,402,182
Human services	15,770,850	475,026	-	-	186,568	16,432,444
Cultural and recreational	2,792,888	196,232	-	-	-	2,989,120
Transportation	1,596,943	1,756,211	-	-	-	3,353,154
Education	8,655,409	-	-	13,406,298	-	22,061,707
Capital outlay	-	-	-	-	27,217	27,217
Debt service:						
Principal retirements	3,416,460	-	-	-	14,058	3,430,518
Interest and fees	1,437,153	-	-	-	285	1,437,438
Total expenditures	<u>63,222,272</u>	<u>8,158,206</u>	<u>-</u>	<u>13,406,298</u>	<u>5,155,482</u>	<u>89,942,258</u>
Revenues over (under) expenditures	<u>8,844,474</u>	<u>(2,401,131)</u>	<u>-</u>	<u>(13,406,298)</u>	<u>439,377</u>	<u>(6,523,578)</u>
Other Financing Sources (Uses):						
Lease and subscription liabilities issued	203,034	-	-	-	-	203,034
Transfers in	-	-	-	1,250,000	-	1,250,000
Transfers out	(1,250,000)	-	-	-	-	(1,250,000)
Total other financing sources (uses)	<u>(1,046,966)</u>	<u>-</u>	<u>-</u>	<u>1,250,000</u>	<u>-</u>	<u>203,034</u>
Net change in fund balances	<u>7,797,508</u>	<u>(2,401,131)</u>	<u>-</u>	<u>(12,156,298)</u>	<u>439,377</u>	<u>(6,320,544)</u>
Fund Balances:						
Beginning of year - July 1, as previously reported	59,847,218	7,749,260	42,113	(2,881,239)	1,393,260	66,150,612
Changes within financial reporting entity (major to nonmajor fund)	-	-	(42,113)	-	42,113	-
Beginning of year - July 1, as restated	<u>59,847,218</u>	<u>7,749,260</u>	<u>-</u>	<u>(2,881,239)</u>	<u>1,435,373</u>	<u>66,150,612</u>
End of year - June 30	<u>\$ 67,644,726</u>	<u>\$ 5,348,129</u>	<u>\$ -</u>	<u>\$ (15,037,537)</u>	<u>\$ 1,874,750</u>	<u>\$ 59,830,068</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, 2024**

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ (6,320,544)
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	10,198,159
Cost of disposed capital asset not recorded in fund statements	(441,582)
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	(1,880,678)
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.	(203,034)
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.	3,430,518
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.	805,438
Pension expense - LEOSSA	(146,986)
Pension expense - LGERS	(1,575,865)
Pension expense - ROD	(12,378)
OPEB plan expense	(539,646)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements.	<u>14,461,621</u>
Changes in net position of governmental activities (Exhibit B)	<u>\$ 17,775,023</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, 2024**

	Budget Amounts		Actual	Variance with Final Budget Over/Under
	Original Budget	Final Budget		
Revenues:				
Ad valorem taxes	\$ 36,068,169	\$ 36,068,169	\$ 35,216,530	\$ (851,639)
Local option sales taxes	18,042,988	18,042,988	17,334,885	(708,103)
Other taxes and licenses	17,500	17,500	16,638	(862)
Unrestricted intergovernmental	168,500	168,500	273,388	104,888
Restricted intergovernmental	13,132,882	13,853,414	9,757,184	(4,096,230)
Permits and fees	2,171,850	2,830,850	3,187,202	356,352
Sales and services	1,377,815	1,424,190	2,412,218	988,028
Investment earnings	1,000,000	1,000,000	3,868,701	2,868,701
Total revenues	<u>71,979,704</u>	<u>73,405,611</u>	<u>72,066,746</u>	<u>(1,338,865)</u>
Expenditures:				
Current:				
General government	15,388,122	14,714,543	10,854,926	3,859,617
Public safety	18,081,464	18,982,825	17,744,370	1,238,455
Economic and physical development	1,034,289	1,108,859	885,165	223,694
Human services	18,138,054	19,075,052	15,770,850	3,304,202
Cultural and recreational	2,787,928	2,876,376	2,792,888	83,488
Transportation	2,159,888	2,318,188	1,596,943	721,245
Intergovernmental - education	9,273,871	9,273,871	8,655,409	618,462
Debt service:				
Principal retirements	3,186,601	3,416,460	3,416,460	-
Interest and fees	2,261,636	2,171,777	1,437,153	734,624
Total expenditures	<u>72,311,853</u>	<u>73,937,951</u>	<u>63,154,164</u>	<u>10,783,787</u>
Revenues over (under) expenditures	<u>(332,149)</u>	<u>(532,340)</u>	<u>8,912,582</u>	<u>9,444,922</u>
Other Financing Sources (Uses):				
Transfers out	(122,000)	(1,372,000)	(1,372,000)	-
Lease and subscription liabilities issued	-	180,191	203,034	(22,843)
Appropriated fund balance	454,149	1,724,149	-	1,724,149
Total other financing sources (uses)	<u>332,149</u>	<u>532,340</u>	<u>(1,168,966)</u>	<u>(1,701,306)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	7,743,616	<u>\$ 7,743,616</u>
Fund Balance:				
Beginning of year - July 1			<u>59,625,982</u>	
End of year - June 30			<u>\$ 67,369,598</u>	

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Major		Total
	Water and Sewer District	Solid Waste	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,363,389	\$ 7,569,737	\$ 9,933,126
Accounts receivable, net	1,125,817	225,806	1,351,623
Inventories	570,992	-	570,992
Total current assets	<u>4,060,198</u>	<u>7,795,543</u>	<u>11,855,741</u>
Non-current assets:			
Restricted cash and cash equivalents	1,644,821	-	1,644,821
Land and construction in progress	4,667,389	224,652	4,892,041
Other capital assets, net of depreciation and amortization	58,815,861	1,470,390	60,286,251
Total capital assets	<u>63,483,250</u>	<u>1,695,042</u>	<u>65,178,292</u>
Total non-current assets	<u>65,128,071</u>	<u>1,695,042</u>	<u>66,823,113</u>
Total assets	<u>69,188,269</u>	<u>9,490,585</u>	<u>78,678,854</u>
Deferred Outflows of Resources:			
OPEB deferrals	55,740	30,374	86,114
Pension deferrals	588,712	294,356	883,068
Total deferred outflows of resources	<u>644,452</u>	<u>324,730</u>	<u>969,182</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	695,540	599,684	1,295,224
Accrued interest expense	43,378	-	43,378
Current portion of long-term debt	1,029,214	8,964	1,038,178
Liabilities to be paid from restricted assets:			
Customer deposits	1,644,821	-	1,644,821
Total current liabilities	<u>3,412,953</u>	<u>608,648</u>	<u>4,021,601</u>
Non-current liabilities:			
Net pension liability	968,567	484,284	1,452,851
Total OPEB liability	480,494	262,341	742,835
Long-term obligations	18,438,248	8,964	18,447,212
Total non-current liabilities	<u>19,887,309</u>	<u>755,589</u>	<u>20,642,898</u>
Total liabilities	<u>23,300,262</u>	<u>1,364,237</u>	<u>24,664,499</u>
Deferred Inflows of Resources:			
OPEB deferrals	93,891	40,461	134,352
Pension deferrals	5,356	2,679	8,035
Total deferred inflows of resources	<u>99,247</u>	<u>43,140</u>	<u>142,387</u>
Net Position:			
Net investment in capital assets	44,131,621	1,695,042	45,826,663
Unrestricted	2,301,591	6,712,896	9,014,487
Total net position	<u>\$ 46,433,212</u>	<u>\$ 8,407,938</u>	<u>\$ 54,841,150</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, 2024

	Major		Total
	Water and Sewer District	Solid Waste	
Operating Revenues:			
Water and sewer charges	\$ 8,235,507	\$ -	\$ 8,235,507
Tap and impact fees	1,488,927	-	1,488,927
Solid waste collection fees	-	3,921,157	3,921,157
Other operating revenues	173,754	221,341	395,095
Total operating revenues	<u>9,898,188</u>	<u>4,142,498</u>	<u>14,040,686</u>
Operating Expenses:			
Water administration	1,551,910	-	1,551,910
Water treatment	1,256,118	-	1,256,118
Water distribution	3,869,680	-	3,869,680
Sewer operations	583,495	-	583,495
Sewer plant operations	1,055,244	-	1,055,244
Landfill operations	-	3,545,868	3,545,868
Amortization	(47,261)	-	(47,261)
Depreciation	2,118,673	187,416	2,306,089
Total operating expenses	<u>10,387,859</u>	<u>3,733,284</u>	<u>14,121,143</u>
Operating income (loss)	<u>(489,671)</u>	<u>409,214</u>	<u>(80,457)</u>
Non-Operating Revenues (Expenses):			
Investment earnings	-	42,849	42,849
Miscellaneous	5,693	-	5,693
Interest and other charges	(568,010)	-	(568,010)
Total non-operating revenues (expenses)	<u>(562,317)</u>	<u>42,849</u>	<u>(519,468)</u>
Income (loss) before capital contributions	(1,051,988)	452,063	(599,925)
Capital contributions	<u>250,500</u>	<u>-</u>	<u>250,500</u>
Change in net position	(801,488)	452,063	(349,425)
Net Position:			
Beginning of year - July 1	<u>47,234,700</u>	<u>7,955,875</u>	<u>55,190,575</u>
End of year - June 30	<u>\$ 46,433,212</u>	<u>\$ 8,407,938</u>	<u>\$ 54,841,150</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, 2024

	<u>Major</u>		
	<u>Water and Sewer District</u>	<u>Solid Waste</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 8,386,433	\$ 4,141,765	\$ 12,528,198
Cash paid for goods and services	(6,359,681)	(2,386,193)	(8,745,874)
Cash paid to employees for services	(2,160,786)	(928,226)	(3,089,012)
Net cash provided (used) by operating activities	<u>(134,034)</u>	<u>827,346</u>	<u>693,312</u>
Principal payments on long-term debt	(1,022,719)	-	(1,022,719)
Interest paid on debt	(572,453)	-	(572,453)
Capital contribution - grants	1,606,060	-	1,606,060
Acquisition and construction of capital assets	(3,460,303)	(277,782)	(3,738,085)
Net cash provided (used) by capital and related financing activities	<u>(3,449,415)</u>	<u>(277,782)</u>	<u>(3,727,197)</u>
Cash Flows from Investing Activities:			
Interest on investments	-	42,849	42,849
Net increase (decrease) in cash and cash equivalents	(3,583,449)	592,413	(2,991,036)
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>7,591,659</u>	<u>6,977,324</u>	<u>14,568,983</u>
End of year - June 30	<u>\$ 4,008,210</u>	<u>\$ 7,569,737</u>	<u>\$ 11,577,947</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (489,671)	\$ 409,214	\$ (80,457)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	2,118,673	187,416	2,306,089
Amortization	(47,261)	-	(47,261)
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
(Increase) decrease in accounts receivable	(1,525,568)	(732)	(1,526,300)
(Increase) decrease in inventory	(371,489)	-	(371,489)
(Increase) decrease in deferred outflows of resources - pensions	(53,592)	(26,796)	(80,388)
Increase (decrease) in net pension liability	160,094	80,047	240,141
Increase (decrease) in deferred inflows of resources - pensions	(2,599)	(1,299)	(3,898)
Increase (decrease) in accounts payable	7,123	170,956	178,079
Increase (decrease) in customer deposits	13,813	-	13,813
Increase (decrease) in deferred inflows of resources - OPEB	(19,732)	(8,865)	(28,597)
(Increase) decrease in deferred outflows of resources - OPEB	16,269	7,309	23,578
Increase (decrease) in OPEB payable	40,289	18,101	58,390
Increase (decrease) in accrued vacation pay	19,617	(8,005)	11,612
Total adjustments	<u>355,637</u>	<u>418,132</u>	<u>773,769</u>
Net cash provided (used) by operating activities	<u>\$ (134,034)</u>	<u>\$ 827,346</u>	<u>\$ 693,312</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, 2024**

	Custodial Funds
Assets:	
Cash and cash equivalents	\$ 35,452
Taxes receivable for other governments, net	<u>19,849</u>
Total assets	<u>55,301</u>
Liabilities:	
Due to other governments	<u>19,849</u>
Net Position:	
Restricted:	
Individuals, organizations, and other governments	<u>\$ 35,452</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, 2024**

	<u>Custodial Funds</u>
Additions:	
Ad valorem taxes and interest for other governments	\$ 273,228
Collections on behalf of individuals/organizations	<u>54,785</u>
Total additions	<u>328,013</u>
Deductions:	
Tax and interest distributions to other governments	278,508
Payments on behalf of individuals/organizations	<u>61,543</u>
Total deductions	<u>340,051</u>
Net increase (decrease) in fiduciary net position	(12,038)
Net position, beginning, July 1	<u>47,490</u>
Net position, ending, June 30	<u>\$ 35,452</u>

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

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HOKE COUNTY, NORTH CAROLINA

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

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, 2024

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, 2024

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 eight 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, the Multi-Year Grants 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, 2024

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, 2024

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, 2024

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 government agencies and repurchase agreements collateralized by treasuries. It 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, 2024:

Governmental Activities:

General Fund:

Restricted for revaluation	\$ 94,370
Deposits	4,772,643

Other Governmental Funds:

Unspent grant proceeds	26,256,902
Unspent opioid settlement proceeds	<u>665,177</u>
Total governmental activities	<u>31,789,092</u>

Business-Type Activities

Water and Sewer District Fund:

Customer deposits	<u>1,644,821</u>
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Total restricted cash	<u>\$ 33,433,913</u>
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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, 2024

January 1, 2023. As allowed by state law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

Inventories and Prepaid Items

The inventories of the County is valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. 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.

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.

HOKE COUNTY, NORTH CAROLINA

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

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

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.

HOKE COUNTY, NORTH CAROLINA

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

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, 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.

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.

HOKE COUNTY, NORTH CAROLINA

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

The County received \$263,549 as part of this settlement in fiscal year 2023 and \$457,145 in fiscal year 2024. 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. As of June 30, 2024, the County has spent \$171,808 of the funds received.

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 fiscal year 2023. 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 fiscal year 2023 as well.

Management Estimates

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

Net Position/Fund Balances

Net Position

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

Fund Balances

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

HOKE COUNTY, NORTH CAROLINA

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

The governmental fund types classify fund balances as follows:

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

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

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

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

Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by state statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by state statute." Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

Restricted for 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.

HOKE COUNTY, NORTH CAROLINA

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

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>Other Governmental Funds</u>	<u>Total</u>
General government	\$ -	\$ -	\$ 493,368	\$ 493,368
Human services	438,710	-	75,715	514,425
Register of Deeds	189,818	-	-	189,818
Cultural and recreational	-	5,348,129	-	5,348,129
Public safety	3,116,618	-	615,756	3,732,374
Total	<u>\$ 3,745,146</u>	<u>\$ 5,348,129</u>	<u>\$ 1,184,839</u>	<u>\$ 10,278,114</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 \$52,416.

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

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

<u>Purpose</u>	<u>General Fund</u>
Tax revaluation	<u>\$ 94,370</u>

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.

HOKE COUNTY, NORTH CAROLINA

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

Purpose	General Fund	Other Governmental Funds	Total
General government	\$ -	\$ 11,401	\$ 11,401
Economic development	-	525,974	525,974
Subsequent year's expenditures	500,000	-	500,000
Total	\$ 500,000	\$ 537,375	\$ 1,037,375

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

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

The County has not officially adopted a fund balance policy.

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

Total fund balance - General Fund	\$ 67,644,726
Less:	
Inventories	7,468
Prepays	98,817
Stabilization by state statute	18,841,167
Total available fund balance	\$ 48,697,274

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

HOKE COUNTY, NORTH CAROLINA

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

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.

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>\$ 67,369,598</u>
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Register of Deeds Automation Fund:

Expenditures:

General government	(47,781)
Transfers in	50,000
Fund balance, beginning	<u>187,599</u>
Fund balance, ending	<u>189,818</u>

Revaluation Fund:

Transfers in	50,000
Fund balance, beginning	<u>44,370</u>
Fund balance, ending	<u>94,370</u>

Law Enforcement Officer Fund:

Expenditures:

Public safety	(20,327)
Transfers in	22,000
Fund balance, beginning	<u>(10,733)</u>
Fund balance, ending	<u>(9,060)</u>

Total ending fund balance (Exhibit D)	<u>\$ 67,644,726</u>
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HOKE COUNTY, NORTH CAROLINA

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

2. Stewardship, Compliance, and Accountability

A. Deficit in Fund Balance of Individual Funds

The School Capital Projects Fund had a deficit fund balance at June 30, 2024 of \$15,037,537 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 2024. The remaining source of funds will come from the state as expenditures are incurred and a request for reimbursement is made. The County has a year-end receivable for the portion spent of \$16,462,537.

B. Excess of Expenditures Over Appropriations

The County had excess expenditures over appropriations in the following fund:

Water and Sewer Fund:	
Debt service	\$ (792,663)

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.

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.

HOKE COUNTY, NORTH CAROLINA

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

At June 30, 2024, the County’s deposits had a carrying amount of \$64,235,076 and a bank balance of \$65,500,414. 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, 2024, Hoke County had \$5,073 cash on hand.

Investments

At June 30, 2024, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>
N.C. Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 38,269,026	\$ 38,269,026

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

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 Standard & Poor’s and AAA-mf by Moody’s Investor Services as of June 30, 2024.

HOKE COUNTY, NORTH CAROLINA

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

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>
2021	\$ 947,061	\$ -	\$ 947,061
2022	927,640	-	927,640
2023	1,404,398	-	1,404,398
2024	<u>1,313,269</u>	<u>-</u>	<u>1,313,269</u>
Total	<u>\$ 4,592,368</u>	<u>\$ -</u>	<u>\$ 4,592,368</u>

HOKE COUNTY, NORTH CAROLINA

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

Receivables

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

	<u>Accounts</u>	<u>Taxes</u>	<u>Due From Other Governments</u>	<u>Notes Receivable</u>	<u>Total</u>
Governmental Activities:					
General	\$ 116,022	\$ 1,530,966	\$ 6,199,823	\$ -	\$ 7,846,811
Other governmental	19,758,727	161,820	2,237,840	59,667	22,218,054
Allowance for doubtful accounts	<u>(630,286)</u>	<u>(154,805)</u>	-	-	<u>(785,091)</u>
Total receivables	<u>\$ 19,244,463</u>	<u>\$ 1,537,981</u>	<u>\$ 8,437,663</u>	<u>\$ 59,667</u>	<u>\$ 29,279,774</u>
Business-Type Activities:					
Water and sewer district	\$ 2,340,613	\$ -	\$ -	\$ -	\$ 2,340,613
Solid waste	382,906	-	-	-	382,906
Allowance for doubtful accounts	<u>(1,371,896)</u>	-	-	-	<u>(1,371,896)</u>
Total business-type activities	<u>\$ 1,351,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,351,623</u>

Due from other governments consists of the following:

Governmental Activities:	
Local option sales tax	\$ 2,709,607
Refundable sales tax	923,985
MV taxes, state	361,542
Gasoline taxes, state	27,255
Other governmental, state	2,177,434
Grants receivable	<u>2,237,840</u>
Total	<u>\$ 8,437,663</u>

HOKE COUNTY, NORTH CAROLINA

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

Capital Assets

Primary Government

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

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2024</u>
Governmental Activities:					
Non-Depreciable Assets:					
Land	\$ 3,680,785	\$ -	\$ 15,669	\$ -	\$ 3,665,116
Construction in progress	35,187,495	8,070,795	400,170	(34,650,875)	8,207,245
Total non-depreciable capital assets	<u>38,868,280</u>	<u>8,070,795</u>	<u>415,839</u>	<u>(34,650,875)</u>	<u>11,872,361</u>
Depreciable Assets:					
Land improvements	480,462	107,942	-	-	588,404
Buildings	28,598,119	67,917	17,500	34,650,875	63,299,411
Equipment	6,494,108	119,774	1,187,434	-	5,426,448
Vehicles and motor equipment	6,360,073	1,628,697	2,008,602	-	5,980,168
Right-to-use lease equipment	127,641	22,843	1,080	-	149,404
Right-to-use subscription software	260,329	180,191	104,383	-	336,137
Total depreciable capital assets	<u>42,320,732</u>	<u>2,127,364</u>	<u>3,318,999</u>	<u>34,650,875</u>	<u>75,779,972</u>
Less Accumulated Depreciation and Amortization:					
Land improvements	57,818	33,457	-	-	91,275
Buildings	7,839,999	616,434	17,500	-	8,438,933
Equipment	4,816,616	307,348	1,187,434	-	3,936,530
Vehicles and motor equipment	4,468,218	753,570	1,982,859	-	3,238,929
Right-to-use lease equipment	63,399	35,585	1,080	-	97,904
Right-to-use subscription software	115,723	134,284	104,383	-	145,624
Total accumulated depreciation/ amortization	<u>17,361,773</u>	<u>1,880,678</u>	<u>3,293,256</u>	<u>-</u>	<u>15,949,195</u>
Total depreciable capital assets, net	<u>24,958,959</u>	<u>246,686</u>	<u>25,743</u>	<u>34,650,875</u>	<u>59,830,777</u>
Governmental activities capital assets, net	<u>\$ 63,827,239</u>	<u>\$ 8,317,481</u>	<u>\$ 441,582</u>	<u>\$ -</u>	<u>\$ 71,703,138</u>

HOKE COUNTY, NORTH CAROLINA

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

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

General government	\$ 416,128
Public safety	960,925
Economic and physical development	32,050
Human services	196,598
Cultural and recreational	198,947
Transportation	<u>76,030</u>
Total	<u>\$ 1,880,678</u>

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

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2024</u>
Business-Type Activities:					
Water and Sewer District:					
Non-Depreciable Assets:					
Land	\$ 522,804	\$ -	\$ -	\$ -	\$ 522,804
Construction in progress	4,002,269	2,757,017	-	(2,614,701)	4,144,585
Total non-depreciable capital assets	<u>4,525,073</u>	<u>2,757,017</u>	<u>-</u>	<u>(2,614,701)</u>	<u>4,667,389</u>
Depreciable Assets:					
Plant and distribution system	81,181,496	224,186	-	2,614,701	84,020,383
Furniture and maintenance equipment	2,078,321	281,535	-	-	2,359,856
Buildings	124,620	-	-	-	124,620
Vehicles	1,035,129	79,343	-	-	1,114,472
Right-to-use lease equipment	19,467	-	-	-	19,467
Total depreciable capital assets	<u>84,439,033</u>	<u>585,064</u>	<u>-</u>	<u>2,614,701</u>	<u>87,638,798</u>
Less Accumulated Depreciation and Amortization:					
Plant and distribution system	24,413,632	1,937,356	-	-	26,350,988
Furniture and maintenance equipment	1,406,885	110,615	-	-	1,517,500
Buildings	35,724	2,493	-	-	38,217
Vehicles	832,753	68,209	-	-	900,962
Right-to-use lease equipment	10,180	5,090	-	-	15,270
Total accumulated depreciation/ amortization	<u>26,699,174</u>	<u>2,123,763</u>	<u>-</u>	<u>-</u>	<u>28,822,937</u>
Total depreciable capital assets, net	<u>57,739,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,815,861</u>
Water and sewer capital assets, net	<u>62,264,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,483,250</u>

HOKE COUNTY, NORTH CAROLINA

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

	Balance	Additions	Retirements	Transfers	Balance
	July 1, 2023				June 30, 2024
Solid Waste:					
Non-Depreciable Assets:					
Land	182,652	-	-	-	182,652
Construction in progress	-	42,000	-	-	42,000
Total non-depreciable capital assets	182,652	42,000	-	-	224,652
Depreciable Assets:					
Buildings and improvements	38,016	-	-	-	38,016
Plant and distribution system	1,075,504	25,500	-	-	1,101,004
Furniture and maintenance equipment	1,225,132	210,282	-	-	1,435,414
Vehicles	1,106,476	-	-	-	1,106,476
Total depreciable capital assets	3,445,128	235,782	-	-	3,680,910
Less Accumulated Depreciation:					
Buildings and improvements	5,232	1,520	-	-	6,752
Plant and distribution system	367,939	22,680	-	-	390,619
Furniture and maintenance equipment	926,535	55,687	-	-	982,222
Vehicles	723,398	107,529	-	-	830,927
Total accumulated depreciation	2,023,104	187,416	-	-	2,210,520
Total depreciable capital assets, net	1,422,024				1,470,390
Solid waste capital assets, net	1,604,676				1,695,042
Business-type activities capital assets, net	\$ 63,869,608				\$ 65,178,292

Net Investment in Capital Assets

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

	Governmental Activities	Business-Type Activities
Capital assets	\$ 71,703,138	\$ 65,178,292
Long-term debt	42,872,683	19,351,629
Less:		
School debt to which County does not hold title	12,525,796	-
Total capital debt	30,346,887	19,351,629
Net investment in capital assets	\$ 41,356,251	\$ 45,826,663

HOKE COUNTY, NORTH CAROLINA

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

Construction Commitments

The government has active construction projects at year-end. At June 30, 2024, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental Activities:		
City of Raeford water project	\$ 104,600	\$ 1,895,400
New courthouse 2022	7,494,619	23,965,381
Emergency Management building addition	80,000	60,000
DSS Housing project	475,026	74
Total	<u>\$ 8,154,245</u>	<u>\$ 25,920,855</u>
Business-Type Activities:		
Rockfish Area Sewer	\$ 4,014,955	\$ -
211 Widening Upfit	129,630	225,370
Total	<u>\$ 4,144,585</u>	<u>\$ 225,370</u>

B. Liabilities

Payables

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

	<u>Accounts Payable</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 1,864,593	\$ 871,232	\$ 2,735,825
Other governmental	3,828,204	-	3,828,204
Total governmental activities	<u>\$ 5,692,797</u>	<u>\$ 871,232</u>	<u>\$ 6,564,029</u>
Business-Type Activities:			
Water and sewer district	\$ 639,058	\$ 56,482	\$ 695,540
Solid waste	574,552	25,132	599,684
Total business-type activities	<u>\$ 1,213,610</u>	<u>\$ 81,614</u>	<u>\$ 1,295,224</u>

HOKE COUNTY, NORTH CAROLINA

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

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, 2024

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2024 was 14.04% of compensation for law enforcement officers and 12.91% 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 \$2,929,187 for the year ended June 30, 2024.

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

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

At June 30, 2024, the County reported a liability of \$16,142,781 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024, the County's proportionate share was 0.244% (measured as of June 30, 2023), which was an increase of 0.005% from its proportion as of June 30, 2023 (measured as of June 30, 2022).

HOKE COUNTY, NORTH CAROLINA

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

For the year ended June 30, 2024, the County recognized pension expense of \$4,660,908. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,798,784	\$ 38,725
Changes of assumptions	685,975	-
Net difference between projected and actual earnings on pension plan investments	4,320,515	-
Changes in proportion and differences between County contributions and proportionate share of contributions	77,437	50,570
County contributions subsequent to the measurement date	2,929,187	-
Total	\$ 9,811,898	\$ 89,295

\$2,929,187 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2025	\$ 2,448,417
2026	1,257,161
2027	2,905,142
2028	182,696
2029	-
Thereafter	-
Total	\$ 6,793,416

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

HOKE COUNTY, NORTH CAROLINA

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

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, 2022 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 multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis.

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

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.

HOKE COUNTY, NORTH CAROLINA

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

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	\$ 27,966,734	\$ 16,142,781	\$ 6,408,195

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 December 31, 2022, the Separation Allowance’s membership consisted of:

Inactive members currently receiving benefits	3
Active plan members	71
Total	74

HOKE COUNTY, NORTH CAROLINA

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

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, 2022 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	4.00 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, 2022 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, 2024

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 \$22,000 as benefits came due for the reporting period.

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

At June 30, 2024, the County, reported a total pension liability of \$1,476,895. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was rolled forward to June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the County recognized pension expense of \$167,416.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 114,612	\$ 78,539
Changes of assumptions	215,103	196,178
County benefit payments and plan administrative expense made subsequent to the measurement date	9,146	-
Total	<u>\$ 338,861</u>	<u>\$ 274,717</u>

\$9,146 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2025	\$ 29,333
2026	30,814
2027	(8,637)
2028	(28,285)
2029	16,805
Thereafter	14,968
Total	<u>\$ 54,998</u>

HOKE COUNTY, NORTH CAROLINA

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

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 4.00%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total pension liability	\$ 1,629,715	\$ 1,476,895	\$ 1,340,213

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

	2023
Beginning balance	\$ 1,165,316
Service cost	108,480
Interest on the total pension liability	49,751
Difference between expected and actual experience in the measurement of the total pension liability	135,226
Changes of assumptions or other inputs	40,122
Benefit payments	(22,000)
Ending balance of the total pension liability	\$ 1,476,895

Changes of Assumptions. Changes of assumptions and other inputs reflect an increase in the Municipal Bond Index Rate from 4.31 percent at December 30, 2022 to 4.00 percent at December 30, 2023 (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, 2024

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 \$211,146 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 \$4,732 for the year ended June 30, 2024.

HOKE COUNTY, NORTH CAROLINA

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

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

At June 30, 2024, the County reported an asset of \$52,416 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2024, the County's proportion was 0.436% (measured as date of June 30, 2023), which was a decrease of 0.087% from its proportion as of June 30, 2023 (measured as of June 30, 2022). For the year ended June 30, 2024, the County recognized pension expense of \$17,108. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,320
Net difference between projected and actual earnings on pension plan investments	26,624	-
Changes in proportion and differences between County contributions and proportionate share of contributions	12,931	-
County contributions subsequent to the measurement date	4,732	-
Total	\$ 44,287	\$ 2,320

\$4,732 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2025	\$ 13,447
2026	14,379
2027	7,729
2028	1,680
2029	-
Thereafter	-
Total	\$ 37,235

HOKE COUNTY, NORTH CAROLINA

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

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 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, 2022 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 99.8% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2023, is 0.9%.

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, 2024

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)	\$ (35,780)	\$ (52,416)	\$ (66,443)

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, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022. The total pension liability for LEOSSA was measured as of December 31, 2023, with an actuarial valuation date of December 31, 2022. 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)	\$ 16,142,781	\$ (52,416)	n/a	\$ 16,090,365
Proportion of the net pension liability (asset)	0.2437%	0.43618%	n/a	-
Total pension liability	-	-	\$ 1,476,895	1,476,895
Pension expense	4,660,908	17,108	167,416	4,845,432

HOKE COUNTY, NORTH CAROLINA

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

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

	LGERS	ROD	LEOSSA	Total
Deferred Outflows of Resources:				
Pensions - difference between expected and actual experience	\$ 1,798,784	\$ -	\$ 114,612	\$ 1,913,396
Changes of assumptions	685,975	-	215,103	901,078
Pensions - difference between projected and actual investment earnings	4,320,515	26,624	-	4,347,139
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	77,437	12,931	-	90,368
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	2,929,187	4,732	9,146	2,943,065
Total	\$ 9,811,898	\$ 44,287	\$ 338,861	\$10,195,046
Deferred Inflows of Resources:				
Pensions - difference between expected and actual experience	\$ 38,725	\$ 2,320	\$ 78,539	\$ 119,584
Changes of assumptions	-	-	196,178	196,178
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	50,570	-	-	50,570
Total	\$ 89,295	\$ 2,320	\$ 274,717	\$ 366,332

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, 2024

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, 2024

Total OPEB Liability

The County's total OPEB liability of \$8,054,118 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

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	3.54 percent
Measurement date	3.65 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	\$ 7,405,337
Changes for the year:	
Service cost	527,918
Interest	279,650
Differences between expected and actual experience	6,413
Changes of assumptions or other inputs	(97,557)
Benefit payments	(67,643)
Net changes	648,781
Balance at June 30, 2023	\$ 8,054,118

HOKE COUNTY, NORTH CAROLINA

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

Changes in assumptions and other inputs reflect a change in the discount rate from 3.54% to 3.65%.

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 3.65%, 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 (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 8,987,991	\$ 8,054,118	\$ 7,222,541

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	\$ 6,918,888	\$ 8,054,118	\$ 9,423,128

HOKE COUNTY, NORTH CAROLINA

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

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

For the year ended June 30, 2024, the County recognized OPEB expense of \$648,632. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 198,564	\$ 728,164
Changes of assumptions	672,544	764,638
Benefit payments and plan administrative expense made subsequent to the measurement date	85,736	-
Total	\$ 956,844	\$ 1,492,802

\$85,736 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2025	\$ (159,582)
2026	(60,765)
2027	(22,362)
2028	(76,452)
2029	(228,509)
Thereafter	(74,024)
Total	\$ (621,694)

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, 2024

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

Closure and Post-Closure Care Costs

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

Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB deferrals	\$ 956,844	\$ 1,492,802
Pension deferrals	10,195,046	366,332
Prepaid taxes not yet earned (general)	-	146,304
Unavailable revenues - grants (general)		40,688
Unavailable revenues - grants (CPF)	-	18,584,860
Unavailable revenues - grants and opioid settlement funds (special revenue)	-	2,548,360
Taxes receivable, net (general)	-	1,394,301
Taxes receivable, net (special revenue)	-	143,680
Total	<u>\$ 11,151,890</u>	<u>\$ 24,717,327</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, 2024

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 \$1,000,000, and the tax collector is bonded for \$100,000.

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

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

Contingent Liabilities

At June 30, 2024, the County was a defendant to various lawsuits. In the opinion of the County's management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

Long-Term Obligations

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 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 06/30/2024, the value of the lease liability is \$2,306, and the value of the short-term lease liability is \$2,129. 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 06/30/2024 is \$6,209 with accumulated amortization of \$3,886 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, 2024

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 06/30/2024, the value of the lease liability is \$297, and the value of the short-term lease liability is \$297. 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 06/30/2024 is \$3,815 with accumulated amortization of \$3,480 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule. Hoke County has 1 extension option for 12 months.

On 01/15/2024, the County entered into a 63-month lease as Lessee for the use of COECO Plan/Inspec/EnvHlth. An initial lease liability was recorded in the amount of \$18,406. As of 06/30/2024, the value of the lease liability is \$17,001, and the value of the short-term lease liability is \$3,428. Hoke County is required to make monthly fixed payments of \$315. The lease has an interest rate of 2.2820%. The value of the right to use asset as of 06/30/2024 is \$18,406 with accumulated amortization of \$1,617 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule. Hoke County has 1 extension option(s), each for 12 months. The County had a termination period of 3 months as of the lease commencement.

On 07/01/2021, Hoke County, NC 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 06/30/2024, the value of the lease liability is \$1,422, and the value of the short-term lease liability is \$1,313. 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 06/30/2024 is \$5,294 with accumulated amortization of \$3,884 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 06/30/2024, the value of the lease liability is \$6,258, and the value of the short-term lease liability is \$3,249. 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 06/30/2024 is \$15,814 with accumulated amortization of \$9,616 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule.

On 07/01/2021, the County entered into a 44-month lease as Lessee for the use of Copiers Plus Printers HATS. An initial lease liability was recorded in the amount of \$16,512. As of 06/30/2024, the value of the lease liability is \$3,043, and the short-term lease liability is \$3,043. 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 06/30/2024 is \$16,512 with accumulated amortization of \$13,510 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 Dex Copier DMV. An initial lease liability was recorded in the amount of \$4,813. As of 06/30/2024, the value of the lease liability is \$1,293, and the short-term lease liability is \$1,193. 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 06/30/2024 is \$4,813 with accumulated

HOKE COUNTY, NORTH CAROLINA

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

amortization of \$3,531 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule.

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 06/30/2024, the value of the lease liability is \$1,167, and the short-term lease liability is \$1,167. 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 06/30/2024 is \$21,938 with accumulated amortization of \$20,514 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule. The County has the option to purchase the Equipment for \$1.

On 02/07/2024, 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 06/30/2024, the value of the lease liability is \$2,576, and the short-term lease liability is \$694. 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 06/30/2024 is \$3,474 with accumulated amortization of \$975 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 06/30/2024, the value of the lease liability is \$1,992, and the short-term lease liability is \$1,992. 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 06/30/2024 is \$9,047 with accumulated amortization of \$7,080 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 06/30/2024, the value of the lease liability is \$1,693, and the short-term lease liability is \$1,693. 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 06/30/2024 is \$7,686 with accumulated amortization of \$6,016 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule. The County has the option to purchase the Equipment for \$1.

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 06/30/2024, the value of the lease liability is \$808, and the short-term lease liability is \$808. 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 06/30/2024 is \$7,182 with accumulated amortization of \$6,584 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, 2024

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 06/30/2024, the value of the lease liability is \$3,123, and the short-term lease liability is \$3,123. 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 06/30/2024 is \$15,428 with accumulated amortization of \$12,030 and is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule.

On 04/30/2024, the County entered into a 60-month lease as Lessee for the use of Pitney Bowes ROD Renew. An initial lease liability was recorded in the amount of \$4,437. As of 06/30/2024, the value of the lease liability is \$4,220, and the value of the short-term lease liability is \$856. Hoke County is required to make quarterly fixed payments of \$236. The lease has an interest rate of 2.6160%. The value of the right to use asset as of 06/30/2024 is \$4,437 with accumulated amortization of \$153 is included with Right-to-Use Lease Equipment on the capital asset rollforward schedule. The Lessor has 60 extension option(s), each for 1 month.

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 06/30/2024, the value of the lease liability is \$1,438, and the short-term lease liability is \$574. Hoke County, NC 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 06/30/2024 is \$2,617 with accumulated amortization of \$1,147 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 06/30/2024, the value of the lease liability is \$2,843, and the short-term lease liability is \$1,357. 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 06/30/2024 is \$6,732 with accumulated amortization of \$3,881 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 06/30/2024, the value of the lease liability is \$3,945, and the short-term lease liability is \$3,945. 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 06/30/2024 is \$19,467 with accumulated amortization of \$15,269 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, 2024

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

Year Ending June 30	General Fund		Water and Sewer	
	Principal	Interest	Principal	Interest
2025	\$ 26,916	\$ 634	\$ 3,945	\$ 15
2026	10,427	421	-	-
2027	5,612	272	-	-
2028	5,018	147	-	-
2029	3,507	36	-	-
Total	\$ 51,480	\$ 1,510	\$ 3,945	\$ 15

Subscriptions

Serviced by Governmental Funds:

On 04/26/2024, the County entered into a 60-month subscription for the use of Cure MD. An initial subscription liability was recorded in the amount of \$180,191. As of 06/30/2024, the value of the subscription liability is \$143,545. Hoke County is required to make monthly fixed payments of \$2,947. The subscription has an interest rate of 2.6160%. The value of the right to use asset as of 06/30/2024 is \$180,191 with accumulated amortization of \$6,507 and is included with Right-to-Use Subscription Software on the capital asset rollforward schedule.

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 06/30/2024, the value of the subscription liability is \$0. 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 06/30/2024 is \$20,509 with accumulated amortization of \$16,051 and is included with Right-to-Use Subscription Software on the capital asset rollforward schedule.

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 06/30/2024, the value of the subscription liability is \$0. 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 06/30/2024 is \$20,852 with accumulated amortization of \$18,593 and is included with Right-to-Use Subscription Software on the capital asset rollforward schedule. The County has 1 extension option(s), each for 24 months.

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 06/30/2024, the value of the subscription liability is \$4,834. 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 06/30/2024 is \$9,610 with accumulated amortization of \$4,493 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, 2024

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 06/30/2024, the value of the subscription liability is \$0. 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 06/30/2024 is \$32,751 with accumulated amortization of \$31,191 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 CAD. An initial subscription liability was recorded in the amount of \$67,724. As of 06/30/2024, the value of the subscription liability is \$0. Hoke County is required to make annual fixed payments of \$136,096. The subscription has an interest rate of 2.0237%. The value of the right to use asset as of 06/30/2024 is \$72,224 with accumulated amortization of \$68,789 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, 2024, were as follows:

Year Ending			
June 30	Principal		Interest
2025	\$ 34,003	\$	3,861
2026	34,895		2,969
2027	33,309		2,055
2028	34,191		1,173
2029	11,981		287
Total	<u>\$ 148,379</u>	<u>\$</u>	<u>10,345</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.

The County’s general obligation bond long-term debt at June 30, 2024 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

\$ 898,000

HOKE COUNTY, NORTH CAROLINA

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

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
2025	\$ 445,000	\$ 21,462
2026	453,000	10,827
Total	\$ 898,000	\$ 32,289

Limited Obligations- Direct Placement:

General Fund:

\$18,710,000 Non-General Obligation Qualified School Construction
Bond; tax credit rate 4.38%, maturing in 2032 \$ 12,120,808

\$31,730,000 refinancing limited obligation bonds; due in annual installments,
interest rate ranging from 2-5%, maturing in 2041 25,840,000

Total limited obligation bonds - General Fund \$ 37,960,808

Water and Sewer Fund:

\$7,585,000 refinancing limited obligation bonds; due in annual installments,
interest rate ranging from 2-5%, maturing in 2043 \$ 6,910,000

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

HOKE COUNTY, NORTH CAROLINA

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

Annual debt service requirements for the County’s limited obligation bonds payable are as follows:

Year Ending <u>June 30</u>	<u>General Fund</u>		<u>Water and Sewer</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	3,185,808	1,582,709	295,000	191,400
2030-2034	12,243,521	5,036,128	1,700,000	731,100
2035-2039	6,830,000	964,650	2,035,000	392,850
2040-2044	<u>2,780,000</u>	<u>97,350</u>	<u>1,840,000</u>	<u>97,450</u>
Total	<u>\$ 37,960,808</u>	<u>\$ 14,891,923</u>	<u>\$ 6,910,000</u>	<u>\$ 2,311,650</u>

Revenue Bonds Payable -

Water and Sewer Fund: Direct Placement

\$9,000,000 USDA water & sewer revenue bonds, Series 2016A, issued for certain improvements to the water system. Only interest installments are due for the first two years annually on June 1. Principal and interest installments are due annually beginning on June 1, 2018, at an annual interest rate of 2.5%, maturing in 2055. \$ 7,907,000

\$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. 1,497,000

\$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. 1,141,000

Total revenue bonds payable \$ 10,545,000

HOKE COUNTY, NORTH CAROLINA

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

The County’s revenue bonds from direct placement related to USDA bonds for business-type activities is in the amount of \$10,545,000. The county pledges a special obligation of the County payable solely from the net revenues of the County’s water and sewer system and from the proceeds of the water and sewer revenue bonds of the County. Neither the credit nor the taxing power of the county is pledged for the payment of this bond and no holder of this bond has the right to compel exercise of the taxing power by the county or the forfeiture of any of the County’s property in connection with any default hereon. In the event of a default, the County agrees to pay to the Purchase, on demand, interest on any and all amounts due and owing by the County.

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

Year Ending June 30	Water and Sewer	
	Principal	Interest
2025	\$ 230,000	\$ 263,625
2026	234,000	257,875
2027	241,000	252,025
2028	247,000	246,000
2029	253,000	239,825
2030-2034	1,365,000	1,100,950
2035-2039	1,544,000	921,525
2040-2044	1,747,000	718,725
2045-2049	1,976,000	489,100
2050-2054	2,235,000	229,550
2055-2059	473,000	11,825
Total	\$ 10,545,000	\$ 4,731,025

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

HOKE COUNTY, NORTH CAROLINA

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

The debt service coverage ratio calculation for the year ended June 30, 2024 is as follows:

Operating revenues	\$ 9,898,188
Operating expenses*	<u>8,316,447</u>
Net revenues	<u>\$ 1,581,741</u>

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

Current year debt service	\$ 493,225
Current year debt service percent coverage	321%

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	\$ 1,085,563
Debt service on subordinated indebtedness percent coverage	146%

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	\$ 1,447,447
Debt services on debt coming due in next fiscal year percent of coverage	109%

*Per revenue bond covenant, this does not include depreciation and amortization expense of \$2,071,412.

The County has pledged future water and sewer customer revenues, net of specified operating expenses, to repay the 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 \$15,276,025. Principal and interest paid for the current year and total customer net revenues were \$493,225 and \$1,581,741, respectively.

HOKE COUNTY, NORTH CAROLINA

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

Debt Related to Capital Activities – Of the total governmental activities’ debt listed, only \$30,346,887 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, 2024:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Current</u> <u>Portion</u>
Governmental Activities:					
Limited obligation bonds	\$ 41,220,383	\$ -	\$ 3,259,575	\$ 37,960,808	\$ 3,270,185
Bond premium	5,064,653	-	352,637	4,712,016	352,637
Lease liabilities	65,454	22,843	36,817	51,480	26,916
Subscription liabilities	102,314	180,191	134,126	148,379	34,003
Compensated absences	2,155,524	293,055	737,004	1,711,575	855,788
Total OPEB liability	6,720,892	590,391	-	7,311,283	-
Net pension liability (LGERS)	12,261,841	2,428,089	-	14,689,930	-
Total pension liability (LEOSSA)	1,165,316	311,579	-	1,476,895	-
Total governmental activities	<u>\$ 68,756,377</u>	<u>\$ 3,826,148</u>	<u>\$ 4,520,159</u>	<u>\$ 68,062,366</u>	<u>\$ 4,539,529</u>
Business-Type Activities:					
Water and Sewer District:					
General obligation bonds	\$ 1,334,000	\$ -	\$ 436,000	\$ 898,000	\$ 445,000
Limited obligation bonds	7,140,000	-	230,000	6,910,000	240,000
Bond premium	1,047,035	-	52,351	994,684	52,352
Revenue bonds - direct placement	10,769,000	-	224,000	10,545,000	230,000
Installment purchases - direct borrowing	127,500	-	127,500	-	-
Lease liabilities	9,164	-	5,219	3,945	3,945
Compensated absences	96,216	39,561	19,944	115,833	57,917
Total OPEB liability	440,205	40,289	-	480,494	-
Net pension liability (LGERS)	808,473	160,094	-	968,567	-
Total water and sewer	<u>21,771,593</u>	<u>239,944</u>	<u>1,095,014</u>	<u>20,916,523</u>	<u>1,029,214</u>
Solid Waste:					
Compensated absences	25,933	7,785	15,790	17,928	8,964
Total OPEB liability	244,240	18,101	-	262,341	-
Net pension liability (LGERS)	404,237	80,047	-	484,284	-
Total solid waste	<u>674,410</u>	<u>105,933</u>	<u>15,790</u>	<u>764,553</u>	<u>8,964</u>
Total business-type activities	<u>\$ 22,446,003</u>	<u>\$ 345,877</u>	<u>\$ 1,110,804</u>	<u>\$ 21,681,076</u>	<u>\$ 1,038,178</u>

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

At June 30, 2024, the County had a legal debt margin of approximately \$348,374,000.

HOKE COUNTY, NORTH CAROLINA

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

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, 2024, there were no industrial revenue bonds outstanding.

Interfund Balances and Activity

Transfers to/from other funds during the year ended June 30, 2024, consist of the following:

	From	To	Purpose
General Fund	\$ 1,250,000	\$ -	Fund school project
School Capital Projects Fund	-	1,250,000	Fund school project
Total	\$ 1,250,000	\$ 1,250,000	

Balances due to/from other funds at June 30, 2024 consist of the following:

	From	To	Purpose
Special Revenue Funds:			
Opioid Fund	\$ 156,808	\$ 72,741	Repay vendors paid through General fund
Multi-year grants	7,757	-	Repay grant expenditures
Capital Project Funds:			
Major-School Capital Projects	12,474,186	-	Fund school projects
General Fund:	-	12,566,010	
Total	\$ 12,638,751	\$ 12,638,751	

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.

HOKE COUNTY, NORTH CAROLINA

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

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.

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.

HOKE COUNTY, NORTH CAROLINA

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

6. Related Party Transactions

For the fiscal year ended June 30, 2024, the County received the following from the Hoke County ABC Board: \$466,356 for tax distributions.

7. Changes to or Within the Financial Reporting Entity

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

The Multi-Year Grants Fund was previously reported as a major fund. For the fiscal year ended June 30, 2024, it is considered to be a nonmajor governmental fund.

The effects of these changes to or within the financial reporting entity are as follows:

	Reporting Units Affected By	
	<u>Restatements of Beginning Balances</u>	
	Major Multi-Year Grants Fund	Nonmajor Governmental Funds
July 1, 2023, as previously reported	\$ 42,113	\$ 1,393,260
Change from major to non major	(42,113)	42,113
July 1, 2023, as restated	\$ -	\$ 1,435,373

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HOKE COUNTY, NORTH CAROLINA

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

	<u>Total OPEB Liability</u>			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 7,405,337	\$ 8,255,240	\$ 7,352,298	\$ 5,452,009
Service cost	527,918	681,358	692,060	421,568
Interest on TOL and cash flows	279,650	191,980	176,420	203,325
Changes of benefit terms	-	-	-	23,421
Differences between expected and actual experience	6,413	(730,020)	17,080	371,947
Changes of assumptions or other inputs	(97,557)	(895,456)	141,193	1,009,747
Benefit payments	(67,643)	(97,765)	(123,811)	(129,719)
Ending balance of the total OPEB liability	<u>\$ 8,054,118</u>	<u>\$ 7,405,337</u>	<u>\$ 8,255,240</u>	<u>\$ 7,352,298</u>
Covered-employee payroll	\$ 18,018,477	\$ 18,018,477	\$ 16,369,375	\$ 16,369,375
Total OPEB liability as a percentage of covered-employee payroll	44.70%	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>
2024	3.65%
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 SEVEN 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				
	2024	2023	2022	2021	2020
County's proportion of the net pension liability (asset) %	0.24374%	0.23885%	0.23997%	0.24698%	0.24203%
County's proportionate share of the net pension liability (asset) \$	\$ 16,142,781	\$ 13,474,551	\$ 3,680,170	\$ 8,825,648	\$ 6,609,651
County's covered payroll	\$ 20,096,406	\$ 18,696,481	\$ 17,522,437	\$ 17,634,521	\$ 16,685,246
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	80.33%	72.07%	21.00%	50.05%	39.61%
Plan fiduciary net position as a percentage of the total pension liability **	82.49%	84.14%	95.51%	88.61%	90.86%

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

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

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

HOKE COUNTY, NORTH CAROLINA

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

Local Governmental Employees' Retirement System					
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 2,929,187	\$ 2,478,084	\$ 2,158,809	\$ 1,812,630	\$ 1,615,106
Contributions in relation to the contractually required contribution	<u>2,929,187</u>	<u>2,478,084</u>	<u>2,158,809</u>	<u>1,812,630</u>	<u>1,615,106</u>
Contribution deficiency (excess)	<u>\$ -</u>				
County's covered payroll	\$ 22,316,844	\$ 20,096,406	\$ 18,696,481	\$ 17,522,437	\$ 17,634,521
Contributions as a percentage of covered payroll	13.13%	12.33%	11.55%	10.34%	9.16%

HOKE COUNTY, NORTH CAROLINA

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

Local Governmental Employees' Retirement System					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,325,183	\$ 1,165,976	\$ 1,165,712	\$ 972,034	\$ 1,032,713
Contributions in relation to the contractually required contribution	<u>1,325,183</u>	<u>1,165,976</u>	<u>1,165,712</u>	<u>972,034</u>	<u>1,032,713</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 16,685,246	\$ 15,160,605	\$ 15,610,906	\$ 14,222,807	\$ 14,477,764
Contributions as a percentage of covered payroll	7.94%	7.69%	7.47%	6.83%	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				
	2024	2023	2022	2021	2020
County's proportion of the net pension liability (asset) %	0.43618%	0.52312%	0.54856%	0.51359%	0.41085%
County's proportionate share of the net pension liability (asset) \$	\$ (52,416)	\$ (69,261)	\$ (105,395)	\$ (117,705)	\$ (81,110)
Plan fiduciary net position as a percentage of the total pension liability **	135.74%	139.04%	156.53%	173.62%	164.11%

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

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

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				
	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset) %	0.51979%	0.44527%	0.50084%	0.47544%	0.50351%
County's proportionate share of the net pension liability (asset) \$	\$ (86,093)	\$ (76,003)	\$ (93,637)	\$ (110,178)	\$ (114,142)
Plan fiduciary net position as a percentage of the total pension liability **	153.31%	153.77%	160.17%	197.29%	193.88%

HOKE COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 4,732	\$ 4,673	\$ 5,997	\$ 6,583	\$ 4,918
Contributions in relation to the contractually required contribution	<u>4,732</u>	<u>4,673</u>	<u>5,997</u>	<u>6,583</u>	<u>4,918</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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,905	\$ 4,051	\$ 4,266	\$ 4,092	\$ 3,392
Contributions in relation to the contractually required contribution	<u>3,905</u>	<u>4,051</u>	<u>4,266</u>	<u>4,092</u>	<u>3,392</u>
Contribution deficiency (excess)	<u>\$ -</u>				

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

Law Enforcement Officers' Special Separation Allowance				
	2024	2023	2022	2021
Beginning balance	\$ 1,165,316	\$ 1,305,685	\$ 1,321,460	\$ 778,845
Service cost	108,480	126,527	126,352	82,586
Interest on the total pension liability	49,751	29,072	25,351	25,070
Differences between expected and actual experience in the measurement of the total pension liability	135,226	(13,999)	(108,975)	(9,949)
Changes of assumptions or other inputs	40,122	(254,778)	(42,620)	464,551
Benefit payments	(22,000)	(27,191)	(15,883)	(19,643)
Ending balance of the total pension liability	<u>\$ 1,476,895</u>	<u>\$ 1,165,316</u>	<u>\$ 1,305,685</u>	<u>\$ 1,321,460</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 EIGHT FISCAL YEARS***

Law Enforcement Officers' Special Separation Allowance				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 708,903	\$ 778,869	\$ 593,731	\$ 531,032
Service cost	65,431	63,738	66,271	60,189
Interest on the total pension liability	25,484	24,505	22,827	18,958
Differences between expected and actual experience in the measurement of the total pension liability	(30,784)	(119,938)	28,048	-
Changes of assumptions or other inputs	27,401	(31,489)	72,700	(16,448)
Benefit payments	(17,590)	(6,782)	(4,708)	-
Ending balance of the total pension liability	<u>\$ 778,845</u>	<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 EIGHT FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance				
	2024	2023	2022	2021
Total pension liability	\$ 1,476,895	\$ 1,165,316	\$ 1,305,685	\$ 1,321,460
Covered-employee payroll	4,073,498	3,387,923	3,295,982	3,384,694
Total pension liability as a percentage of covered-employee payroll	36.26%	34.40%	39.61%	39.04%

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 EIGHT FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance			
	2020	2019	2018	2017
Total pension liability	\$ 778,845	\$ 708,903	\$ 778,869	\$ 593,731
Covered-employee payroll	2,973,469	2,891,199	3,109,566	2,740,426
Total pension liability as a percentage of covered-employee payroll	26.19%	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, 2024**

	General Fund	Register of Deeds Automation Fund	Revaluation Fund	Law Enforcement Officer Fund	Total
Revenues:					
Ad valorem taxes	\$ 35,216,530	\$ -	\$ -	\$ -	\$ 35,216,530
Local option sales taxes	17,334,885	-	-	-	17,334,885
Other taxes and licenses	16,638	-	-	-	16,638
Unrestricted intergovernmental	273,388	-	-	-	273,388
Restricted intergovernmental	9,757,184	-	-	-	9,757,184
Permits and fees	3,187,202	-	-	-	3,187,202
Sales and services	2,412,218	-	-	-	2,412,218
Investment earnings	3,868,701	-	-	-	3,868,701
Total revenues	<u>72,066,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,066,746</u>
Expenditures:					
Current:					
General government	10,854,926	47,781	-	-	10,902,707
Public safety	17,744,370	-	-	20,327	17,764,697
Economic and physical development	885,165	-	-	-	885,165
Human services	15,770,850	-	-	-	15,770,850
Cultural and recreational	2,792,888	-	-	-	2,792,888
Transportation	1,596,943	-	-	-	1,596,943
Intergovernmental - education	8,655,409	-	-	-	8,655,409
Debt service:					
Principal retirements	3,416,460	-	-	-	3,416,460
Interest and fees	1,437,153	-	-	-	1,437,153
Total expenditures	<u>63,154,164</u>	<u>47,781</u>	<u>-</u>	<u>20,327</u>	<u>63,222,272</u>
Revenues over (under) expenditures	<u>8,912,582</u>	<u>(47,781)</u>	<u>-</u>	<u>(20,327)</u>	<u>8,844,474</u>
Other Financing Sources (Uses):					
Intrafund transfers	(122,000)	50,000	50,000	22,000	-
Transfers out	(1,250,000)	-	-	-	(1,250,000)
Long-term debt issued	203,034	-	-	-	203,034
Total other financing sources (uses)	<u>(1,168,966)</u>	<u>50,000</u>	<u>50,000</u>	<u>22,000</u>	<u>(1,046,966)</u>
Net change in fund balance	7,743,616	2,219	50,000	1,673	7,797,508
Fund Balance:					
Beginning of year - July 1	<u>59,625,982</u>	<u>187,599</u>	<u>44,370</u>	<u>(10,733)</u>	<u>59,847,218</u>
End of year - June 30	<u>\$ 67,369,598</u>	<u>\$ 189,818</u>	<u>\$ 94,370</u>	<u>\$ (9,060)</u>	<u>\$ 67,644,726</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, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 35,829,669	\$ 34,967,118	\$ (862,551)	\$ 33,908,649
Interest	238,500	249,412	10,912	234,686
Total	<u>36,068,169</u>	<u>35,216,530</u>	<u>(851,639)</u>	<u>34,143,335</u>
Local Option Sales Tax:				
Article 39 - one percent	3,750,000	4,052,456	302,456	3,550,290
Article 40 - 1/2 of a percent	5,850,000	5,544,445	(305,555)	5,349,124
Article 42 - 1/2 of a percent	2,650,000	2,631,846	(18,154)	2,433,381
Article 44 - 1/2 of a percent	3,700,000	3,427,020	(272,980)	3,311,841
Medicaid hold harmless	2,092,988	1,679,118	(413,870)	2,089,816
Total	<u>18,042,988</u>	<u>17,334,885</u>	<u>(708,103)</u>	<u>16,734,452</u>
Other Taxes and Licenses:				
Privilege licenses	-	1,655	1,655	1,633
Cable TV franchise tax	17,500	14,983	(2,517)	16,298
Total	<u>17,500</u>	<u>16,638</u>	<u>(862)</u>	<u>17,931</u>
Unrestricted Intergovernmental:				
Payments in lieu of taxes	28,500	30,516	2,016	30,523
Beer and wine tax	140,000	242,872	102,872	222,823
Total	<u>168,500</u>	<u>273,388</u>	<u>104,888</u>	<u>253,346</u>
Restricted Intergovernmental:				
Social services	5,564,291	4,742,923	(821,368)	5,098,189
Health department	3,187,711	2,807,742	(379,969)	2,682,940
Law enforcement grants	345,600	345,576	(24)	302,445
Juvenile justice	175,302	146,051	(29,251)	167,994
Veteran services	-	23,500	23,500	-
Transportation	1,038,582	709,772	(328,810)	1,040,952
Emergency management grant	-	13,000	13,000	25,375
Senior services grants	416,928	419,997	3,069	292,009
ABC profits for law enforcement	325,000	480,237	155,237	218,660
Other	2,800,000	68,386	(2,731,614)	819,130
Total	<u>13,853,414</u>	<u>9,757,184</u>	<u>(4,096,230)</u>	<u>10,647,694</u>
Permits and Fees:				
Inspection fees	1,402,000	1,490,752	88,752	905,246
Sheriff fees	417,100	647,100	230,000	585,629
Court facility fees	55,000	64,371	9,371	56,505
Register of Deeds fees	730,650	759,681	29,031	739,758
Tax administration	226,100	225,298	(802)	212,083
Total	<u>2,830,850</u>	<u>3,187,202</u>	<u>356,352</u>	<u>2,499,221</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, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Sales and Services:				
Health department fees	294,207	303,159	8,952	315,244
Jail fees	215,970	245,433	29,463	174,122
Corporative extensions	147,051	139,091	(7,960)	137,068
Economic development	19,000	16,923	(2,077)	18,524
Library	5,200	10,315	5,115	8,457
Parks and recreation	151,687	577,805	426,118	268,169
Elections	2,000	18,719	16,719	564
Transportation	57,000	70,939	13,939	73,378
Planning and zoning	141,850	395,870	254,020	271,500
Miscellaneous revenue	390,225	633,964	243,739	592,398
Total	1,424,190	2,412,218	988,028	1,859,424
Investment Earnings	1,000,000	3,868,701	2,868,701	2,528,751
Total revenues	73,405,611	72,066,746	(1,338,865)	68,684,154
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	621,647	663,310	(41,663)	496,188
Operating expenses	269,200	229,856	39,344	217,486
Capital outlay	10,000	-	10,000	-
Charges for services	(10,000)	(10,000)	-	(24,997)
Total	890,847	883,166	7,681	688,677
Administration:				
Salaries and employee benefits	417,315	432,725	(15,410)	413,604
Operating expenses	4,603,659	1,995,895	2,607,764	2,275,679
Capital outlay	177,500	106,331	71,169	124,387
Charges for services	(261,413)	(102,500)	(158,913)	(288,913)
Total	4,937,061	2,432,451	2,504,610	2,524,757
Human Resources:				
Salaries and employee benefits	288,647	148,984	139,663	124,432
Operating expenses	52,500	39,666	12,834	47,486
Charges for services	(46,710)	(15,000)	(31,710)	(46,710)
Total	294,437	173,650	120,787	125,208
Grants Management:				
Salaries & employee benefits	168,000	190,517	(22,517)	146,509
Operating expenses	50,000	14,459	35,541	16,236
Operating expenses	-	-	-	22,286
Total	218,000	204,976	13,024	185,031

HOKE COUNTY, NORTH CAROLINA

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

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Audio Video Maintenance:				
Salaries & employee benefits	317,283	262,584	54,699	222,432
Operating expenses	443,358	458,283	(14,925)	170,533
Capital outlay	77,870	82,358	(4,488)	14,175
Total	838,511	803,225	35,286	407,140
Elections:				
Salaries and employee benefits	174,881	179,987	(5,106)	145,948
Operating expenses	135,828	92,817	43,011	109,842
Capital outlay	56,000	48,695	7,305	50,858
Total	366,709	321,499	45,210	306,648
Finance:				
Salaries and employee benefits	811,763	814,902	(3,139)	711,394
Operating expenses	330,200	218,435	111,765	240,332
Capital outlay	-	-	-	20,509
Charges for services	(181,111)	(75,000)	(106,111)	(211,111)
Total	960,852	958,337	2,515	761,124
Tax Administration:				
Salaries and employee benefits	583,164	491,903	91,261	459,149
Operating expenses	120,225	77,982	42,243	87,954
Capital outlay	8,000	4,000	4,000	19,760
Total	711,389	573,885	137,504	566,863
Tax Collections:				
Salaries and employee benefits	340,972	298,116	42,856	267,334
Operating expenses	68,540	25,919	42,621	31,933
Total	409,512	324,035	85,477	299,267
DMV:				
Salaries and employee benefits	235,444	232,890	2,554	185,280
Operating expenses	234,556	182,588	51,968	152,463
Total	470,000	415,478	54,522	337,743
Legal:				
Special legal services	184,619	116,461	68,158	128,375
Register of Deeds:				
Salaries and employee benefits	323,427	253,031	70,396	212,904
Operating expenses	69,800	14,504	55,296	25,377
Capital outlay	-	4,437	(4,437)	1,080
Total	393,227	271,972	121,255	239,361

HOKE COUNTY, NORTH CAROLINA

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

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Central Garage:				
Salaries and employee benefits	148,760	139,659	9,101	127,056
Operating expenses	19,300	6,291	13,009	6,525
Capital outlay	9,000	-	9,000	4,160
Charges for services	(12,500)	(12,500)	-	(31,736)
Total	164,560	133,450	31,110	106,005
Public Buildings:				
Salaries and employee benefits	1,023,162	955,817	67,345	783,466
Operating expenses	1,227,896	972,587	255,309	777,545
JALARC expenses	87,000	27,067	59,933	25,223
Capital outlay	383,575	241,129	142,446	272,709
Charges for services	(15,000)	(15,000)	-	(39,862)
Total	2,706,633	2,181,600	525,033	1,819,081
Groundskeeping:				
Salaries and employee benefits	81,503	74,723	6,780	66,849
Operating expenses	39,470	29,907	9,563	22,983
Capital outlay	28,100	25,303	2,797	158,800
Total	149,073	129,933	19,140	248,632
Information Technology:				
Salaries and employee benefits	510,894	503,253	7,641	435,004
Operating expenses	513,219	408,379	104,840	467,589
Capital outlay	10,000	37,926	(27,926)	21,651
Charges for services	(20,000)	(20,000)	-	(56,671)
Total	1,014,113	929,558	84,555	867,573
Special Appropriations	5,000	1,250	3,750	5,000
Total general government	14,714,543	10,854,926	3,859,617	9,616,485
Public Safety:				
Sheriff:				
Salaries and employee benefits	6,817,936	6,949,695	(131,759)	6,253,327
Operating expenses	1,630,267	1,252,011	378,256	1,119,515
Capital outlay	1,489,925	1,445,611	44,314	499,255
Total	9,938,128	9,647,317	290,811	7,872,097
Court Facilities:				
Operating expenses	113,500	115,394	(1,894)	122,895
Capital outlay	38,000	9,180	28,820	1,999
Total	151,500	124,574	26,926	124,894

HOKE COUNTY, NORTH CAROLINA

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

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Jail:				
Salaries and employee benefits	3,527,213	3,474,031	53,182	2,643,096
Operating expenses	1,741,000	1,342,113	398,887	1,180,964
Total	5,268,213	4,816,144	452,069	3,824,060
Communications:				
Salaries and employee benefits	1,327,012	1,139,783	187,229	1,043,261
Operating expenses	267,500	183,337	84,163	167,590
Capital outlay	6,000	5,000	1,000	44,690
Total	1,600,512	1,328,120	272,392	1,255,541
Emergency Management:				
Salaries and employee benefits	569,663	306,952	262,711	236,820
Operating expenses	104,750	202,569	(97,819)	101,395
Capital outlay	-	68,939	(68,939)	1,673
Total	674,413	578,460	95,953	339,888
Animal Control:				
Salaries and employee benefits	487,625	450,374	37,251	347,095
Operating expenses	98,900	132,211	(33,311)	89,501
Total	586,525	582,585	3,940	436,596
Juvenile Justice:				
Salaries and employee benefits	-	33,292	(33,292)	-
Operating expenses	175,302	125,166	50,136	172,958
Total	175,302	158,458	16,844	172,958
Inspections:				
Salaries and employee benefits	312,232	397,739	(85,507)	341,916
Operating expenses	27,300	28,638	(1,338)	21,483
Capital outlay	98,700	6,135	92,565	79,208
Total	438,232	432,512	5,720	442,607
Medical Examiner:				
Contracted services	150,000	76,200	73,800	99,950
Total public safety	18,982,825	17,744,370	1,238,455	14,568,591
Economic and Physical Development:				
Planning and Zoning:				
Salaries and employee benefits	210,900	191,961	18,939	155,189
Operating expenses	26,220	23,245	2,975	13,163
Capital outlay	-	6,136	(6,136)	-
Total	237,120	221,342	15,778	168,352

HOKE COUNTY, NORTH CAROLINA

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

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Economic Development:				
Salaries and employee benefits	15,000	-	15,000	-
Operating expenditures	110,950	72,617	38,333	76,233
Total	125,950	72,617	53,333	76,233
Cooperative Extension:				
Salaries and employee benefits	556,640	484,268	72,372	449,008
Operating expenses	44,314	27,235	17,079	29,350
Capital outlay	55,000	-	55,000	-
Total	655,954	511,503	144,451	478,358
Conservation:				
Salaries and employee benefits	78,585	75,945	2,640	71,795
Operating expenses	9,950	2,635	7,315	2,797
Capital outlay	1,300	1,123	177	-
Total	89,835	79,703	10,132	74,592
Total economic and physical development	1,108,859	885,165	223,694	797,535
Human Services:				
Environmental Health:				
Operating expenses	54,000	35,317	18,683	22,704
Capital outlay	38,089	6,135	31,954	9,610
Total	92,089	41,452	50,637	32,314
Healthy Start:				
Operating expenses	70,000	22,484	47,516	-
Client Services:				
Operating expenses	95,000	76,239	18,761	69,925
Child Health:				
Operating expenses	142,449	55,196	87,253	43,380
Child Services Coordinator:				
Operating expenses	9,100	8,721	379	4,494
Pregnancy Care Management:				
Operating expenses	10,200	8,763	1,437	4,263
Ed/Risk Reduction:				
Operating expenses	95,624	34,579	61,045	119,980
WIC - Nutrition:				
Operating expenses	11,500	10,322	1,178	1,563

HOKE COUNTY, NORTH CAROLINA

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

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
WIC - Administration:				
Operating expenses	200	181	19	300
NC Partnership for Children:				
Operating expenses	26,000	26,000	-	4,000
WIC - Breastfeeding:				
Operating expenses	20,650	9,847	10,803	3,154
WorkFirst Block Grant:				
Operating expenses	38,500	3,616	34,884	2,091
Public Assistance:				
Operating expenses	1,399,937	915,228	484,709	969,484
DSS - IV-D:				
Operating expenses	73,906	55,186	18,720	56,972
Title XX:				
Operating expenses	289,750	54,227	235,523	229,549
DSS-Food Stamps:				
Operating expenses	26,188	25,968	220	27,486
Veterans Service:				
Salaries and employee benefits	107,551	99,800	7,751	52,642
Operating expenses	8,920	7,546	1,374	1,671
Capital outlay	1,200	-	1,200	-
Total	117,671	107,346	10,325	54,313
Health Administration:				
Salaries and employee benefits	3,402,172	2,698,842	703,330	2,519,139
Operating expenses	490,500	412,492	78,008	402,878
Capital outlay	272,345	290,803	(18,458)	67,573
Total	4,165,017	3,402,137	762,880	2,989,590
Communicable Diseases:				
Operating expenses	193,500	154,869	38,631	79,588
Health Hoke Task Force:				
Operating expenses	3,000	-	3,000	-
Bioterrorism Grant:				
Operating expenses	33,251	27,242	6,009	25,642

HOKE COUNTY, NORTH CAROLINA

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

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Breast and Cervical Cancer Program:				
Operating expenses	14,650	6,415	8,235	9,283
Women's Preventive Health:				
Operating expenses	148,904	82,069	66,835	59,423
Maternal Care:				
Salaries and employee benefits	70,000	15,760	54,240	4,219
Operating expenses	44,275	37,864	6,411	28,075
Total	114,275	53,624	60,651	32,294
Immunization:				
Operating expenses	66,000	55,080	10,920	28,916
Safe Routes to School:				
Operating expenses	42,316	-	42,316	(293)
Opioid Grant:				
Operating expenses	184,731	129,559	55,172	287,702
Covid Health:				
Operating expenses	286,000	248,665	37,335	170,747
DSS - Administration:				
Salaries and employee benefits	7,654,353	7,171,954	482,399	5,907,409
Operating expenses	949,200	864,094	85,106	1,220,195
Capital outlay	50,000	41,660	8,340	-
Total	8,653,553	8,077,708	575,845	7,127,604
Senior Services:				
Salaries and employee benefits	630,839	627,400	3,439	545,823
Operating expenses	737,836	468,383	269,453	402,304
Total	1,368,675	1,095,783	272,892	948,127
Health Primary Care:				
Operating expenses	143,950	88,692	55,258	31,460
Special Appropriations				
	1,138,466	893,652	244,814	969,804
Total human services	19,075,052	15,770,850	3,304,202	14,383,629

HOKE COUNTY, NORTH CAROLINA

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

	2024		Variance Over/Under	2023
	Budget	Actual		Actual
Cultural and Recreational:				
Recreation:				
Salaries and employee benefits	1,128,289	1,273,106	(144,817)	707,618
Operating expenses	985,800	975,272	10,528	431,182
Capital outlay	110,000	10,350	99,650	-
Total	2,224,089	2,258,728	(34,639)	1,138,800
Literacy Council:				
Salaries and employee benefits	92,671	65,319	27,352	84,094
Operating expenses	5,500	7,097	(1,597)	-
Capital outlay	3,500	-	3,500	-
Total	101,671	72,416	29,255	84,094
Library:				
Salaries and employee benefits	436,966	376,379	60,587	377,769
Operating expenses	113,650	85,365	28,285	66,197
Capital outlay	-	-	-	3,474
Total	550,616	461,744	88,872	447,440
Total cultural and recreational	2,876,376	2,792,888	83,488	1,670,334
Transportation:				
Salaries and employee benefits	1,357,105	1,163,811	193,294	992,332
Operating expenses	483,755	397,694	86,061	329,351
Capital outlay	477,328	35,438	441,890	30
Total	2,318,188	1,596,943	721,245	1,321,713
Education:				
Public school - current	6,412,500	6,412,500	-	5,937,500
Community colleges	526,000	526,000	-	366,664
Capital outlay	2,077,371	1,416,409	660,962	967,927
Total	9,015,871	8,354,909	660,962	7,272,091
Special Appropriations	258,000	300,500	(42,500)	261,038
Total education	9,273,871	8,655,409	618,462	7,533,129
Debt Service:				
Principal retirement - government	3,416,460	3,416,460	-	3,447,072
Interest and fees	2,171,777	1,437,153	734,624	2,056,697
Total debt service	5,588,237	4,853,613	734,624	5,503,769
Total expenditures	73,937,951	63,154,164	10,783,787	55,395,185
Revenues over (under) expenditures	(532,340)	8,912,582	9,444,922	13,288,969

HOKE COUNTY, NORTH CAROLINA

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

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Intrafund transfers	(122,000)	(122,000)	-	(80,000)
Transfers to other funds:				
Capital project funds	(1,250,000)	(1,250,000)	-	(7,970,585)
Transfers from other funds:				
Special revenue funds	-	-	-	10,000,000
Lease and subscription liabilities issued	180,191	203,034	22,843	192,679
Appropriated fund balance	<u>1,724,149</u>	<u>-</u>	<u>(1,724,149)</u>	<u>-</u>
Total other financing sources (uses)	<u>532,340</u>	<u>(1,168,966)</u>	<u>(1,701,306)</u>	<u>2,142,094</u>
Net change in fund balance	<u>\$ -</u>	<u>7,743,616</u>	<u>\$ 7,743,616</u>	<u>15,431,063</u>
Fund Balance:				
Beginning of year - July 1		<u>59,625,982</u>		<u>44,194,919</u>
End of year - June 30		<u>\$ 67,369,598</u>		<u>\$ 59,625,982</u>

HOKE COUNTY, NORTH CAROLINA

**REGISTER OF DEEDS AUTOMATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operating expenditures	\$ 100,000	\$ 47,781	\$ 52,219
Revenues over (under) expenditures	<u>(100,000)</u>	<u>(47,781)</u>	<u>52,219</u>
Other Financing Sources (Uses):			
Intrafund transfers	50,000	50,000	-
Appropriated fund balance	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Total other financing sources (uses)	<u>100,000</u>	<u>50,000</u>	<u>(50,000)</u>
Net change in fund balance	<u>\$ -</u>	2,219	<u>\$ 2,219</u>
Fund Balance:			
Beginning of year - July 1		<u>187,599</u>	
End of year - June 30		<u>\$ 189,818</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, 2024

	<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	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	50,000	<u>\$ 50,000</u>
Fund Balance:			
Beginning of year - July 1		<u>44,370</u>	
End of year - June 30		<u>\$ 94,370</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, 2024

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operating expenditures	\$ 22,000	\$ 20,327	\$ 1,673
Revenues over (under) expenditures	(22,000)	(20,327)	1,673
Other Financing Sources (Uses):			
Intrafund transfers	22,000	22,000	-
Net change in fund balance	\$ -	1,673	\$ 1,673
Fund Balance:			
Beginning of year - July 1		(10,733)	
End of year - June 30		<u>\$ (9,060)</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, 2024**

	<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	\$ 40,318,690	\$ 1,377,179	\$ 4,562,121	\$ 5,939,300	\$ (34,379,390)
Local contributions	-	4,739	-	4,739	4,739
Investment earnings	460,000	783,855	1,194,954	1,978,809	1,518,809
Total revenues	<u>40,778,690</u>	<u>2,165,773</u>	<u>5,757,075</u>	<u>7,922,848</u>	<u>(32,855,842)</u>
Expenditures:					
General Government:					
City of Raeford water project	2,000,000	81,720	22,880	104,600	1,895,400
2023 Administrative Building project	691,600	246,310	153,860	400,170	291,430
Affordable Housing project	2,200,000	-	-	-	2,200,000
Domestic Violence Shelter project	770,000	-	-	-	770,000
Multi-Use Building project	551,270	-	-	-	551,270
Total general government	<u>6,212,870</u>	<u>328,030</u>	<u>176,740</u>	<u>504,770</u>	<u>5,708,100</u>
Public Safety:					
New courthouse 2022	31,460,000	2,161,033	5,333,586	7,494,619	23,965,381
Capital outlay - Command Vehicle	142,460	-	140,411	140,411	2,049
Emergency Management Bldg. Addition	140,000	-	80,000	80,000	60,000
Total public safety	<u>31,742,460</u>	<u>2,161,033</u>	<u>5,553,997</u>	<u>7,715,030</u>	<u>24,027,430</u>
Cultural and Recreational:					
401 PR building	<u>32,320,135</u>	<u>31,754,590</u>	<u>196,232</u>	<u>31,950,822</u>	<u>369,313</u>
Transportation:					
2023 HATS Facility project	<u>3,654,960</u>	<u>943,841</u>	<u>1,756,211</u>	<u>2,700,052</u>	<u>954,908</u>
Human Services:					
DSS Housing project	<u>475,100</u>	<u>-</u>	<u>475,026</u>	<u>475,026</u>	<u>74</u>
Total expenditures	<u>74,405,525</u>	<u>35,187,494</u>	<u>8,158,206</u>	<u>43,345,700</u>	<u>31,059,825</u>
Revenues over (under) expenditures	<u>(33,626,835)</u>	<u>(33,021,721)</u>	<u>(2,401,131)</u>	<u>(35,422,852)</u>	<u>(1,796,017)</u>
Other Financing Sources (Uses):					
Transfers from General Fund	9,213,700	16,357,847	-	16,357,847	7,144,147
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>33,626,835</u>	<u>40,770,981</u>	<u>-</u>	<u>40,770,981</u>	<u>7,144,146</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,749,260</u>	<u>(2,401,131)</u>	<u>\$ 5,348,129</u>	<u>\$ 5,348,129</u>
Fund Balance:					
Beginning of year - July 1			<u>7,749,260</u>		
End of year - June 30			<u>\$ 5,348,129</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, 2024

	<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	\$ 28,500,000	\$ -	\$ -	\$ -	\$ (28,500,000)
Expenditures:					
2022 High School Project:					
Professional services	3,675,000	3,056,239	2,535,605	5,591,844	(1,916,844)
Construction	26,250,000	-	10,870,693	10,870,693	15,379,307
Total 2022 high school project	29,925,000	3,056,239	13,406,298	16,462,537	13,462,463
Revenues over (under) expenditures	(1,425,000)	(3,056,239)	(13,406,298)	(16,462,537)	(15,037,537)
Other Financing Sources (Uses):					
Transfers from General Fund	1,425,000	175,000	1,250,000	1,425,000	-
Net change in fund balance	\$ -	\$ (2,881,239)	(12,156,298)	\$ (15,037,537)	\$ (15,037,537)
Fund Balance:					
Beginning of year - July 1			(2,881,239)		
End of year - June 30			\$ (15,037,537)		

HOKE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

	Revolving Loan Fund	Emergency Systems Telephone Fund	Asset Forfeiture Fund	Grant Projects Fund
Assets:				
Cash and cash equivalents	\$ 525,974	\$ 364,463	\$ 104,172	\$ 11,401
Taxes receivable	-	-	-	-
Accounts receivable	-	33,594	-	-
Notes receivable	59,667	-	-	-
Due from other funds	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 585,641</u>	<u>\$ 398,057</u>	<u>\$ 104,172</u>	<u>\$ 11,401</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 27,217	\$ -	\$ -
Advances from grantor	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>27,217</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Taxes receivable	-	-	-	-
Unavailable revenues	-	27,217	-	-
Total deferred inflows of resources	<u>-</u>	<u>27,217</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted:				
Stabilization by state statute	59,667	6,377	-	-
General government	-	-	-	-
Public safety	-	337,246	104,172	-
Human services	-	-	-	-
Assigned	525,974	-	-	11,401
Unassigned	-	-	-	-
Total fund balances	<u>585,641</u>	<u>343,623</u>	<u>104,172</u>	<u>11,401</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 585,641</u>	<u>\$ 398,057</u>	<u>\$ 104,172</u>	<u>\$ 11,401</u>

HOKE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

	Fire District Fund	Representative Payee Fund	Opioid Fund	Multi-Year Grants Fund	Total
Assets:					
Cash and cash equivalents	\$ 19,407	\$ 75,715	\$ -	\$ 210,246	\$ 1,311,378
Taxes receivable	143,680	-	-	-	143,680
Accounts receivable	42,183	-	2,521,143	6,373	2,603,293
Notes receivable	-	-	-	-	59,667
Due from other funds	-	-	72,741	-	72,741
Restricted cash and cash equivalents	-	-	665,177	58,881	724,058
Total assets	<u>\$ 205,270</u>	<u>\$ 75,715</u>	<u>\$ 3,259,061</u>	<u>\$ 275,500</u>	<u>\$ 4,914,817</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 54,212	\$ -	\$ 15,001	\$ 28,151	\$ 124,581
Advances from grantor	-	-	-	58,881	58,881
Due to other funds	-	-	156,808	7,757	164,565
Total liabilities	<u>54,212</u>	<u>-</u>	<u>171,809</u>	<u>94,789</u>	<u>348,027</u>
Deferred Inflows of Resources:					
Taxes receivable	143,680	-	-	-	143,680
Unavailable revenues	-	-	2,521,143	-	2,548,360
Total deferred inflows of resources	<u>143,680</u>	<u>-</u>	<u>2,521,143</u>	<u>-</u>	<u>2,692,040</u>
Fund Balances:					
Restricted:					
Stabilization by state statute	42,183	-	72,741	6,373	187,341
General government	-	-	493,368	-	493,368
Public safety	-	-	-	174,338	615,756
Human services	-	75,715	-	-	75,715
Assigned	-	-	-	-	537,375
Unassigned	(34,805)	-	-	-	(34,805)
Total fund balances	<u>7,378</u>	<u>75,715</u>	<u>566,109</u>	<u>180,711</u>	<u>1,874,750</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 205,270</u>	<u>\$ 75,715</u>	<u>\$ 3,259,061</u>	<u>\$ 275,500</u>	<u>\$ 4,914,817</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, 2024

	<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	-	-	27,093	-
E-911 wireless	-	76,523	-	-
Miscellaneous	-	-	-	-
Investment earnings	-	9,867	-	-
Total revenues	<u>-</u>	<u>86,390</u>	<u>27,093</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	70,799	27,203	-
Human services	-	-	-	-
Economic and physical development	-	-	-	-
Capital outlay	-	27,217	-	-
Principal	-	14,058	-	-
Interest and fees	-	285	-	-
Total expenditures	<u>-</u>	<u>112,359</u>	<u>27,203</u>	<u>-</u>
Net change in fund balances	-	(25,969)	(110)	-
Fund Balances:				
Beginning of year - July 1, as previously reported	585,641	369,592	104,282	11,401
Change within financial reporting entity (major to nonmajor fund)	-	-	-	-
Beginning of year - July 1, as restated	<u>585,641</u>	<u>369,592</u>	<u>104,282</u>	<u>11,401</u>
End of year - June 30	<u>\$ 585,641</u>	<u>\$ 343,623</u>	<u>\$ 104,172</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, 2024

	<u>Fire District Fund</u>	<u>Representative Payee Fund</u>	<u>Opioid Fund</u>	<u>Multi-Year Grants Funds</u>	<u>Total</u>
Revenues:					
Ad valorem taxes	\$ 3,788,079	\$ -	\$ -	\$ -	\$ 3,788,079
Restricted intergovernmental	-	147,028	-	1,075,778	1,249,899
E-911 wireless	-	-	-	-	76,523
Miscellaneous	-	-	457,145	-	457,145
Investment earnings	-	-	13,346	-	23,213
Total revenues	<u>3,788,079</u>	<u>147,028</u>	<u>470,491</u>	<u>1,075,778</u>	<u>5,594,859</u>
Expenditures:					
Current:					
General government	-	-	171,808	-	171,808
Public safety	3,788,080	-	-	352,447	4,238,529
Human services	-	118,852	-	67,716	186,568
Economic and physical development	-	-	-	517,017	517,017
Capital outlay	-	-	-	-	27,217
Principal	-	-	-	-	14,058
Interest and fees	-	-	-	-	285
Total expenditures	<u>3,788,080</u>	<u>118,852</u>	<u>171,808</u>	<u>937,180</u>	<u>5,155,482</u>
Net change in fund balances	(1)	28,176	298,683	138,598	439,377
Fund Balances:					
Beginning of year - July 1, as previously reported	7,379	47,539	267,426	-	1,393,260
Change within financial reporting entity (major to nonmajor fund)	-	-	-	42,113	42,113
Beginning of year - July 1, as restated	<u>7,379</u>	<u>47,539</u>	<u>267,426</u>	<u>42,113</u>	<u>1,435,373</u>
End of year - June 30	<u>\$ 7,378</u>	<u>\$ 75,715</u>	<u>\$ 566,109</u>	<u>\$ 180,711</u>	<u>\$ 1,874,750</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, 2024

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Miscellaneous revenue	\$ 68,000	\$ 81,500	\$ 13,500
Expenditures:			
Economic incentive	<u>68,000</u>	<u>-</u>	<u>68,000</u>
Net change in fund balance	<u>\$ -</u>	<u>81,500</u>	<u>\$ 81,500</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		(81,500)	
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, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
E-911	\$ 279,289	\$ 76,523	\$ (202,766)
Investment earnings	-	9,867	9,867
Total revenues	<u>279,289</u>	<u>86,390</u>	<u>(192,899)</u>
Expenditures:			
Implemental functions	4,607	4,607	-
Telephone & furniture	12,778	12,778	-
Software and software maintenance	30,285	30,285	-
Hardware and hardware maintenance	21,091	21,091	-
Training	2,038	2,038	-
Capital outlay	224,147	27,217	196,930
Debt service:			
Principal	14,058	14,058	-
Interest	<u>285</u>	<u>285</u>	<u>-</u>
Total expenditures	<u>309,289</u>	<u>112,359</u>	<u>196,930</u>
Revenues over (under) expenditures	(30,000)	(25,969)	4,031
Other Financing Sources (Uses):			
Appropriated fund balance	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(25,969)</u>	<u>\$ (25,969)</u>
Fund Balance:			
Beginning of year - July 1		<u>369,592</u>	
End of year - June 30		<u>\$ 343,623</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		\$ 343,623	
Difference in beginning fund balance due to transposition error on PSAP report		9,956	
FY 2024 grant revenue accrual not yet received/reported		<u>27,217</u>	
Ending balance, PSAP revenue - expenditure report		<u>\$ 380,796</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, 2024

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Federal asset forfeiture funds - justice	\$ 20,000	\$ 4,846	\$ (15,154)
Federal asset forfeiture funds - treasury	50,000	9,966	(40,034)
State asset forfeiture funds	<u>20,000</u>	<u>12,281</u>	<u>(7,719)</u>
Total revenues	<u>90,000</u>	<u>27,093</u>	<u>(62,907)</u>
Expenditures:			
Operating expenditures:			
Federal asset forfeiture funds - justice	20,000	-	20,000
Federal asset forfeiture funds - treasury	50,000	12,005	37,995
State asset forfeiture funds	<u>20,000</u>	<u>15,198</u>	<u>4,802</u>
Total expenditures	<u>90,000</u>	<u>27,203</u>	<u>62,797</u>
Net change in fund balance	<u>\$ -</u>	(110)	<u>\$ (110)</u>
Fund Balance:			
Beginning of year - July 1		<u>104,282</u>	
End of year - June 30		<u>\$ 104,172</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, 2024**

	<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, 2024

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 4,011,813	\$ 3,788,079	\$ (223,734)
Expenditures:			
Public Safety:			
Fire Districts:			
North Raeford Fire Department	285,356	204,328	81,028
Antioch Fire Department	205,448	194,995	10,453
North Scotland Fire Department	38,397	18,856	19,541
Puppy Creek Fire Department	1,287,340	1,282,661	4,679
Rockfish Fire Department	594,159	552,160	41,999
Hillcrest Fire Department	731,727	700,247	31,480
West Hoke Fire Department	224,531	221,170	3,361
Pine Hill Fire Department	214,841	210,424	4,417
Tyler Town Fire Department	105,443	84,218	21,225
Stonewall Fire Department	266,646	263,919	2,727
Crestline Fire Department	57,925	55,102	2,823
Total expenditures	<u>4,011,813</u>	<u>3,788,080</u>	<u>223,733</u>
Net change in fund balance	<u>\$ -</u>	(1)	<u>\$ (1)</u>
Fund Balance:			
Beginning of year - July 1		<u>7,379</u>	
End of year - June 30		<u>\$ 7,378</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, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 160,000	\$ 147,028	\$ (12,972)
Expenditures:			
Payments made for the benefit of beneficiaries	<u>160,000</u>	<u>118,852</u>	<u>(41,148)</u>
Net change in fund balance	<u>\$ -</u>	28,176	<u>\$ 28,176</u>
Fund Balance:			
Beginning of year - July 1		<u>47,539</u>	
End of year - June 30		<u>\$ 75,715</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, 2024

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Miscellaneous	\$ 250,000	\$ 457,145	\$ 207,145
Investment earnings	-	13,346	13,346
Total revenues	<u>250,000</u>	<u>470,491</u>	<u>220,491</u>
Expenditures:			
Operating expenditures	<u>250,000</u>	<u>171,808</u>	<u>78,192</u>
Net change in fund balance	<u>\$ -</u>	<u>298,683</u>	<u>\$ 298,683</u>
Fund Balance:			
Beginning of year - July 1		<u>267,426</u>	
End of year - June 30		<u>\$ 566,109</u>	

HOKE COUNTY, NORTH CAROLINA

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

	Project Authorization	Actual			Budget Variance
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted Intergovernmental Revenues:					
Urgent Home Repair grant 2022	\$ 132,000	\$ 83,739	\$ 43,457	\$ 127,196	\$ (4,804)
Urgent Home Repair grant 2023	132,000	720	94,691	95,411	(36,589)
Emergency Management Performance grant	211,248	-	186,666	186,666	(24,582)
Regional Economic Development Reserve grant - Turnout Gear	50,000	-	40,167	40,167	(9,833)
State Capital and Infrastructure Funds - C&E grant	248,000	-	248,000	248,000	-
STRAP Stream Debris Removal	375,507	-	375,507	375,507	-
NC DHHS Public Health OEEB State grant	185,464	26,474	87,290	113,764	(71,700)
Total revenues	<u>1,334,219</u>	<u>110,933</u>	<u>1,075,778</u>	<u>1,186,711</u>	<u>(147,508)</u>
Expenditures:					
Emergency Management Performance Grant:					
Operating expenses	211,248	-	64,280	64,280	146,968
REDR Turnout gear	50,000	-	40,167	40,167	9,833
Urgent Home Repair 2022	137,000	83,739	46,819	130,558	6,442
Urgent Home Repair 2023	137,000	720	94,691	95,411	41,589
SCIF - C&E grant	248,000	-	248,000	248,000	-
STRAP Stream Debris Removal	375,507	-	375,507	375,507	-
Climate change adaptation - Sandhills	<u>185,464</u>	<u>26,474</u>	<u>67,716</u>	<u>94,190</u>	<u>91,274</u>
Total expenditures	<u>1,344,219</u>	<u>110,933</u>	<u>937,180</u>	<u>1,048,113</u>	<u>296,106</u>
Revenues over (under) expenditures	(10,000)	-	138,598	138,598	148,598
Other Financing Sources (Uses):					
Transfers from other funds	<u>10,000</u>	<u>42,113</u>	<u>-</u>	<u>42,113</u>	<u>32,113</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 42,113</u>	<u>138,598</u>	<u>\$ 180,711</u>	<u>\$ 180,711</u>
Fund Balance:					
Beginning of year - July 1			<u>42,113</u>		
End of year - June 30			<u>\$ 180,711</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating Revenues:			
Water and sewer charges	\$ 9,592,000	\$ 8,235,507	\$ (1,356,493)
Tap and impact fees	1,020,850	1,488,927	468,077
Other operating revenues	49,150	173,754	124,604
Total operating revenues	<u>10,662,000</u>	<u>9,898,188</u>	<u>(763,812)</u>
Non-operating revenues:			
Miscellaneous	-	5,693	5,693
Total revenues	<u>10,662,000</u>	<u>9,903,881</u>	<u>(758,119)</u>
Expenditures:			
Water and Sewer Operations:			
Salaries and benefits	2,122,887	2,160,786	(37,899)
Other operating expenses	9,481,476	5,806,935	3,674,541
Capital outlay	980,001	523,444	456,557
Charges for services	371,875	250,000	121,875
Total	<u>12,956,239</u>	<u>8,741,165</u>	<u>4,215,074</u>
Debt Service:			
Interest and fees	570,206	570,206	-
Debt principal	230,056	1,022,719	(792,663)
Total	<u>800,262</u>	<u>1,592,925</u>	<u>(792,663)</u>
Total expenditures	<u>13,756,501</u>	<u>10,334,090</u>	<u>3,422,411</u>
Revenues over (under) expenditures	<u>(3,094,501)</u>	<u>(430,209)</u>	<u>2,664,292</u>
Other Financing Sources (Uses):			
Transfer in (out):			
Intrafund transfers	<u>(250,000)</u>	-	<u>250,000</u>
Appropriated fund balance	<u>3,344,501</u>	-	<u>(3,344,501)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (430,209)</u>	<u>\$ (430,209)</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, 2024

	<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		\$ (430,209)	
Reconciling items:			
Depreciation		(2,118,673)	
Amortization - leases		(5,090)	
Amortization - premium from refunding		52,351	
Debt principal		1,022,719	
Change in accrued interest		2,196	
Capital outlay		585,064	
Capital contributions - project		250,500	
Change in compensated absences		(19,617)	
Change in deferred outflows of resources - OPEB		(16,269)	
Change in OPEB liability		(40,289)	
Change in deferred inflows of resources - OPEB		19,732	
Change in deferred outflows of resources - pensions		53,592	
Change in net pension liability		(160,094)	
Change in deferred inflows of resources - pensions		<u>2,599</u>	
Change in net position		<u>\$ (801,488)</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, 2024

	<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	\$ 75,680	\$ 53,950	\$ 129,630	\$ (1,425,370)
Investment earnings	-	107,110	-	107,110	107,110
Total revenues	<u>1,555,000</u>	<u>182,790</u>	<u>53,950</u>	<u>236,740</u>	<u>(1,318,260)</u>
Expenditures:					
211W2:					
Professional services	355,000	75,680	53,950	129,630	225,370
Construction cost	1,200,000	-	-	-	1,200,000
Total 211W2	<u>1,555,000</u>	<u>75,680</u>	<u>53,950</u>	<u>129,630</u>	<u>1,425,370</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 107,110</u>	<u>\$ -</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, 2024

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
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, 2024

	Project Authorization	Actual			Budget Variance
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental - IPARK	\$ 262,000	\$ 30,150	\$ 196,550	\$ 226,700	\$ (35,300)
Contribution - VFD	-	6,484	-	6,484	6,484
Total revenues	<u>262,000</u>	<u>36,634</u>	<u>196,550</u>	<u>233,184</u>	<u>(28,816)</u>
Expenditures:					
Rockfish Area Sewer:					
Professional services	100,000	98,300	-	98,300	1,700
Construction	<u>2,604,419</u>	<u>2,286,662</u>	<u>1,629,993</u>	<u>3,916,655</u>	<u>(1,312,236)</u>
Total Rockfish area sewer	<u>2,704,419</u>	<u>2,384,962</u>	<u>1,629,993</u>	<u>4,014,955</u>	<u>(1,310,536)</u>
Westgate Pump Station Replacement:					
Professional services	251,000	46,000	53,200	99,200	151,800
Construction	<u>969,000</u>	<u>-</u>	<u>780,774</u>	<u>780,774</u>	<u>188,226</u>
Total Westgate pump station replacement	<u>1,220,000</u>	<u>46,000</u>	<u>833,974</u>	<u>879,974</u>	<u>340,026</u>
Industrial Park Sewer:					
Professional services	<u>327,500</u>	<u>53,100</u>	<u>239,100</u>	<u>292,200</u>	<u>35,300</u>
Total Industrial Park sewer	<u>327,500</u>	<u>53,100</u>	<u>239,100</u>	<u>292,200</u>	<u>35,300</u>
Total expenditures	<u>4,251,919</u>	<u>2,484,062</u>	<u>2,703,067</u>	<u>5,187,129</u>	<u>(935,210)</u>
Revenues over (under) expenditures	(3,989,919)	(2,447,428)	(2,506,517)	(4,953,945)	(964,026)
Other Financing Sources (Uses) :					
Transfers in:					
Intrafund transfers, net:					
Water Sewer District Fund	<u>3,989,919</u>	<u>2,621,130</u>	<u>-</u>	<u>2,621,130</u>	<u>(1,368,789)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 173,702</u>	<u>\$ (2,506,517)</u>	<u>\$ (2,332,815)</u>	<u>\$ (2,332,815)</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Solid waste charges	\$ 3,696,797	\$ 3,921,157	\$ 224,360
Other	126,100	221,341	95,241
Total operating revenues	<u>3,822,897</u>	<u>4,142,498</u>	<u>319,601</u>
Non-operating revenues:			
Investment earnings	41,792	42,849	1,057
Total revenues	<u>3,864,689</u>	<u>4,185,347</u>	<u>320,658</u>
Expenditures:			
Landfill operations:			
Salaries and benefits	928,441	928,226	215
Other operating expenses	3,068,761	2,482,808	585,953
Capital outlay	789,706	352,124	437,582
Charges for services	300,000	-	300,000
Total expenditures	<u>5,086,908</u>	<u>3,763,158</u>	<u>1,323,750</u>
Revenues over (under) expenditures	(1,222,219)	422,189	1,644,408
Appropriated fund balance	<u>1,222,219</u>	<u>-</u>	<u>(1,222,219)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 422,189</u>	<u>\$ 422,189</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 422,189	
Reconciling items:			
Capital outlay		277,782	
Depreciation		(187,416)	
Change in compensated absences		8,005	
Change in deferred outflows of resources - OPEB		(7,309)	
Change in OPEB liability		(18,101)	
Change in deferred inflows of resources - OPEB		8,865	
Change in deferred outflows of resources - pensions		26,796	
Change in net pension liability		(80,047)	
Change in deferred inflows of resources - pensions		<u>1,299</u>	
Change in net position		<u>\$ 452,063</u>	

HOKE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2024

	<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	\$ 16,374	\$ 17,420	\$ 1,658	\$ 35,452
Taxes receivable for other governments, net	<u>19,849</u>	<u>-</u>	<u>-</u>	<u>19,849</u>
Total assets	<u>36,223</u>	<u>17,420</u>	<u>1,658</u>	<u>55,301</u>
Liabilities:				
Due to other governments	<u>19,849</u>	<u>-</u>	<u>-</u>	<u>19,849</u>
Net Position:				
Restricted:				
Individuals, organizations, and other governments	<u>\$ 16,374</u>	<u>\$ 17,420</u>	<u>\$ 1,658</u>	<u>\$ 35,452</u>

HOKE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	<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	\$ 273,228	\$ -	\$ -	\$ 273,228
Collections on behalf of individuals/orrganizations	-	54,110	675	54,785
Total additions	<u>273,228</u>	<u>54,110</u>	<u>675</u>	<u>328,013</u>
Deductions:				
Tax and interest distributions to other governments	278,508	-	-	278,508
Payments on behalf of individuals/orrganizations	-	60,468	1,075	61,543
Total deductions	<u>278,508</u>	<u>60,468</u>	<u>1,075</u>	<u>340,051</u>
Net increase (decrease) in fiduciary net position	(5,280)	(6,358)	(400)	(12,038)
Net position, beginning, July 1	<u>21,654</u>	<u>23,778</u>	<u>2,058</u>	<u>47,490</u>
Net position, ending, June 30	<u>\$ 16,374</u>	<u>\$ 17,420</u>	<u>\$ 1,658</u>	<u>\$ 35,452</u>

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2024

<u>Year Ended June 30</u>	<u>Uncollected Balance July 1, 2023</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2024</u>
2024	\$ -	\$ 35,584,414	\$ 34,595,509	\$ 988,905
2023	991,380	-	705,626	285,754
2022	231,158	-	139,481	91,677
2021	113,126	-	63,771	49,355
2020	63,266	-	30,674	32,592
2019	43,536	-	17,444	26,092
2018	32,338	-	12,908	19,430
2017	26,487	-	11,001	15,486
2016	18,853	-	7,418	11,435
2015	14,228	-	3,988	10,240
2014	112,574	-	112,574	-
Total	<u>\$ 1,646,946</u>	<u>\$ 35,584,414</u>	<u>\$ 35,700,394</u>	1,530,966
Less: allowance for uncollectible accounts				<u>(136,665)</u>
Ad valorem taxes receivable, net				<u>\$ 1,394,301</u>
Reconciliation with Revenues:				
Ad Valorem Taxes:				
General Fund				<u>\$ 35,216,530</u>
Reconciling items:				
Interest collected				(249,412)
Discounts allowed				438,083
Taxes written off				112,574
Miscellaneous				56,426
Releases				126,193
Total reconciling items				<u>483,864</u>
Total collections and credits				<u>\$ 35,700,394</u>

HOKE COUNTY, NORTH CAROLINA

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

	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	\$ 4,712,827,260	\$ 0.73	\$ 34,403,639	\$ 29,952,392	\$ 4,451,247
Interest and penalties	<u>18,644,521</u>	0.73	<u>136,105</u>	<u>88,701</u>	<u>47,404</u>
Total	<u>4,731,471,781</u>		<u>34,539,744</u>	<u>30,041,093</u>	<u>4,498,651</u>
Discoveries:					
Current year's taxes	22,386,712		163,423	163,423	-
Prior year's taxes and rollbacks	<u>136,903,151</u>		<u>999,393</u>	<u>999,393</u>	<u>-</u>
Total	<u>159,289,863</u>		<u>1,162,816</u>	<u>1,162,816</u>	<u>-</u>
Abatements			<u>(118,146)</u>	<u>(118,146)</u>	<u>-</u>
Total property valuation	<u>\$ 4,890,761,644</u>				
Net Levy			35,584,414	31,085,763	4,498,651
Uncollected taxes at June 30, 2024			<u>988,905</u>	<u>833,576</u>	<u>155,329</u>
Current Year's Taxes Collected			<u>\$ 34,595,509</u>	<u>\$ 30,252,187</u>	<u>\$ 4,343,322</u>
Current Levy Collection Percentage			<u>97.22%</u>	<u>97.32%</u>	<u>96.55%</u>

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Board of Commissioners
Hoke County
Raeford, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 31, 2025. 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 the 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 compliance and other matters associated with the Hoke County ABC Board or that are reported on separately by those auditors who audited the financial statements of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 31, 2025

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Board of Commissioners
Hoke County
Raeford, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hoke County, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Hoke County's major federal programs for the year ended June 30, 2024. 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, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings, Responses and Questioned Costs as item 2024-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Hoke County's response to the non-compliance finding identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Hoke County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2024-001 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Hoke County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Hoke County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
January 31, 2025

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

To the Board of Commissioners
Hoke County
Raeford, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Hoke County, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Hoke County's major state programs for the year ended June 30, 2024. 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, 2024.

Basis for Opinion on Each Major State Program

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

We are required to be independent of 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.

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2024-001. Our opinion on each major state program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Hoke County's response to the noncompliance finding identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Hoke County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2024-001 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Hoke County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Hoke County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
January 31, 2025

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HOKE COUNTY, NORTH CAROLINA

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

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? No
- Significant deficiency (s) identified? None reported

Non-compliance material to financial statements noted?

No

Federal Awards

Internal control over major federal programs:

- Material weakness (es) identified? No
- Significant deficiency (s) identified? Yes

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

Unmodified

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

Yes

Identification of major federal programs:

<u>Program Name</u>	<u>AL #</u>
Medicaid Cluster	93.778
Child Support Services	93.563
Supplemental Nutrition Assistance Program Cluster	10.561

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

No

HOKE COUNTY, NORTH CAROLINA

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

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? Yes

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

Any findings disclosed that are required to be Reported in accordance with the State Single Audit Implementation Act? Yes

Auditee qualified as low-risk auditee? No

Identification of major state programs:

Program Name

Medicaid Cluster
Public School Building Capital Fund - Needs-Based

HOKE COUNTY, NORTH CAROLINA

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

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

Passed through the N.C. Department of Health and Human Services, Division of Social Services

Program Name:

DSS Crosscutting (State)

SNAP Cluster AL #10.561 (245NC406S2514)

Finding: 2024-001

Significant Deficiency, non-material non-compliance Special Tests and Provisions (Enterprise Program Integrity)

Criteria: Per the North Carolina DSS Crosscutting Requirements compliance supplement, Counties must acquire adequate case documentation to substantiate the claim entry into the NC Fast Enterprise Program Integrity (“EPI”) system. This information includes, but is not limited to the dates of the overpayment period, documentary evidence to substantiate that an overpayment occurred, such as wage stubs or verification from an employer, other income verification and household composition verification, and the budgets used to compute the amount of the overpayment.

Condition: We noted instances of claims entered in EPI where adequate case documentation to substantiate the claim entry was not maintained.

Context: We sampled 40 claims that were current in the EPI system and noted the above condition in 2 (5.0%) of the claims tested. For the first claim, the overpayment amount was incorrectly listed on the EPI420 compared to the DSS-1682 by an employee due to transposing a number. For the second claim, an overpayment amount was incorrectly listed on the EPI420 compared to the DSS-1682 by an employee keying in the “Less Adjustments” amount. Therefore, initial investigation in the claims file does not agree to the amount entered in EPI to be collected on by the County.

Effect: The County may not have accurate supporting documentation for claims entered in EPI system. There is a risk that claims may not be valid as a result.

Cause: Documentation to support a claim entered into EPI was not accurate.

Questioned Costs: The finding represents an internal control weakness; therefore, no questioned costs are applicable. Upon further review, the cases were still eligible to report a claim entry into EPI.

Recommendation: County DSS staff should implement controls to ensure that all documentation is maintained and agrees to what was entered into EPI.

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

HOKE COUNTY, NORTH CAROLINA

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

Section IV – State Award Findings and Questioned Costs

N.C. Department of Health and Human Services

Passed through the N.C. Department of Health and Human Services, Division of Social Services
Program Name:

DSS Crosscutting (State)

SNAP Cluster AL #10.561 (245NC406S2514)

Significant Deficiency, non-material non-compliance

Special Tests and Provisions (Enterprise Program Integrity)

Finding 2024-001 under federal awards also applies to state requirements and state awards.

TERRY STANTON
DIRECTOR

County of Hoke
Department of Social Services

P.O. Box 340
RAEFORD, NC 28376-0340

TELEPHONE
(910) 875-8725

FAX
(910) 875-1068

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2024

Finding: 2024-001

Name of Contact Person: Diane Simmons, Program Integrity Supervisor

Corrective Action/Management's Response: Management agrees with the audit finding. The Program Integrity Investigator will ensure that all documentation and evidence relative to the case is scanned into NCFAST under the Program Integrity Investigative Case. The Investigator will complete the DSS-1682 and review for accuracy prior to submitting the form to the Program Integrity Supervisor for approval. The Program Integrity Supervisor will complete a second party review of all DSS-1682's and documentation to ensure that investigations and forms are completed correctly and timely. The Program Integrity Investigator will enter the claim into NCFAST after approval by the Supervisor. The second party review results will be reviewed with Program Integrity Staff monthly. Remedial training will be conducted if any errors are found.

Proposed Completion Date: the above mentioned procedures will be Implemented immediately.

HOKE COUNTY, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

Finding: 2023-001

Status: Corrected

Finding: 2023-002

Status: Corrected

Finding: 2023-003

Status: Corrected

Finding: 2023-004

Status: Corrected

HOKE COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

	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	245NC406S2514	\$ 23,149	\$ -	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Administration	10.561	245NC406S2514	572,552	-	-
Total Supplemental Nutrition Assistance Program Cluster			<u>595,701</u>	<u>-</u>	<u>-</u>
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health					
Administration:					
WIC Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	13A25403GA	389,415	-	-
Total U.S. Department of Agriculture			<u>985,116</u>	<u>-</u>	<u>-</u>
<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	1,404,969	-	-
Total Federal Transit Cluster			<u>1,404,969</u>	<u>-</u>	<u>-</u>
Formula Grants for Rural Areas and Tribal Transit Program:					
24-CT-078-Hoke County Admin	20.509	WBS36233.51.24.1	117,183	7,323	-
24-CT-078-Hoke County Capital	20.509	WBS36233.51.24.4	8,612	1,076	-
Total Formula Grants for Rural Areas and Tribal Transit Program			<u>125,795</u>	<u>8,399</u>	<u>-</u>
Total N.C. Department of Transportation			<u>1,530,764</u>	<u>8,399</u>	<u>-</u>
Pipeline and Hazardous Materials Safety Administration					
Passed-through N.C. Department of Public Safety:					
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	693JK32240027HMEP	11,000	-	-
Total U.S. Department of Transportation			<u>1,541,764</u>	<u>8,399</u>	<u>-</u>
<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-MAP24	1,922,131	80,608	-
Total Medicaid Cluster			<u>1,922,131</u>	<u>80,608</u>	<u>-</u>
Division of Social Services					
Administration:					
Children's Health Insurance Program - NC Health Choice	93.767	CHIP24	90,483	2,498	-
Total Centers for Medicare and Medicaid Services			<u>2,012,614</u>	<u>83,106</u>	<u>-</u>

HOKE COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
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	86,558	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1460272ENF	1,836	-	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	1175852ADH	48,116	-	-
COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	11617955LZ;			
		11755165LZ	50,913	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175878AHH	101,320	-	-
Preventative Health and Health Services Block Grant	93.991	1261550300	30,431	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	1320310CD7	6,270	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311462ANB	100	-	-
Public Health Emergency Preparedness	93.069	12642680EW	32,795	-	-
CDC's and Prevention Collaboration with Academia to Strengthen Public Health	93.967	1161SCLHF8	17,987	-	-
Immunization Cooperative Agreements	93.268	1331631AEJ	48,738	-	-
COVID 19 - Immunization Cooperation Agreements	93.268	1331631AEJ	132,845	-	-
Total Immunization Cooperative Agreements			181,583	-	-
Total Centers for Disease Control and Prevention			557,909	-	-
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	46,779	-	-
Health Resources and Services Administration					
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health					
Healthy Start Initiative	93.926	20G0237001	19,497	-	-
Maternal and Child Health Federal Consolidated Programs	93.110	13A1588AMZ	798	-	-
Maternal and Child Health Services Block Grant to the States	93.994	12715318AR	39,141	4,319	-
Total Health Resources and Services Administration			59,436	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	G2401NCCCDF	106,085	-	-
Total Subsidized Child Care Program Cluster (Note 3) / Child Care Development Fund Cluster			106,085	-	-
Passed-through the N.C. Department of Health and Human Services:					
Division of Social Services					
<u>Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 3):</u>					
Administration:					
Foster Care - Title IV-E	93.658	2401NCFOST	219,639	12,186	-
Foster Care - Title IV-E	93.658	2401NCFOST	51,336	31,080	-
Adoption Assistance	93.659	2401NCADPT	16,388	-	-
Direct Benefit Payments:					
Foster Care Title IV-E	93.658	2401NCFOST	99,956	30,691	-
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 3)			387,319	73,957	-

HOKE COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

	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	2401NCTANF	72,242	-	-
Total Temporary Assistance for Needy Families			81,228	-	-
Division of Social Services					
Administration:					
<u>Special Children Adoption Fund Cluster (Note 3)</u>					
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G2401NCFPSS	8,027	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G2401NCCWSS	13,664	-	-
Total Special Children Adoption Fund Cluster (Note 3)			21,691	-	-
Social Services Block Grant	93.667	G2401NCSOSR	273,196	-	-
Child Support Services	93.563	2401NCCCES	681,468	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2401NCC1LP	6,450	1,613	-
Low-Income Home Energy Assistance	93.568	G24B1NCLIEA	54,325	-	-
COVID-19 - Low-Income Home Energy Assistance - Weatherization	93.568	G24B1NCLIEA	12,109	-	-
Total Low-Income Home Energy Assistance			66,434	-	-
Total Administration for Children and Families			1,623,871	75,570	-
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	45,192	2,658	-
COVID-19 - Congregate Nutrition Title III-C1 ARPA	93.045	ZGA380-A	19,723	-	-
Home-Delivered Meals Title III-C2	93.045	ZGA380-A	134,805	7,930	-
COVID-19 - Home-Delivered Meals Title III-C2 ARPA	93.045	ZGA380-A	33,666	-	-
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	51,498	3,029	33,772
COVID-19 - In-Home Services - Title III-B ARPA	93.044	ZGA380-A	40,285	-	-
Access Services - Title III-B	93.044	ZGA380-A	37,197	2,188	-
Nutrition Services Incentive Program	93.053	ZGA380-A	25,243	-	-
State appropriations:					
90% State Funds - In-Home Services		ZGA380-A	-	48,354	29,949
90% State Funds - Access		ZGA380-A	-	8,470	-
Total Aging Cluster			387,609	72,629	63,721
Passed-through N.C. Department of Insurance - SHIIP Division					
State Health Insurance Assistance Program	93.324	90SAPG0027-03-02	8,185	-	-
Medicare Enrollment Assistance Program	93.071	2301NCMISH-01	3,580	-	-
Total Administration for Community Living			399,374	72,629	63,721
Total U.S. Department of Health and Human Services			4,699,983	235,624	63,721

HOKE COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
<u>U.S. Department of Homeland Security</u>					
Federal Emergency Management Agency					
Passed-through the United Way					
Emergency Food and Shelter National Board Program - Phase 40	97.024	642800-011	7,249	-	-
Emergency Food and Shelter National Board Program - Phase 41	97.024	642800-011	10,445	-	-
Passed-through the N.C. Department of Public Safety					
Homeland Security Grant Program	97.067	EMW-2022-SS-00018	20,000	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disaster) - Z.Mgmt Costs	97.036	FEMA-4393-DR-NC	10,120	-	-
Emergency Management Performance Grants	97.042	EMA-2022-EP-00005- 2220047	24,582	-	-
Emergency Management Performance Grants	97.042	EMA-2023-EP-00003- 2320047	39,698	-	-
Total Emergency Management Performance Grants			64,280	-	-
Total U.S. Department of Homeland Security			112,094	-	-
<u>U.S. Department of Treasury</u>					
Direct Program:					
Equitable Sharing	21.016	NC0470000	12,005	-	-
Total U.S. Dept. of Treasury			12,005	-	-
TOTAL FEDERAL AWARDS			7,350,962	244,023	63,721
STATE AWARDS:					
N.C. Dept of Agriculture and Consumer Services					
Division of Soil & Water Conservation					
Streamflow Rehabilitation Assistance Program - Government		22-080-4095	-	375,507	-
N.C. Dept of Health and Human Services					
Division of Social Services:					
Administration:					
DCD Smart Start			-	20,000	-
Emergency Plmt FC			-	15,280	-
ST Child Welfare/CPS/CS LD			-	23,460	-
AFDC Incentive/Program Integrity			-	904	-
Direct benefits:					
F/C at Risk Maximization			-	2,994	-
Foster Care Kinship			-	27,674	-
SFHF Maximization			-	69,865	-
State Foster Home			-	33,444	-
Total Division of Social Services			-	193,621	-
Passed through the Lumber River Council of Governments					
Division of Aging and Adult Services:					
Senior Program General Purposes			-	3,718	-

HOKE COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
Division of Public Health:					
Other Receipts / State Supported Expenditures					
Food and Lodging Fees		11534752SZ	-	7,173	-
DPH Aid to Counties		1161411000	-	99,374	-
General Communicable Disease Control		1175451000	-	3,652	-
Breast and Cervical Cancer		1320559900	-	4,505	-
Healthy Communities		1261550300	-	3,747	-
High Risk Maternity Clinics		2000000000	-	39,635	-
Child Health		1271574500	-	14,106	-
Family Planning - State		13A1573500	-	7,709	-
Maternal Health		13A1574000	-	7,639	-
HIV Care Formula Grants - Ryan White Care Act		20G0169002	-	632	-
HIV/STD State		13114601BN	-	33	-
Women Health Service Fund		13A16020FR	-	6,687	-
Tuberculosis Control		2000000000	-	13,282	-
State Fiscal Recovery Funds		2000400000; 200TT00000	-	140,219	-
School Nursing Funding Initiative		1332535800	-	150,000	150,000
Total Division of Public Health			-	<u>498,393</u>	<u>150,000</u>
Division of Mental Health					
Developmental Disabilities and Substance Abuse Services					
Opioid Grant Revenue		42508	-	248,664	-
Total N.C. Dept of Health and Human Services			-	<u>944,396</u>	<u>150,000</u>
N.C. Dept of Natural and Cultural Resources					
PARTF Grant		2022-940	-	209,192	-
N.C. Dept of Public Instruction					
Public School Building Capital Fund - Needs-Based			-	13,406,297	-
N.C. Dept of Public Safety					
Emergency Management Capacity Building Competitive Grant (CBCG)		2394014	-	140,411	-
FY2023 NC Tier II Competitive Grant		2371035	-	13,000	-
Division of Juvenile Justice and Delinquency Prevention			-	146,051	-
Juvenile Crime Prevention Programs			-	299,462	-
Total N.C. Dept of Public Safety			-	<u>299,462</u>	-
N.C. Dept of Transportation					
Rural Operating Assistance Program (ROAP)			-	74,544	-
ROAP Elderly and Disabled Transportation Assistance Program		36220.10.12.1	-	69,254	-
ROAP Rural General Public Program		36228.22.12.1	-	16,211	-
ROAP Employment		36236.11.11.1	-	160,009	-
Total ROAP			-	160,009	-
Rural State Operating Grant Program	DOT-11	24-RO-078	-	162,238	-
Total N.C. Dept of Transportation			-	<u>322,247</u>	-
N.C. E-911 Board					
911 Board grant - Portable Radio PSAP 2023			-	27,217	-
N.C. Housing Finance Agency					
NC Housing Trust Fund/Urgent Repair Program:			-	46,819	-
Urgent Home Repair 2022		URP-22	-	94,691	-
Urgent Home Repair 2023		URP-23	-	141,510	-
Total N.C. Housing Finance Agency			-	<u>141,510</u>	-

HOKE COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Federal AL #	State/ Pass-through Grantor's Number	Expenditures		Passed- through to Subrecipients
			Federal	State	
N.C. Office of State Budget and Management					
State Capital and Infrastructure Funds - Courthouse		Contract #20312	-	4,174,801	-
State Capital and Infrastructure Funds - C&E		Contract #20313	-	248,000	245,000
Passed through The Southeastern Partnership, Inc.					
State Capital and Infrastructure Funds - Industrial Park Sewer			-	196,550	-
Total State Capital and Infrastructure Funds			-	4,619,351	245,000
Regional Economic Development Reserve - Turnout Gear		Contract #20314	-	40,167	40,167
Regional Economic Development Reserve - Hoke Native American Scholarship Association		Contract #20315	-	23,500	23,500
Total Regional Economic Development Reserve			-	63,667	63,667
Total N.C. Office of State Budget and Management			-	4,683,018	308,667
TOTAL STATE ASSISTANCE			-	20,408,846	458,667
OTHER FINANCIAL ASSISTANCE:					
N.C. Dept of Justice					
Opioid Settlement Fund (Note 5)			-	171,808	-
TOTAL FEDERAL, STATE, AND OTHER ASSISTANCE			\$ 7,350,962	\$ 20,824,677	\$ 522,388

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, 2024. 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, and Special Children Adoption Fund Cluster.

Note 4: Indirect Cost Rate

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

Note 5: Opioid Settlement Fund

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

Note 6: Prior EMPG grants

EMPG award years 2017 - 2020 was inadvertently left off Hoke County's FY 2018 - 2020 SEFSA. Auditors do not plan on reissuing SEFSA's individually for those fiscal years due to immateriality of the grant expended amounts. See as follows:

EMPG GRANT YEAR	AWARD AMOUNTS AND DATE	GRANT EXPENDITURE S	EXPENDITURE DATES
FY 2017	12/6/2017 \$20,625.00	\$ 20,625.00	10/1/2017 – 9/30/2018
	5/18/2018 \$18,016.98	\$ 18,016.98	
FY 2018	11/30/2018 \$20,625.00	\$ 20,625.00	10/1/2018 – 9/30/2019
	3/29/2019 \$17,899.12	\$ 17,899.12	
FY 2019	11/15/2019 \$20,625.00	\$ 20,625.00	10/1/2019 – 9/30/2022
	4/3/2020 \$18,279.03	\$ 18,279.03	
FY 2020	12/4/2020 \$20,625	\$ 20,625.00	10/1/2019 – 9/30/2022
	5/14/2021 \$18,752.80	\$ 18,752.80	