

STOKES COUNTY
NORTH CAROLINA

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

STOKES COUNTY, NORTH CAROLINA
BASIC FINANCIAL STATEMENTS AND COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1-3
	Management's Discussion and Analysis	4-17
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
1	Statement of Net Position	18
2	Statement of Activities	19-20
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	21
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22-23
5	General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	24
6	Statement of Net Position - Proprietary Funds	25
7	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	26
8	Statement of Cash Flows - Proprietary Funds	27
9	Statement of Fiduciary Net Position - Fiduciary Funds	28
10	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	29
	Notes to the Financial Statements	30-85
	Required Supplementary Information:	
<u>Schedule</u>		
A-1	Law Enforcement Officers' Special Separation Allowance - Required Supplementary Information - Change in Total Pension Liability	86
A-2	Law Enforcement Officers' Special Separation Allowance - Required Supplementary Information - Total Pension Liability as a Percentage of Covered-Employee Payroll	87

STOKES COUNTY, NORTH CAROLINA
BASIC FINANCIAL STATEMENTS AND COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Required Supplementary Information (continued):	
A-3	Other Post-Employment Benefits - Schedule of Changes in the the Total OPEB Liability - Required Supplementary Information	88
A-4	Local Government Employees' Retirement System Proportionate Share of Net Pension Liability (Asset) Required Supplementary Information - Last Eight Fiscal Years	89-90
A-5	Local Government Employees' Retirement System Contributions Required Supplementary Information - Last Eight Fiscal Years	91-92
A-6	Register of Deeds' Supplemental Pension Fund Proportionate Share of Net Pension Liability (Asset) Required Supplementary Information - Last Eight Fiscal Years	93-94
A-7	Register of Deeds' Supplemental Pension Fund Contributions Required Supplementary Information - Last Eight Fiscal Years	95-96
	Combining and Individual Fund Statements and Schedules:	
	Major Governmental Funds:	
1	General Fund Consolidated - Statement of Revenues, Expenditures, and Changes in Fund Balances	97
2	General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	98-106
3	School Current Expense Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	107
4	Dedicated Debt Service Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	108
5	Health Department Title XIX Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	109

STOKES COUNTY, NORTH CAROLINA
BASIC FINANCIAL STATEMENTS AND COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Major Governmental Funds (continued):	
6	Mental Health MOE Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	110
7	Capital Projects Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	111
8	Grant ARP Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	112
	Nonmajor Governmental Funds:	
9	Combining Balance Sheet	113-114
10	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	115-116
11	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Emergency Telephone System Fund	117
12	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Service District Fire District	118
13	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Rural Hall Fire District	119
14	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - King Fire District	120
15	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Walnut Cove Fire District	121
16	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Grant Fund	122
17	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Trust Fund - DSS Clients	123

STOKES COUNTY, NORTH CAROLINA
BASIC FINANCIAL STATEMENTS AND COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Nonmajor Governmental Funds:	
18	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Schools Capital Outlay/Capital Reserve Fund	124
19	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Reserve Fund	125
	Enterprise Funds:	
20	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Stokes-Reynolds Memorial Hospital Fund	126
21	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Regional Sewer Fund	127
22	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Danbury Water Fund	128
	Fiduciary Funds:	
23	Combining Statement of Fiduciary Net Position	129
24	Combining Statement of Changes in Fiduciary Net Position	130
	Additional Financial Data:	
25	General Fund - Schedule of Ad Valorem Taxes Receivable	131
26	Analysis of Current Tax Levy - County-Wide Levy	132
	Table	
1	Ten Largest Taxpayers	133
2	Capital Reserve Fund - Reconciliation of Fund Balance	134
	Compliance	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	135-136

STOKES COUNTY, NORTH CAROLINA
BASIC FINANCIAL STATEMENTS AND COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
Compliance (continued):	
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the the Uniform Guidance and the State Single Audit Implementation Act	137-138
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	139-140
Schedule of Findings, Responses and Questioned Costs	141-146
Corrective Action Plan	147-149
Schedule of Prior Year Audit Findings	150
Schedule of Expenditures of Federal and State Awards	151-154

THIS PAGE LEFT INTENTIONALLY BLANK.

FINANCIAL SECTION

THIS PAGE LEFT INTENTIONALLY BLANK.

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

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

Independent Auditor's Report

To the Board of Commissioners
Stokes County
Danbury, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Stokes County Water and Sewer Authority were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Stokes County, North Carolina, as of June 30, 2021, and the respective changes in financial position, and 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 States of America.

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax 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 February 11, 2022 on our consideration of Stokes County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant 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 Stokes 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 Stokes County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
February 11, 2022

THIS PAGE LEFT INTENTIONALLY BLANK.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

This section of Stokes County's (the County) financial report represents our discussion and analysis of the financial performance of the County for the year ended June 30, 2021. This information should be read in conjunction with the transmittal letter at the front of this report and the County's audited financial statements, which immediately follow this section.

Financial Highlights

- The assets and deferred outflows of resources of Stokes County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$40,379,205 (net position).
- The government's total net position increased by \$1,450,826, primarily due to an increase in property tax collections in the current year.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$22,871,779, after a net increase in fund balance of \$1,183,754. Approximately 50.12% of this total amount, or \$11,463,528, is restricted and committed.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,033,752, or 15.03%, of total General Fund expenditures and transfers to other funds for the fiscal year.
- Stokes County's total debt decreased by \$1,392,750 (4%) during the current fiscal year due to retirement of debt and installment purchase contract for equipment.
- Stokes County maintained its Aa2 rating with Moody's and AA- rating with Standard and Poor for the fourth consecutive year.

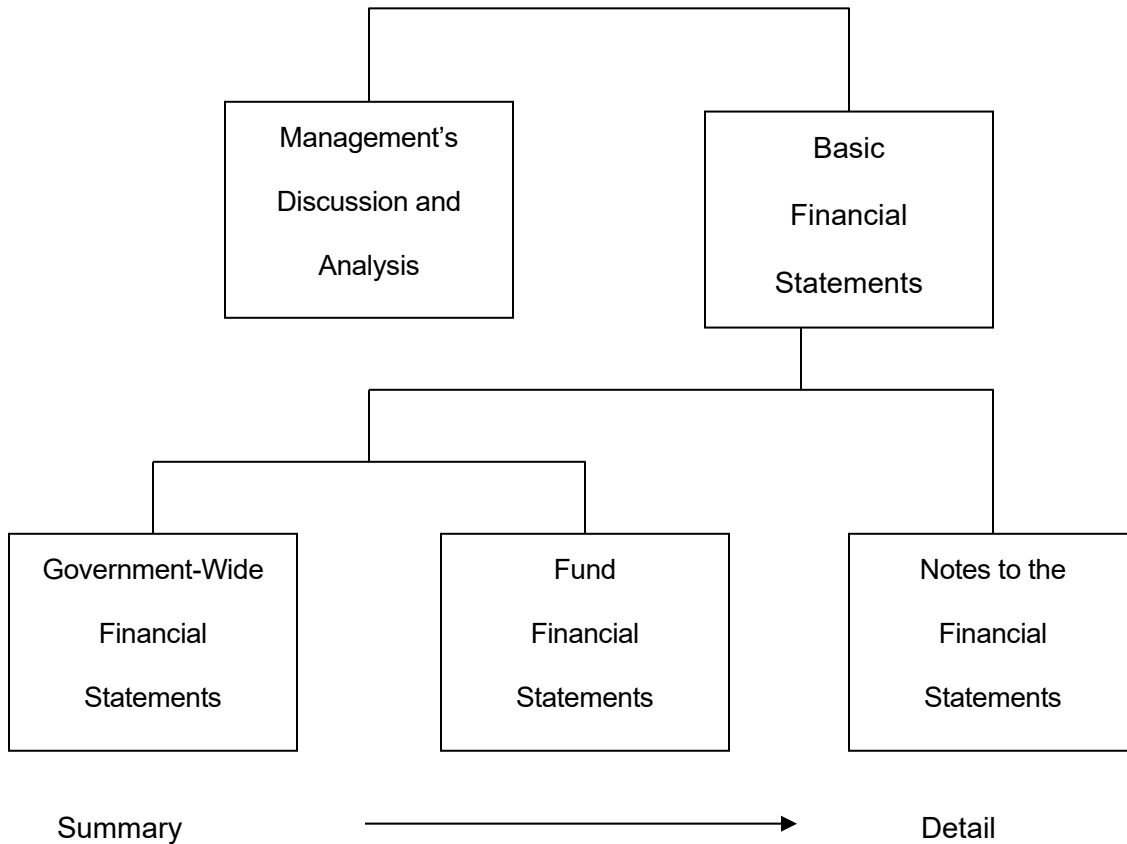
Overview of the Financial Statements

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) 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 3 through 10) 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**. The notes to the financial statements 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 and internal services 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Following the notes is the **Required Supplemental Information**. This section contains funding information about the County's pension plans.

Government-Wide Financial Statements

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

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and total liabilities. 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 unit. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those activities that are intended to recover all or a significant portion of their costs through user fees and other charges. These include sewer services for the Town of Danbury, Danbury Water System, and operations of Stokes-Reynolds Memorial Hospital, Inc. The final category is the component unit. The County has one component unit - the Water and Sewer Authority -, which currently provides only water services to limited parts of the County.

The government-wide financial statements are on Exhibits 1 and 2 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. Stokes 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 Stokes County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Stokes 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 - Stokes County has one kind of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Stokes County uses enterprise funds to account for its sewer activity, water activity, and for the hospital 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. Stokes 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 follow Exhibit 10 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Stokes County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found following the notes to the financial statements 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 Stokes County exceeded liabilities and deferred inflows of resources by \$40,379,205 as of June 30, 2021. The County's net position increased by \$1,450,826 for the fiscal year ended June 30, 2021. One of the largest portions, \$34,516,609 (85.48%), reflects the County's investment in capital assets (e.g., land, buildings, furniture and equipment, vehicle and motor equipment, etc.), less any related debt still outstanding that was issued to acquire those items. Stokes County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Stokes 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

An additional portion of Stokes County's net position, \$8,954,181 (22.18%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$3,091,585) is unrestricted.

Stokes County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 31,724,829	\$ 26,863,778	\$ 598,295	\$ 600,079	\$ 32,323,124	\$ 27,463,857
Capital assets	54,692,412	54,839,494	5,087,166	5,296,034	59,779,578	60,135,528
Total assets	86,417,241	81,703,272	5,685,461	5,896,113	92,102,702	87,599,385
Deferred outflow s of resources	5,744,243	3,572,030	-	-	5,744,243	3,572,030
Long-term liabilities	49,434,168	48,018,145	-	-	49,434,168	48,018,145
Other liabilities	7,601,741	3,815,055	16,783	10,770	7,618,524	3,825,825
Total liabilities	57,035,909	51,833,200	16,783	10,770	57,052,692	51,843,970
Deferred inflow s of resources	415,048	428,659	-	-	415,048	428,659
Net Position:						
Net investment in capital assets	29,429,443	29,299,594	5,087,166	5,296,034	34,516,609	34,595,628
Restricted	8,954,181	8,727,918	-	-	8,954,181	8,727,918
Unrestricted	(3,673,097)	(5,014,069)	581,512	589,309	(3,091,585)	(4,424,760)
Total	\$ 34,710,527	\$ 33,013,443	\$ 5,668,678	\$ 5,885,343	\$ 40,379,205	\$ 38,898,786

Governmental Activities: Governmental activities increased the County's net position by \$1,667,491. Key elements of this increase are as follows:

- Increase in the collections of taxes;
- Increase in sales tax reimbursement due to the economy;
- Due to slowness of the economic recovery, interest rates remain low; and
- Management's proactive stance on monitoring spending across County departments to ensure compliance with the budget.

Business-Type Activities: Business-type activities net position decreased \$216,665. Key elements of this decrease are as follows:

- Sewer System Fund continues to be stable; and
- Danbury Water Fund continues to be stable.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Stokes County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 4,512,944	\$ 4,373,430	\$ 296,784	\$ 306,679	\$ 4,809,728	\$ 4,680,109
Operating grants and contributions	10,808,423	7,461,442	-	-	10,808,423	7,461,442
General revenues:						
Property taxes	31,028,639	29,695,954	-	-	31,028,639	29,695,954
Other taxes	13,834,458	12,103,443	-	-	13,834,458	12,103,443
Investment earnings	13,303	366,721	464	3,033	13,767	369,754
Other	400,339	303,039	-	2,896	400,339	305,935
Total revenues	60,598,106	54,304,029	297,248	312,608	60,895,354	54,616,637
Expenses:						
General government	6,300,940	8,593,133	-	-	6,300,940	8,593,133
Public safety	19,849,729	17,009,718	-	-	19,849,729	17,009,718
Environmental protection	2,971,214	1,135,872	-	-	2,971,214	1,135,872
Economic and physical development	1,161,539	9,747,453	-	-	1,161,539	9,747,453
Human services	10,412,199	1,227,311	-	-	10,412,199	1,227,311
Culture and recreation	1,230,886	560,096	-	-	1,230,886	560,096
Intergovernmental:						
Schools	15,357,465	18,045,769	-	-	15,357,465	18,045,769
Debt service:						
Interest and fiscal charges	1,616,644	1,638,131	-	-	1,616,644	1,638,131
Stokes Reynolds Revenue Bond Fund	-	-	40,000	50,000	40,000	50,000
Regional Sewer Fund	-	-	327,261	268,985	327,261	268,985
Danbury Water Fund	-	-	176,651	167,412	176,651	167,412
Total expenses	58,900,616	57,957,483	543,912	486,397	59,444,528	58,443,880
Change in net position before transfers	1,697,490	(3,653,454)	(246,664)	(173,789)	1,450,826	(3,827,243)
Transfers in (out)	(29,999)	25,001	29,999	(25,001)	-	-
Change in net position	1,667,491	(3,628,453)	(216,665)	(198,790)	1,450,826	(3,827,243)
Net position - beginning, previously reported	33,013,443	37,410,335	5,885,343	6,084,133	38,898,786	43,494,468
Restatement	29,593	(768,439)	-	-	29,593	(768,439)
Net position - beginning, restated	33,043,036	36,641,896	5,885,343	6,084,133	38,928,379	42,726,029
Net position - ending	\$ 34,710,527	\$ 33,013,443	\$ 5,668,678	\$ 5,885,343	\$ 40,379,205	\$ 38,898,786

Figure 3 (Changes in Net Position) reflects an increase in net position of \$1,667,491 for governmental activities. This increase was due largely to the increase in revenues over expenditures in the General Fund. Total governmental activities generated revenues of \$60,598,106, while expenses in this category totaled \$58,900,616. After transfers from the business-type activities, the total net position stands at \$34,710,527.

Business-type activities generated revenue of \$297,248 and had expenses of \$543,912. Net position decreased in the business-type activities by \$216,665. The County had continued diligence in water and sewer revenue collections and resolution of delinquent accounts. The County also restructured water and sewer rates.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Financial Analysis of the County's Funds

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

Governmental Funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, *fund balance available for appropriation* can be a useful measure of the County's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Stokes County. At the end of the current fiscal year, fund balance available in the General Fund was \$15,650,610, while total fund balance reached \$19,010,153. The County currently has an available fund balance of 29.68% of General Fund expenditures and transfers to other funds less capital and installment financing, while total fund balance represents 36.05% of that same amount.

The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. There are currently four ongoing projects: Meadows water project, Solid Waste transfer station project, Maintenance building project, Walnut Cove EMS station project, and Solid Waste/Scale House project. At the end of the current fiscal year, committed fund balance was \$545,094. Total net change in fund balance was a decrease of \$130,288.

At June 30, 2021, the governmental funds of Stokes County reported a combined fund balance of \$22,871,779, and 5.46% increase over last year. The primary reason for this increase is the increase in fund balance in the nonmajor governmental funds.

General Fund Budgetary Highlights: Over the course of the year, the County revised the budget several times to account for changes in revenue expectations. The County monitored expenditures closely and reduced spending levels as necessary so as to live within the budget and end the year with a surplus. 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 or expand services. The County made changes to its General Fund revenue estimate to recognize the loss of State reimbursements, changes in anticipated grant funding and proceeds from debt issuance. Expenditure budgets were increased during the fiscal year primarily to authorize additional expenditures for new grant awards and new projects. The County's expenditure final budget increased \$3,206,569 over the approved budget, but actual expenditures were ultimately \$3,601,845 less than the final budget. Total expenditures decrease \$5,878,025 from the prior year, due to expensing the debt service decrease due to paying off the interim loan for the jail expansion with the USDA loan and other expenditures.

The cash balance in the General Fund decreased \$541,646 from the prior year-end. The decrease is due to adding staff to different department, supplies and equipment. Sales tax revenues compared to both budget and the prior year collections have increased. The County received an increase in sales taxes of approximately \$905,858 over the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

General Fund expenditures decreased \$5,878,025 or approximately 13.28%, from the prior year, paying off the interim loan for the jail expansion with the USDA loan and other expenditures.

Analysis of Fund Balance: A recap of the historical analysis of fund balance for the period 2010-11 through 2019-20 includes the following noteworthy points:

- In the fiscal year 2011-12, the County continues to budget conservatively due to the economy. Increases in departmental budgets were due to mandated increases, capital outlay items and projects. The County continues to do quarterly reviews of departmental budgets for savings and/or increases in the cost of services. Revenues are reviewed monthly due to the economy. The County's General Fund unassigned fund balance is \$11,756,502, or 27.9%, of annual General Fund expenditures and transfers out. The County has completed the school projects, Nancy Reynolds Elementary School, and early college. The Southeastern Stokes Middle School and Poplar Spring Elementary School has started. The County is starting the process for the community college projects and Lawsonville Elementary School project.
- In the fiscal year 2012-13, the County's budget was based on conservative estimates due to the economy. Increases in departmental budgets were due to mandated increases, capital outlay items and capital projects. The County continues to do quarterly reviews of departmental budgets for savings and/or increases in the cost of services. Revenues are reviewed monthly due to the economy. The County's General Fund unassigned fund balance is \$10,572,140, or 23.24%, of annual General Fund expenditures and transfers out. The County has completed the school projects, Nancy Reynolds Elementary School, Southeastern Stokes Middle School, and Poplar Spring Elementary School and second stage of the Early College project. The County is starting the community college projects and Lawsonville Elementary School project.
- In the fiscal year 2013-14, the County has continued to base the budget on conservative estimates due to the economy. Departmental budgets increased due to mandated increase, capital outlay items and capital projects. The County has continued to do quarterly reviews of departmental budgets for savings and/or increases in cost of services. Revenues are reviewed on a monthly basis due to the economy. The County's General Fund unassigned fund balance is \$11,373,416, or 26.5%, of annual General Fund expenditures and transfers out. The County has completed the school projects: Southeastern Middle School and Poplar Spring Elementary School. The County has started the Lawsonville Elementary School and community college projects.
- In the fiscal year 2014-15, the County's budget was based on conservative estimates due to the economy. Departmental budgets increased due to mandated increases, capital outlay and capital projects. The County continues to do quarterly review of departmental budgets for savings and/or increases in cost of services. Revenues are reviewed on a monthly basis due to the economy. Fiscal year 2014-15, the County appropriated \$2,823,913 fund, balance to balance the budget but only used \$113,329 of which \$66,434 was used for capital outlay. Before the County appropriates fund balance, an estimated balance is calculated and the figure of what could be appropriated

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

is based on retaining an estimated 20% fund balance. The County's General Fund unassigned fund balance is \$10,690,583, or 25.1%, of annual General Fund expenditures and transfers out. The County has Lawsonville Elementary School, community college, and Sewer Extension to Meadows Community projects.

- In the fiscal year 2015-16, the County's budget was based on conservative estimates. Departmental budgets increased due to mandated increases, turn over issues, capital outlay and capital projects. The County continues to do quarterly review of departmental budgets for savings and/or increases in cost of services. Revenues are reviewed on a monthly basis. Fiscal year 2015-16, the County appropriated \$2,804,446 fund balance to balance the budget. The appropriation was not used due to the revenues being over budget \$1,067,783 and expenditures being less than budget \$2,375,168, therefore, the fund balance increased \$638,505. An estimated fund balance is calculated to figure what could be appropriated based on retaining an estimated 20% fund balance. The County's unassigned fund balance is \$13,165,483 or 29.73% of annual expenditures and transfers out. The County has Lawsonville Elementary School, community college, and Sewer Extension to Meadows Community projects, Jail Expansion project, Petree project and School Roof project. The County is working with a company on broadband internet services for the unserved and underserved citizens.
- In the fiscal year 2016-17, the County continues to budget revenues and expenditure conservatively. The department's budgets that received increases was due to mandates, capital outlay and projects. The County reviews budgets quarterly for savings and/or increases in cost of services. Revenues are reviewed closely to recognize increases and/or decreases. Fiscal year 2016-17, the County appropriated \$1,864,580 to balance the budget. The appropriation was not used due to the revenues coming in \$2,170,029, which was the new sales tax, increase in sales taxes and other revenues. Expenditures were \$2,111,708 less than budget; therefore, the fund balance increased \$2,015,923. An estimated fund balance is calculated to figure what could be appropriated based on retaining an estimated 20% fund balance. The County's unassigned fund balance is \$14,997,977 or 33.56% of annual expenditures and transfers out. The County has Lawsonville Elementary School, community college, and Sewer Extension to Meadows Community project, Jail Expansion project, Petree project and other school projects. The County has been working with a company to provide broadband internet services for the unserved and underserved citizens.
- In the fiscal year 2017-18, the County continues to budget revenues and expenditures conservatively. The department's budgets that received increases was due to mandate, cost of living increase for employees, capital outlay and projects. The County reviews budgets quarterly for savings and/or increases in cost of services. Revenues are reviewed closely to recognize any increase and/or decreases. Fiscal year 2017-18, the County appropriated \$1,864,580 to balance the budget. The appropriation was not used due to expenditures being under budget and transfers from other funds. Expenditures were \$4,379,770 less than budget. The County increased the fund balance by \$594,310. An estimated fund balance is calculated to figure what could be appropriated based on retaining an estimated 20% fund balance. The County's unassigned fund balance is \$14,309,766 or 27.64% of annual expenditures and transfer out. Expenditures increased

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

for 2017-18 due to the closing on the community college USDA loan paying out the interim loan with PNC for the project. The County has Jail expansion project, and Petree project. The County continues to work with a company to provide broadband internet services for the unserved and underserved citizens.

- In the fiscal year 2018-19, the County continues to budget conservatively. Department's increases in budget were due to mandates, cost of living increase for employees, and new staff for different departments, capital outlay and projects. The County continues to review budgets quarterly for savings and/or increases in cost of services. Revenues are reviewed closely to recognize any increases and/or decreases. The County appropriated \$2,961,656 to balance the budget. The County revised the appropriation to \$3,351,555 (\$389,899). The County used \$1,947,147 of the appropriation. Revenues were \$1,034,424 less than budget due to federal and state grant reimbursements and expenditures were \$2,438,732 less than budget. The County decreased the fund balance by \$1,947,147. An estimated fund balance is calculated to figure what could be appropriated based on retaining an estimated 20% fund balance. The County's unassigned fund balance is \$11,194,414 or 29.76% of annual expenditures and transfers out. The County has jail expansion project and Petree picnic shelter/walking trail project. The County continues to work with a company to provide broadband internet services for the unserved and underserved citizens.
- In the fiscal year 2019-20, the County continues to budget conservatively. Department's increases in budget were due to mandates, cost of living increase for employees, and new staff for different departments, capital outlay and projects. The County finalized the Jail expansion, which paid off the interim loan with the USDA loan. This increased expenditures with the paying off the loan in debt service. In addition, increasing expenditures was showing the self-insurance loss of three years as an expense. The County continues to review budgets quarterly for savings and/or increases in cost of services. Revenues are reviewed closely to recognize any increases and/or decreases. The County appropriated \$4,093,376 fund balance to balance the budget. The County revised the appropriation to \$4,528,989 (\$435,613). The County used \$2,282,111 of the appropriation. Revenues were \$181,486 less than budget due to federal and state grants, sales and services, investment income and other revenues. Expenditures were \$2,428,364 less than budget. The County decreased the fund balance by \$2,325,169. An estimated fund balance is calculated to figure what could be appropriated based on retaining estimated 20% fund balance. The County's unassigned fund balance is \$7,052,088 or 18.35% of annual expenditures, transfers out and less capital and installment purchase. The County have several capital projects in progress.
- In the fiscal year 2020-21, the County continues to budget conservatively. Department's increases in budget was due to mandates, salary study for employees and new staff for different departments, capital outlay and projects. The decrease in expenditures was due to paying off the interim loan for the jail expansion. The County continues to review budgets quarterly for savings and/or increase in cost of services. Revenues are reviewed closely to recognize any increases and/or decreases. The County appropriated \$4,231,298 fund balance to balance the budget. The County revised the appropriation to \$4,439,589 (\$208,291). Revenues were \$935,982 more than the budget due to federal and state grants, sales tax, sales and services, lesser investment income and other revenues. Expenditures were \$3,601,845 less than budget. The County increased the fund balance by \$98,238. An estimated fund balance is calculated

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

to figure what could be appropriated based on retaining estimated 20% fund balance. The County's unassigned fund balance is \$8,033,752 or 20.17% of annual expenditures, transfers out and less capital and installment purchase. The County have several capital projects in progress.

The Local Government Commission (LGC), an arm of the Department of State Treasurer and the statutes, **recommends** that tax-levying units such as counties and cities have an available fund balance equal to at least 8.33% of annual General Fund expenditures. The 8.33% level is used because it approximates one month's expenditures. This is considered a minimum level - a floor below that the balance should not fall. Having an available fund balance that is less than the recommended minimum for tax-levying units could have an adverse impact on a unit's credit rating, causing it to pay more in interest when issuing bonds.

The LGC has written the County letters in reference to the fund balance falling below the 8.33% but, due to the situation with the withholding of reimbursement from the state, the LGC has been cooperating with the counties that have been impacted by this action.

The County reviews the fund balance quarterly to issue that it does not drop below the 20% balance that they have recommended as a goal. With the financial/economic conditions that the County has been facing and will continue facing, the appropriation and use of County funds are viewed in a very conservative manner. The budgeting of capital items, improvements, and increases in operations are looked at on an as-needed basis. The County's low fund balance limits the ability to meet emergency or unforeseen needs; limits investment earnings on available funds thus forcing increased reliance on County tax dollars; and increases the probability of the County reducing services due to revenue shortfalls.

Proprietary Funds: The business-type funds had a decrease in net position of \$216,665 compared to the prior year. This was due to increased expenditure for operation of the Danbury water and sewer.

Capital Asset and Debt Administration

Capital Assets: Stokes County's investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$59,779,578 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment including vehicles, park facilities, hospital facilities, and wastewater collection system.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Stokes County's Capital Assets (Net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,790,931	\$ 3,714,418	\$ 286,550	\$ 266,370	\$ 4,077,481	\$ 3,980,788
Construction in progress	1,475,642	406,943	-	-	1,475,642	406,943
Total non-depreciable assets	5,266,573	4,121,361	286,550	266,370	5,553,123	4,387,731
Buildings and improvements	65,569,636	65,331,551	3,611,422	3,611,422	69,181,058	68,942,973
Furniture and equipment	9,669,535	9,056,880	4,963,409	4,963,409	14,632,944	14,020,289
Vehicles	7,595,186	7,178,544	25,123	25,123	7,620,309	7,203,667
Sewer lines	-	-	5,522,972	5,522,972	5,522,972	5,522,972
Total depreciable assets	82,834,357	81,566,975	14,122,926	14,122,926	96,957,283	95,689,901
Accumulated depreciation	33,408,518	30,848,842	9,322,310	9,093,262	42,730,828	39,942,104
Depreciable assets, net	49,425,839	50,718,133	4,800,616	5,029,664	54,226,455	55,747,797
Total	\$ 54,692,412	\$ 54,839,494	\$ 5,087,166	\$ 5,296,034	\$ 59,779,578	\$ 60,135,528

Additional information on the County's capital assets can be found in the notes to the basic financial statements after Exhibit 10.

Long-Term Debt: As of June 30, 2021, Stokes County had total debt outstanding of \$33,073,696.

Stokes County's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Installment purchase	\$ 13,439,155	\$ 13,530,003	\$ -	\$ -	\$ 13,439,155	\$ 13,530,003
QSCB	6,698,964	7,655,958	-	-	6,698,964	7,655,958
QZAB	1,111,764	1,270,588	-	-	1,111,764	1,270,588
USDA loan	11,823,813	12,009,897	-	-	11,823,813	12,009,897
Total	\$ 33,073,696	\$ 34,466,446	\$ -	\$ -	\$ 33,073,696	\$ 34,466,446

Stokes County's total debt has decreased by \$1,392,750 during the past fiscal year due to paying off debt.

Stokes County has maintained its Aa2 bond rating from Moody's Investor Services and AA- rating from Standard and Poor's Corporation. These bond ratings are a clear indication of the sound financial condition of Stokes County. The achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within the County's boundaries. The legal debt margin for Stokes County is \$308,521,492. These statutory limits exceed the County's realistic debt capacity.

Impact of Coronavirus on the County

Stokes County has been impacted by the Coronavirus much like the rest of the world. Some businesses have been forced to close or operate at much less than peak efficiency. So far, the County has avoided a significant negative financial impact. The County's sales tax has actually increased when compared to the prior year. Tax collection had a slight increase.

Stokes County has received a little over \$1.8 million from the federal CAREs act to help combat the spread of Covid-19. The County has spent the majority of these funds and plans to all spend the remainder in calendar year 2021.

Stokes County has received \$4,427,758 of the \$8,855,517 from the American Rescue Plan Act (ARPA). As of June 30, 2021, these funds have not been spent. These funds are held in a separate fund as it can only be used for specific purpose.

Economic Factors

Stokes County's population per 07/2019 NC certified population is 46,657.

The Per Capita Income figure for Stokes County was \$36,835, and the Median Household Income was \$52,356.

The rate of unemployment in Stokes County for 2021 2nd quarter was 4%.

The majority of Stokes County jobs are in the Services Sector followed by the Trade, Transportation and Utilities Sector, and Construction.

The 2021 Total Retail Sales (with food/drink) is \$2,685,752.

Major new investments in Stokes County for 2020-21 include:

- Buy local campaign for Stokes County;
- Walnut Cove EMS station has been completed;
- Water project for the Meadow Community for economic development. Grants for project.

The Stokes County Economic Development Commission embarked on a new plan of work. This plan encompasses four distinct strategies that are inter-linked and, if successfully accomplished, should greatly enhance the lives of many of our residents. The four priorities are Business Retention, Expansion, Tourism Development, New Business Recruitment, and Entrepreneurial Development. These were broken down into long and short-term priorities, and specific plans have been established to assist with the process. Many of these goals are inter-related and require having access to high-speed internet to be effective. These goals will be evaluated annually and adjusted as necessary to ensure that the efforts are having the desired results.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The County budgets its revenues and expenditures on a conservative basis. Revenues were based on the prior year collections with any additional funds to increase the fund balance. Expenditures were based on a conservative basis with mandated and necessary capital outlay. The County evaluates its year-to-date spending on a quarterly basis to determine where additional budget cuts can be made based on expenditures incurred to date in an effort to increase its fund balance.

The County's General Fund budget increased \$4,076,201 (10.02%) from prior year, due to operational cost, employee compensation, capital outlay and debt service expenditures in fiscal year 2020-21. School debt service payments are funded by 4 cent tax fund (Dedicated Debt Service Fund) and lottery funds.

Business-Type Activities: The County continues to look for grants and funding for the extension of water and sewer in the County. The County has contracted with an engineering firm to extend water to the Meadows community and looking at water and sewer in other location in the County.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Stokes County, Post Office Box 20, Danbury, North Carolina 27016; (336) 593-2405 or jedwards@co.stokes.nc.us.

BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT INTENTIONALLY BLANK.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Stokes County Water and Sewer Authority
ASSETS				
Cash and cash equivalents	\$ 17,502,201	\$ 572,882	\$ 18,075,083	\$ 332,512
Taxes receivable, net	961,751	-	961,751	-
Accounts receivable, net	713,086	22,897	735,983	1,710
Due from other governments	3,664,325	-	3,664,325	-
Inventory, at cost	78,350	-	78,350	-
Prepaid items	38,979	-	38,979	-
Restricted cash and cash equivalents	8,686,375	2,516	8,688,891	7,214
Net pension asset	79,762	-	79,762	-
Capital assets				
Non-depreciable capital assets	5,266,573	286,550	5,553,123	59,979
Other capital assets, net of accumulated depreciation	49,425,839	4,800,616	54,226,455	904,460
Total capital assets	54,692,412	5,087,166	59,779,578	964,439
Total assets	86,417,241	5,685,461	92,102,702	1,305,875
DEFERRED OUTFLOWS OF RESOURCES	5,744,243	-	5,744,243	-
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Liabilities:				
Accounts payable and accrued liabilities	2,732,905	14,267	2,747,172	5,646
Accrued interest payable	371,725	-	371,725	-
Advances from grantors	4,437,604	-	4,437,604	-
Liabilities to be paid from restricted assets:				
Customer deposits	-	2,516	2,516	7,214
Accounts payable and accrued liabilities	59,507	-	59,507	-
Long-term liabilities:				
Due within one year	4,910,043	-	4,910,043	-
Total pension liability- LEOSSA	1,377,777	-	1,377,777	-
Total OPEB liability	7,099,952	-	7,099,952	-
Net pension liability - LGERS	6,459,325	-	6,459,325	-
Due in more than one year	29,587,071	-	29,587,071	-
Total liabilities	57,035,909	16,783	57,052,692	12,860
DEFERRED INFLOWS OF RESOURCES	415,048	-	415,048	-
Net position:				
Net investment in capital assets	29,429,443	5,087,166	34,516,609	964,439
Restricted:				
Stabilization by state statute	3,883,187	-	3,883,187	-
Health Department - Title XIX	341,028	-	341,028	-
Mental Health MOE	40,416	-	40,416	-
School current expense	940,453	-	940,453	-
Debt service	3,037,791	-	3,037,791	-
Public safety	600,522	-	600,522	-
Human services	34,901	-	34,901	-
ROD Pension Plan	75,883	-	75,883	-
Unrestricted	(3,673,097)	581,512	(3,091,585)	328,576
Total net position	\$ 34,710,527	\$ 5,668,678	\$ 40,379,205	\$ 1,293,015

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Exhibit 2
Page 1 of 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 6,300,940	\$ 328,638	\$ 192,331	\$ -
Public safety	19,849,729	2,937,624	2,158,036	-
Environmental protection	2,971,214	36,163	-	-
Economic and physical development	1,161,539	397,430	828,103	-
Human services	10,412,199	813,089	7,091,021	-
Culture and recreation	1,230,886	-	-	-
Intergovernmental:				
Education	15,357,465	-	538,932	-
Debt service:				
Interest and fiscal charges	1,616,644	-	-	-
Total governmental activities	<u>58,900,616</u>	<u>4,512,944</u>	<u>10,808,423</u>	<u>-</u>
Business-type activities:				
Stokes-Reynolds Memorial Hospital Fund	40,000	10,384	-	-
Regional Sewer Fund	327,261	128,804	-	-
Danbury Water Fund	176,651	157,596	-	-
Total business-type activities	<u>543,912</u>	<u>296,784</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 59,444,528</u>	<u>\$ 4,809,728</u>	<u>\$ 10,808,423</u>	<u>\$ -</u>
Component Unit:				
Stokes County Water and Sewer Authority	\$ 156,745	\$ 181,215	\$ -	\$ -
Total component unit	<u>\$ 156,745</u>	<u>\$ 181,215</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Exhibit 2
Page 2 of 2

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
				Stokes County Water and Sewer Authority
Functions/Programs	Governmental Activities	Business-Type Activities	Total	
Primary Government:				
General government	\$ (5,779,971)	\$ -	\$ (5,779,971)	\$ -
Public safety	(14,754,069)	-	(14,754,069)	-
Environmental protection	(2,935,051)	-	(2,935,051)	-
Economic and physical development	63,994	-	63,994	-
Human services	(2,508,089)	-	(2,508,089)	-
Culture and recreation	(1,230,886)	-	(1,230,886)	-
Intergovernmental:				
Education	(14,818,533)	-	(14,818,533)	-
Debt service:				
Interest and fiscal charges	(1,616,644)	-	(1,616,644)	-
Total governmental activities	(43,579,249)	-	(43,579,249)	-
Business-type activities:				
Stokes-Reynolds Memorial Hospital Fund	-	(29,616)	(29,616)	-
Regional Sewer Fund	-	(198,457)	(198,457)	-
Danbury Water Fund	-	(19,055)	(19,055)	-
Total business-type activities	-	(247,128)	(247,128)	-
Total primary government	(43,579,249)	(247,128)	(43,826,377)	-
Component Unit:				
Stokes County Water and Sewer Authority				24,470
Total component unit				24,470
General revenues:				
Taxes:				
Property taxes, levied for general purposes	31,028,639	-	31,028,639	-
Sales tax	8,217,819	-	8,217,819	-
Other unrestricted intergovernmental revenue	5,616,639	-	5,616,639	-
Interest earnings	13,303	464	13,767	295
Other	400,339	-	400,339	2,500
Total general revenues excluding transfers	45,276,739	464	45,277,203	2,795
Transfers to/from other funds	(29,999)	29,999	-	-
Total general revenues and transfers	45,246,740	30,463	45,277,203	2,795
Change in net position	1,667,491	(216,665)	1,450,826	27,265
Net position - beginning, previously reported	33,013,443	5,885,343	38,898,786	1,265,750
Restatement	29,593	-	29,593	-
Net position - beginning, restated	33,043,036	5,885,343	38,928,379	1,265,750
Net position - ending	\$ 34,710,527	\$ 5,668,678	\$ 40,379,205	\$ 1,293,015

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	Major Funds			Nonmajor	Total
	General Fund	Capital Projects Fund	Special Revenue Grant ARP Fund	Other Governmental Funds	Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 14,244,000	\$ 552,961	\$ -	\$ 2,705,240	\$ 17,502,201
Taxes receivable, net	859,082	-	-	102,669	961,751
Accounts receivable, net	658,093	-	-	54,993	713,086
Due from other governments	3,103,557	-	-	560,768	3,664,325
Prepays	13,767	-	-	25,212	38,979
Inventory	78,350	-	-	-	78,350
Restricted cash and cash equivalents	4,256,144	-	4,427,962	2,269	8,686,375
Total assets	<u>\$ 23,212,993</u>	<u>\$ 552,961</u>	<u>\$ 4,427,962</u>	<u>\$ 3,451,151</u>	<u>\$ 31,645,067</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,694,181	\$ 7,867	\$ -	\$ 30,857	\$ 2,732,905
Advances from grantors	9,687	-	4,427,759	158	4,437,604
Liabilities to be paid from restricted assets:					
Accounts payable and accrued liabilities	58,369	-	-	1,138	59,507
Total liabilities	<u>2,762,237</u>	<u>7,867</u>	<u>4,427,759</u>	<u>32,153</u>	<u>7,230,016</u>
DEFERRED INFLOWS OF RESOURCES	1,440,603	-	-	102,669	1,543,272
Fund Balances:					
Non-spendable, not in spendable form:					
Inventory	78,350	-	-	-	78,350
Prepays	13,767	-	-	25,212	38,979
Restricted:					
Stabilization by state statute	3,267,426	-	-	615,761	3,883,187
Restricted, all others	4,359,688	-	203	635,220	4,995,111
Committed	-	545,094	-	2,040,136	2,585,230
Assigned:					
Subsequent year's expenditures	3,257,170	-	-	-	3,257,170
Unassigned	8,033,752	-	-	-	8,033,752
Total fund balances	<u>19,010,153</u>	<u>545,094</u>	<u>203</u>	<u>3,316,329</u>	<u>22,871,779</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 23,212,993</u>	<u>\$ 552,961</u>	<u>\$ 4,427,962</u>	<u>\$ 3,451,151</u>	
Amounts reported for governmental activities in the Statement of Net Position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.					54,692,412
Net pension asset					79,762
Net pension liability - LGERS					(6,459,325)
Total pension liability - LEOSSA					(1,377,777)
Total OPEB liability					(7,099,952)
Deferred outflows of resources related to pensions are not reported in the funds.					4,543,027
Deferred inflows of resources related to pensions are not reported in the funds.					(43,931)
Deferred outflows of resources related to OPEB are not reported in the funds.					1,201,216
Deferred inflows of resources related to OPEB are not reported in the funds.					(283,820)
Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.					1,455,975
Some liabilities, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:					
Bonds, certificates of participation, and installment purchases					(33,073,696)
Accrued interest payable					(371,725)
Compensated absences and retirement benefits					(1,423,418)
Net position of governmental funds					<u>\$ 34,710,527</u>

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	<u>Major</u>			<u>Nonmajor</u>	
	<u>General</u>	<u>Capital</u>	<u>Special</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Projects</u>	<u>Revenue</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Grant ARP Fund</u>	<u>Funds</u>	<u>Funds</u>
Revenues:					
Ad valorem taxes	\$ 28,529,321	\$ -	\$ -	\$ 2,842,410	\$ 31,371,731
Other taxes and licenses	8,551,355	-	-	3,363,052	11,914,407
Intergovernmental	10,906,330	-	-	1,822,144	12,728,474
Permits and fees	593,717	-	-	-	593,717
Sales and services	3,926,733	-	-	-	3,926,733
Investment earnings	9,694	588	203	2,818	13,303
Other revenues	399,941	398	-	-	400,339
Total revenues	<u>52,917,091</u>	<u>986</u>	<u>203</u>	<u>8,030,424</u>	<u>60,948,704</u>
Expenditures:					
Current:					
General government	6,620,043	517,397	-	-	7,137,440
Public safety	13,360,414	775,133	-	5,522,494	19,658,041
Environmental protection	1,702,047	109,754	-	-	1,811,801
Economic and physical development	1,122,852	-	-	-	1,122,852
Human services	10,599,494	-	-	193,267	10,792,761
Culture and recreation	868,220	-	-	-	868,220
Special appropriations	359,083	-	-	-	359,083
Intergovernmental:					
Education	13,429,780	-	-	1,524,000	14,953,780
Debt service:					
Principal	3,377,150	-	-	-	3,377,150
Interest and fiscal charges	1,638,223	-	-	-	1,638,223
Total expenditures	<u>53,077,306</u>	<u>1,402,284</u>	<u>-</u>	<u>7,239,761</u>	<u>61,719,351</u>
Excess of revenues over (under) expenditures	<u>(160,215)</u>	<u>(1,401,298)</u>	<u>203</u>	<u>790,663</u>	<u>(770,647)</u>
Other Financing Sources (Uses):					
Transfers from other funds	76,154	6,010	-	338,249	420,413
Transfers to other funds	(374,258)	-	-	(76,154)	(450,412)
Debt issued	719,400	1,265,000	-	-	1,984,400
Total other financing sources (uses)	<u>421,296</u>	<u>1,271,010</u>	<u>-</u>	<u>262,095</u>	<u>1,954,401</u>
Net change in fund balances	<u>261,081</u>	<u>(130,288)</u>	<u>203</u>	<u>1,052,758</u>	<u>1,183,754</u>
Fund balances at beginning of year	18,749,072	675,382	-	2,233,978	21,658,432
Restatement	-	-	-	29,593	29,593
Fund balance, beginning of year, as restated	<u>18,749,072</u>	<u>675,382</u>	<u>-</u>	<u>2,263,571</u>	<u>21,688,025</u>
Fund balances at end of year	<u>\$ 19,010,153</u>	<u>\$ 545,094</u>	<u>\$ 203</u>	<u>\$ 3,316,329</u>	<u>\$ 22,871,779</u>

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2021

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities:**

Total Net Change in Fund Balances - Governmental Funds	\$ 1,183,754
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	2,753,087
Depreciation and amortization expense recorded on the Statement of Activities but not in the fund statements	(2,892,663)
In the fund statements, only the proceeds from the sale of capital assets are reported. The Statement of Activities reports the gain or loss on the sale capital assets.	(7,506)
Pension expense - LGERS	(867,448)
Pension expense - ROD	4,406
Pension expense - LEOSSA	(69,645)
OPEB plan expense	(354,459)
The issuance of long-term debt or the repayment of the principal of long-term debt effects the current financial resources of the governmental funds, but has no effect on net position.	
Debt issued	(1,984,400)
Principal repayments	3,377,150
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 the governmental funds.	
Accrued interest expense	21,579
Compensated absences	704,917
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	<u>(201,281)</u>
Changes in net position of governmental activities	<u><u>\$ 1,667,491</u></u>

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final
				Positive
				(Negative)
Revenues:				
Ad valorem taxes	\$ 13,071,730	\$ 13,071,730	\$ 13,356,446	\$ 284,716
Other taxes and licenses	6,718,000	7,668,016	8,546,479	878,463
Intergovernmental	8,186,696	10,317,772	10,483,849	166,077
Permits and fees	398,030	442,046	593,717	151,671
Sales and services	3,873,101	3,950,878	3,703,967	(246,911)
Investment earnings	375,000	375,000	4,624	(370,376)
Other revenues	128,930	173,200	245,542	72,342
Total revenues	32,751,487	35,998,642	36,934,624	935,982
Expenditures:				
Current:				
General government	6,045,142	6,958,191	6,620,043	338,148
Public safety	12,689,955	13,962,775	13,360,414	602,361
Environmental protection	1,642,722	1,803,049	1,702,047	101,002
Economic and physical development	1,129,266	1,142,462	1,122,852	19,610
Human services	9,704,154	11,468,652	9,044,593	2,424,059
Culture and recreation	857,184	885,307	868,220	17,087
Special appropriations	536,790	381,822	359,083	22,739
Contingency	275,000	49,572	-	49,572
Intergovernmental:				
Education	294,086	310,733	284,077	26,656
Debt service:				
Principal	3,878,188	3,377,154	3,377,150	4
Interest and fiscal charges	1,719,491	1,638,830	1,638,223	607
Total expenditures	38,771,978	41,978,547	38,376,702	3,601,845
Excess of revenues over (under) expenditures	(6,020,491)	(5,979,905)	(1,442,078)	4,537,827
Other Financing Sources (Uses):				
Transfers from other funds	2,962,213	2,994,045	2,994,045	-
Transfers to other funds	(1,892,420)	(2,173,129)	(2,173,129)	-
Debt issued	719,400	719,400	719,400	-
Total other financing sources (uses)	1,789,193	1,540,316	1,540,316	-
Excess of revenues and other sources over (under) expenditures and other uses	(4,231,298)	(4,439,589)	98,238	4,537,827
Fund balance appropriated	4,231,298	4,439,589	-	(4,439,589)
Net change in fund balance	\$ -	\$ -	98,238	\$ 98,238
Fund balance at beginning of year			15,034,826	
Fund balance at end of year			\$ 15,133,064	

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2021

	<u>Major</u>			
	<u>Stokes- Reynolds Memorial Hospital Fund</u>	<u>Regional Sewer Fund</u>	<u>Danbury Water Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 53,886	\$ 257,961	\$ 261,035	\$ 572,882
Accounts receivable, net	-	10,142	12,755	22,897
Total current assets	<u>53,886</u>	<u>268,103</u>	<u>273,790</u>	<u>595,779</u>
Non-current assets:				
Restricted cash and cash equivalents	-	-	2,516	2,516
Capital assets:				
Land	228,849	-	57,701	286,550
Buildings	3,611,422	-	-	3,611,422
Equipment	3,413,218	25,123	1,550,191	4,988,532
Sewer lines	-	5,522,972	-	5,522,972
Accumulated depreciation	<u>(7,024,640)</u>	<u>(1,755,969)</u>	<u>(541,701)</u>	<u>(9,322,310)</u>
Total capital assets	<u>228,849</u>	<u>3,792,126</u>	<u>1,066,191</u>	<u>5,087,166</u>
Total assets	<u>282,735</u>	<u>4,060,229</u>	<u>1,342,497</u>	<u>5,685,461</u>
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable and accrued liabilities	-	10,762	3,505	14,267
Total current liabilities	<u>-</u>	<u>10,762</u>	<u>3,505</u>	<u>14,267</u>
Non-current liabilities:				
Liabilities payable from restricted assets	-	-	2,516	2,516
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>2,516</u>	<u>2,516</u>
Total liabilities	<u>-</u>	<u>10,762</u>	<u>6,021</u>	<u>16,783</u>
Net position:				
Net investment in capital assets	228,849	3,792,126	1,066,191	5,087,166
Unrestricted	<u>53,886</u>	<u>257,341</u>	<u>270,285</u>	<u>581,512</u>
Total net position	<u>\$ 282,735</u>	<u>\$ 4,049,467</u>	<u>\$ 1,336,476</u>	<u>\$ 5,668,678</u>

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
Year Ended June 30, 2021

	Major			
	Stokes- Reynolds Memorial Hospital Fund	Regional Sewer Fund	Danbury Water Fund	Total
Operating Revenues:				
Charges for sales and services	\$ 10,384	\$ 128,804	\$ 157,596	\$ 296,784
Total operating revenues	<u>10,384</u>	<u>128,804</u>	<u>157,596</u>	<u>296,784</u>
Operating Expenses:				
Operating	40,000	146,988	127,876	314,864
Depreciation and amortization	-	180,273	48,775	229,048
Total operating expenses	<u>40,000</u>	<u>327,261</u>	<u>176,651</u>	<u>543,912</u>
Operating income (loss)	<u>(29,616)</u>	<u>(198,457)</u>	<u>(19,055)</u>	<u>(247,128)</u>
Non-Operating Revenues (Expenses):				
Interest earned on investments	<u>52</u>	<u>140</u>	<u>272</u>	<u>464</u>
Total non-operating revenues (expenses)	<u>52</u>	<u>140</u>	<u>272</u>	<u>464</u>
Income (loss) before transfers and capital contributions	<u>(29,564)</u>	<u>(198,317)</u>	<u>(18,783)</u>	<u>(246,664)</u>
Transfers in	39,999	-	-	39,999
Transfers out	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Total transfers and contributions	<u>29,999</u>	<u>-</u>	<u>-</u>	<u>29,999</u>
Change in fund net position	435	(198,317)	(18,783)	(216,665)
Total net position, beginning	<u>282,300</u>	<u>4,247,784</u>	<u>1,355,259</u>	<u>5,885,343</u>
Total net position, ending	<u>\$ 282,735</u>	<u>\$ 4,049,467</u>	<u>\$ 1,336,476</u>	<u>\$ 5,668,678</u>

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-Type Activities			
	Major			
	Stokes-Reynolds Memorial Hospital Fund	Regional Sewer Fund	Danbury Water Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 10,384	\$ 130,669	\$ 160,045	\$ 301,098
Cash paid for goods and services	(40,000)	(84,198)	(75,171)	(199,369)
Cash paid to employees	-	(54,743)	(54,932)	(109,675)
Net cash provided (used) by operating activities	(29,616)	(8,272)	29,942	(7,946)
Cash Flows from Non-Capital Financing Activities:				
Transfers in (out)	29,999	-	-	29,999
Net cash provided (used) by non-capital financing activities	29,999	-	-	29,999
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	-	(20,180)	(20,180)
Net cash used by capital and related financing activities	-	-	(20,180)	(20,180)
Cash Flows from Investing Activities:				
Interest on investments	52	140	272	464
Net cash provided by investing activities	52	140	272	464
Net increase (decrease) in cash and cash equivalents	435	(8,132)	10,034	2,337
Cash and cash equivalents at beginning of year	53,451	266,093	253,517	573,061
Cash and cash equivalents at end of year	\$ 53,886	\$ 257,961	\$ 263,551	\$ 575,398
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (29,616)	\$ (198,457)	\$ (19,055)	\$ (247,128)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	-	180,273	48,775	229,048
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	-	1,865	2,256	4,121
Increase (decrease) in accounts payable and accrued liabilities	-	8,047	(2,034)	6,013
Net cash provided by (used) operating activities	\$ (29,616)	\$ (8,272)	\$ 29,942	\$ (7,946)

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	\$ 46,087
Taxes receivable for other governments, net	<u>109,219</u>
Total assets	<u>155,306</u>
LIABILITIES	
Accounts payable	442
Due to other governments	<u>8,617</u>
Total liabilities	<u>9,059</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	<u>146,247</u>
Total net position	<u>\$ 146,247</u>

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Ad valorem taxes for other governments	\$ 3,133,317
Collections on behalf of others	248,220
Interest income	<u>8</u>
Total additions	<u>3,381,545</u>
DEDUCTIONS	
Tax distributions to other governments	3,095,180
Payments on behalf of others	<u>236,559</u>
Total deductions	<u>3,331,739</u>
Net increase (decrease) in fiduciary net position	<u>49,806</u>
Net position, beginning, as previously reported	-
Prior period adjustment - change in accounting principle	<u>96,441</u>
Net position, beginning, as restated	<u>96,441</u>
Net position, ending	<u><u>\$ 146,247</u></u>

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of Stokes County and its component units 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 units, legally separate entities for which the County is financially accountable. Stokes County Water and Sewer Authority (the "Authority") exists to construct and operate a water system for the County's residents. The Authority is presented as if it were an enterprise fund.

Stokes-Reynolds Memorial Hospital, Inc. (the "Hospital") is no longer a component unit of the County. The Hospital operations were transferred by the County to a third party, effective August 1, 2011.

Component Unit	Reporting Method	Criteria for Inclusion	For Separate Financial Statements
Stokes County Water and Sewer Authority	Discrete	The County's Board of Commissioners appoints the governing board for the Authority.	Stokes County Water and Sewer Authority, Danbury, NC

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (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.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

Basis of Presentation (Continued)

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 fund. 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 and investment earnings, result from non-exchange transactions or ancillary activities.

General Fund: This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The School Current Expense Fund, Dedicated Debt Service Fund, Mental Health Fund and Health Title XIX Fund are consolidated into the General Fund for reporting in accordance with GASB Statement No. 54.

The County reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund. The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Special Revenue Grant Fund-ARP. The Grant Fund-ARP accounts for financial resources to be used in response to the American Rescue Plan Coronavirus Local Fiscal Recovery Funds (ARP/CLFRF).

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

The County reports the following major enterprise funds:

Stokes-Reynolds Memorial Hospital Fund. This fund accounts for the operational losses of the Stokes-Reynolds Hospital, Inc. facilities and equipment.

Regional Sewer Fund. This fund accounts for the County's sewer operations.

Danbury Water Fund. This fund accounts for the County's water operations.

Additionally, 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 benefits) 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 Pay 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 Stokes County 4-H Fund, which accounts for funds used by the County's 4-H programs.

Non-major Funds. The County maintains nine legally budgeted funds. The Emergency Telephone System Fund, the Service District Fire District Fund, the Rural Hall Fire District Fund, the King Fire District Fund, the Walnut Cove Fire District Fund, the Grant Fund, and the Trust Fund-DSS Clients are reported as non-major special revenue funds. The Schools Capital Outlay Reserve Fund and the Capital Reserve Fund are reported as non-major capital projects funds. The Dedicated Debt Service Fund, the Mental Health MOE, School Current Expense Fund and the Health Department Title XIX Fund are consolidated in the General Fund in accordance with GASB Statement No. 54.

Measurement Focus, Basis of Accounting

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

Government-Wide, Proprietary Fund, and Fiduciary Fund Financial Statements. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary fund, and fiduciary fund

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

Measurement Focus, Basis of Accounting (Continued)

financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the County 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 enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a 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

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

Measurement Focus, Basis of Accounting (Continued)

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 municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes collected and certain intergovernmental revenues, such as the utilities franchise 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 are 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 the North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, the nonmajor special revenues funds and enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Fund and the Major Special Revenue Fund-Grant Fund-ARP.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for the General Fund, the nonmajor special revenue funds, and enterprise funds. The County Manager is authorized to make budget transfers between objects of expenditure within a department without limitation and without approval by the Board of Commissioners. Amounts up to \$5,000 may be transferred between departments of the same fund by the County Manager with an official report on such transfers at the next regular meeting of the Board of Commissioners. All other transfers require prior approval by the Board of Commissioners. During the year, a number of amendments to the original budget were necessary. The

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

C. Budgetary Data (Continued)

Measurement Focus, Basis of Accounting (Continued)

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. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

1. Deposits and Investments

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

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

The County's and the Authority's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value. The NCCMT- Government Portfolio, which consists of an SEC-registered fund, is authorized by G.S. 159-30 (c)(8). The Government Portfolio is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P and AAA-mf by Moody Investor Services. The Government Portfolio is reported at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

2. Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Authority considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited to use, to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the County and the Authority before any services are supplied are restricted to the service for which the deposit was collected.

The Dedicated Debt Service Fund, Health Medicaid Title XIX Fund, Mental Health MOE Fund, and School Current Expense Fund are classified as restricted assets, because their use is completely restricted to the purpose for which the fund was established. Unexpended grant proceeds are restricted because they can only be spent for specific project related expenditures. Reserved for USDA Rural Development is restricted because it can only be expended for expenditures related to the Community College and Jail Expansion USDA loans.

Governmental Activities:

General Fund	Dedicated Debt Service Fund	\$ 2,536,672
General Fund	Health Medicaid Title XIX Fund	375,984
General Fund	Mental Health MOE Fund	54,332
General Fund	School Current Expense Fund	796,870
Grant Fund	Unspent grant proceeds	2,269
General Fund	USDA Reserve - Community College	220,680
General Fund	USDA Reserve - Jail Expansion	261,919
Grant ARP Fund	Unspent grant proceeds	4,427,962
General Fund	Unspent grant proceeds	9,687
Total governmental activities		<u>8,686,375</u>

Business-Type Activities:

Danbury Water Fund	Customers deposits	<u>2,516</u>
Total business-type activities		<u>2,516</u>

Total restricted cash	<u><u>\$ 8,688,891</u></u>
-----------------------	----------------------------

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

4. 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 on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020. As allowed by state law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances 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.

6. Inventories and Prepaid items

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

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.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior June 30, 2015 are recorded at 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. The County's minimum capitalization threshold is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

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

Buildings	40 years
Improvements	20 years
Furniture and equipment	5 to 10 years
Vehicles	5 years
Computer equipment and software	3 to 5 years

The County holds title to certain Stokes County Board of Education properties, which have not been included in fixed 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 fixed assets in the financial statements of the Stokes County Board of Education.

8. Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that meets this criterion –pension and OPEB related deferrals. In addition to liabilities, the Statement of Financial Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meets the criteria for this category – prepaid taxes, taxes receivable, other receivables, and pension and OPEB related deferrals.

9. 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 in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

10. Compensated Absences

The vacation policies of the County and the Authority provide for the accumulation of up to 180 days earned vacation leave, with such leave being fully vested when earned. For the County's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. 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 sick leave policies of the County and the Authority provide 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 neither of the entities has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component unit.

11. 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 externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through state statute.

The County's net investment in capital assets is calculated as follows:

	Governmental Activities	Business-Type Activities
Capital assets, net	\$ 54,692,412	\$ 5,087,166
Less, capital debt:		
Gross debt	33,073,696	-
Less:		
Non-capital related debt	7,810,727	-
Capital debt, net	25,262,969	-
Net investment in capital assets	<u>\$ 29,429,443</u>	<u>\$ 5,087,166</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Prepaid – portion of fund balance that is not an available resource because it represents the asset amount of prepaid expenditures, which are not spendable resources.

Restricted Fund Balance - This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors 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 fact of the balance sheet.

Restricted for Public Safety - portion of fund balance restricted by revenue source for the operations of the E-911 and fire district funds of the County.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

Restricted for Mental Health MOE- portion of fund balance restricted for future mental health payments.

Restricted for Health Department - portion of fund balance restricted for future health Title XIX expenditures.

Restricted for School Current Expense - portion of fund balance restricted for future school current expense.

Restricted for Debt Service - portion of fund balance restricted for future debt service payments.

Restricted for General Government – portion of fund balance restricted for future expenditures related to the ARP grant.

Restricted for Human Services – portion of fund balance that can only be used to benefit beneficiaries under the Social Security's Representative Payee Program.

Restricted fund balance at June 30, 2021 is as follows:

Purpose	General Fund	Special Revenue Grant Fund-ARP	Other Governmental Funds
Stabilization by state statute	\$ 3,267,426	\$ -	\$ 615,761
General government	-	203	-
Public safety	-	-	600,319
Human services	-	-	34,901
Mental Health MOE	40,416	-	-
Health Department-Title XIX	341,028	-	-
School Current Expense Fund	940,453	-	-
Debt service	3,037,791	-	-
Total	<u>\$ 7,627,114</u>	<u>\$ 203</u>	<u>\$ 1,250,981</u>

Restricted net position on Exhibit 1 varies from restricted fund balance on Exhibit 3 by the amount of Register of Deeds \$75,883 as of June 30, 2021.

Committed Fund Balance - portion of fund balance that can only be used for specific purpose determined by a formal action of the government's highest level of decision-making authority. The governing body is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed on the ordinance remains in place until similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

Committed for Capital Reserve and Capital Projects - portion of fund balance that was committed by the Board for future capital outlay.

Committed fund balance at June 30, 2021, is as follows:

Purpose	Capital Projects Fund	Other Governmental Funds
Committed:		
General government	\$ 545,094	\$ 534,356
Public safety	-	150,360
Environmental protection	-	95,225
Human services	-	52,500
Education	-	1,007,695
Economic and physical development	-	200,000
Total	<u>\$ 545,094</u>	<u>\$ 2,040,136</u>

Assigned Fund Balance - portion of fund balance that the Stokes County governing board has budgeted and intends to use for specific purposes.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Assigned fund balance at June 30, 2021 is as follows:

Purpose	General Fund
Assigned:	
Subsequent year's expenditures	\$ 3,257,170
Total	<u>\$ 3,257,170</u>

Unassigned Fund Balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

Stokes 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.

Stokes County does not have a formal minimum 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	\$ 19,010,153
Less:	
Inventory	78,350
Prepaid	13,767
Stabilization by state statute	<u>3,267,426</u>
Total available fund balance	<u>\$ 15,650,610</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

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

Legally budgeted Health Department Title XIX, Mental Health MOE Fund, School Current Expense Fund and Dedicated Debt Service Funds are consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (Exhibit 4). Fund balance for the General Fund is reconciled as follows:

Fund balance, ending (Exhibit 5)	\$ 15,133,064
----------------------------------	---------------

Health Department Title XIX Fund:

Revenues:

Intergovernmental	333,549
Sales and services	222,766
Investment earnings	204
Other revenues	154,399

Expenditures:

Human services	(1,165,009)
Transfers in - General Fund	491,231

Dedicated Debt Service Fund:

Revenues:

Ad valorem taxes	1,724,547
Investment earnings	1,721
Transfers in - General Fund	911,820
Transfers out - General Fund	(2,917,891)
Transfers out - School Current Expense	(87,700)

Mental Health MOE Fund:

Revenues:

Other taxes and licenses	4,876
Investment earnings	9

Expenditures:

Human services	(389,892)
Transfers in - General Fund	395,820

School Current Expense fund:

Revenues:

Ad valorem taxes	13,448,328
Fines and forfeitures	88,932
Investment earnings	3,136

Expenditures:

Current expense	(12,969,071)
Poplar Spring operating	(87,700)
Fines and forfeitures	(88,932)
Transfers in - Dedicated Debt Service	87,700

Fund balance, beginning	3,714,246
-------------------------	-----------

Fund balance, ending (Exhibit 4)	<u>\$ 19,010,153</u>
----------------------------------	----------------------

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

G. 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 Government 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 liability (asset), deferred outflows of resource and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans’ fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County’s employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

II. Stewardship, Compliance, and Accountability

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

1. Non-compliance with North Carolina General Statutes

G.S. 159-13 (16) states that appropriated fund balance in a 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 year. Appropriated fund balance in the Emergency Telephone System Fund for the FY2021 fiscal year exceeded total fund balance as of June 30, 2020.

The Finance Officer will make an adjustment to the 2022 budget to reduce the fund balance appropriations to an amount less than the available fund balance and also increase the budget for revenues by an equal amount so that the expenditure budget is supported with sufficient sources.

III. Detail Notes On All Funds

A. Assets

1. 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 the County’s name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

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 the County's agent in the County's name. 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 County does not have a policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the County's deposits had a carrying amount of \$10,420,347 and a bank balance of \$10,790,967. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$10,540,967 was covered by collateral held under the Pooling Method. At June 30, 2021, Stokes County had \$2,825 cash on hand.

At June 30, 2021, the Authority had deposits with carrying amounts of \$336,907 and a bank balance of \$339,725. The Authority had investments in the North Carolina Capital Management Trust Government Portfolio of \$2,819, which carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investor Service. The Authority has no policy on credit risk.

2. Investments

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

	Valuation Measurement Method	Fair Value	Less Than 6 Months	6-12 Months	Maturity
North Carolina Capital Management Trust:					
Government Portfolio	Fair Value - Level 1	<u>\$ 16,386,889</u>	<u>\$ 16,386,889</u>	N/A	N/A

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

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

A. Assets (Continued)

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 does not have a formal investment policy.

Credit Risk. The County does not have a formal policy on managing credit risk. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAA-mf by Moody's Investors Services as of June 30, 2021.

3. Property Tax - Use-Value Assessment on Certain Lands

In accordance with the North Carolina General Statutes, agriculture, horticulture, and forestland may be taxed by the County at the present use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable.

4. Receivables

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

	Taxes	Accounts	Due from Other Governments	Total
Governmental activities:				
General	\$ 1,311,588	\$ 6,478,849	\$ 3,103,557	\$ 10,893,994
Other governmental	136,624	208,085	560,768	905,477
Total receivables	1,448,212	6,686,934	3,664,325	11,799,471
Allowance for doubtful accounts	(486,461)	(5,973,848)	-	(6,460,309)
Total-governmental activities	\$ 961,751	\$ 713,086	\$ 3,664,325	\$ 5,339,162

	Accounts
Business-type activities:	
Regional Sewer Fund	\$ 10,142
Danbury Water Fund	12,755
Total-business-type activities	\$ 22,897

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

A. Assets (Continued)

Due from other governments:	
Local option sales tax	\$ 1,480,610
NC Department of Social Services	700,573
DMV Motor Vehicles	129,928
Other	1,353,214
Total due from other governments	<u>\$ 3,664,325</u>

5. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers/ Adjustments</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,714,418	\$ 76,513	\$ -	\$ -	\$ 3,790,931
Construction in progress	406,943	1,402,284	-	(333,585)	1,475,642
Total capital assets not being depreciated	<u>4,121,361</u>	<u>1,478,797</u>	<u>-</u>	<u>(333,585)</u>	<u>5,266,573</u>
Capital assets being depreciated:					
Buildings	65,331,551	-	4,300	242,385	65,569,636
Furniture and equipment	9,056,880	623,958	-	(11,303)	9,669,535
Vehicle and motor equipment	7,178,544	650,332	336,193	102,503	7,595,186
Total capital assets being depreciated	<u>81,566,975</u>	<u>1,274,290</u>	<u>340,493</u>	<u>333,585</u>	<u>82,834,357</u>
Less accumulated depreciation for:					
Buildings	18,976,381	1,797,334	-	-	20,773,715
Furniture and equipment	6,400,551	462,140	-	-	6,862,691
Vehicle and motor equipment	5,471,910	633,189	332,987	-	5,772,112
Total accumulated depreciation	<u>30,848,842</u>	<u>\$ 2,892,663</u>	<u>\$ 332,987</u>	<u>\$ -</u>	<u>33,408,518</u>
Total capital assets being depreciated, net	<u>50,718,133</u>				<u>49,425,839</u>
Governmental activity capital assets, net	<u>\$ 54,839,494</u>				<u>\$ 54,692,412</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

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

General government	\$ 476,355
Public safety	971,021
Environmental protection	111,151
Economic and physical development	1,275
Human services	145,713
Schools	1,152,888
Culture and recreation	34,260
	<u> </u>

Total depreciation expense	<u><u>\$ 2,892,663</u></u>
----------------------------	----------------------------

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Stokes-Reynolds Memorial				
Hospital Fund:				
Capital assets not being				
depreciated:				
Land	\$ 228,849	\$ -	\$ -	\$ 228,849
Capital assets being depreciated:				
Buildings	3,611,422	-	-	3,611,422
Equipment	3,413,218	-	-	3,413,218
Total capital assets being				
depreciated	<u>7,024,640</u>	<u>-</u>	<u>-</u>	<u>7,024,640</u>
Less accumulated depreciation for:				
Buildings	3,611,422	-	-	3,611,422
Equipment	3,413,218	-	-	3,413,218
Total accumulated depreciation	<u>7,024,640</u>	<u>\$ -</u>	<u>\$ -</u>	<u>7,024,640</u>
Stokes-Reynolds capital				
assets, net	<u>\$ 228,849</u>			<u>\$ 228,849</u>
Regional Sewer Fund:				
Capital assets being depreciated:				
Sewer lines	\$ 5,522,972	\$ -	\$ -	\$ 5,522,972
Vehicle	25,123	-	-	25,123
Total capital assets being				
depreciated	<u>5,548,095</u>	<u>-</u>	<u>-</u>	<u>5,548,095</u>
Less accumulated depreciation for:				
Sewer lines	1,550,573	180,273	-	1,730,846
Vehicle	25,123	-	-	25,123
Total accumulated depreciation	<u>1,575,696</u>	<u>\$ 180,273</u>	<u>\$ -</u>	<u>1,755,969</u>
Total capital assets being				
depreciated, net	<u>3,972,399</u>			<u>3,792,126</u>
Sewer capital assets, net	<u>\$ 3,972,399</u>			<u>\$ 3,792,126</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities (continued):				
Danbury Water Fund:				
Land	\$ 37,521	\$ 20,180	\$ -	\$ 57,701
Total capital assets not being depreciated	37,521	20,180	-	57,701
Capital assets being depreciated:				
Equipment	1,550,191	-	-	1,550,191
Less accumulated depreciation for:				
Equipment	492,926	\$ 48,775	\$ -	541,701
Total capital assets being depreciated, net	1,057,265			1,008,490
Danbury Water Fund capital assets, net	<u>\$ 1,094,786</u>			<u>\$ 1,066,191</u>

Construction Commitments

The County has several active construction projects as of June 30, 2021. The projects include the Petree Project, the Meadows Water Project, Walnut Cove EMS Station, Storage/Maintenance Building and several other, smaller projects. At June 30, 2021, the County's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Petree Project	\$ 329,285	\$ 4,858
Meadows Water Project	107,880	5,804,920
Solid Waste/Transfer Station-Walnut Cove	4,300	296,082
Storage/Maintenance Building	431,124	62,472
Walnut Cove EMS Station	816,621	25,793
Solid Waste Building/Scale House	120,017	4,983
Solid Waste/Transfer Station-Pinnacle	-	300,382
Total	<u>\$ 1,809,227</u>	<u>\$ 6,499,490</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

Discretely Presented Component Unit

Capital asset activity for the Stokes County Water and Sewer Authority for the year ended June 30, 2021 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 59,979	\$ -	\$ -	\$ 59,979
Capital assets being depreciated:				
Water lines	1,517,807	-	-	1,517,807
Equipment	23,728	-	-	23,728
Total capital assets being depreciated	1,541,535	-	-	1,541,535
Less accumulated depreciation for:				
Water lines	588,568	30,356	-	618,924
Equipment	16,906	1,245	-	18,151
Total accumulated depreciation	605,474	\$ 31,601	\$ -	637,075
 Total capital assets being depreciated, net	 936,061			 904,460
 Water and Sewer Authority capital assets, net	 \$ 996,040			 \$ 964,439

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities

1. Payables

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

	<u>Vendors</u>	<u>Accrued Salaries</u>	<u>Other</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ 407,154	\$ 969,593	\$ 1,375,803	\$ 2,752,550
Capital Projects Fund	7,867	-	-	7,867
Special Revenue Grant Fund	31,995	-	-	31,995
Total governmental activities	<u>\$ 447,016</u>	<u>\$ 969,593</u>	<u>\$ 1,375,803</u>	<u>\$ 2,792,412</u>
Business-type activities:				
Regional Sewer Fund	\$ 8,465	\$ 2,296	\$ -	\$ 10,761
Danbury Water Fund	865	2,641	-	3,506
Total business-type activities	<u>\$ 9,330</u>	<u>\$ 4,937</u>	<u>\$ -</u>	<u>\$ 14,267</u>

2. Pension Plan and other postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. Stokes County contributes to 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, on appointed by the State Senate, on 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 (ACFR) for the State of North Carolina. The State's ACFR 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, or by calling (919) 981-5454.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

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 on 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 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 services as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contributions provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2021, was 10.9% of compensation for law enforcement officers and 10.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,501,795 for the year ended June 30, 2021.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

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, 2021, the County reported a liability of \$6,459,325 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the County's proportion was .18076% (measured as of June 30, 2020), which was an increase of .01526% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$2,369,242. At June 30, 2021, 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	\$ 815,699	\$ -
Change of assumptions	480,700	-
Net difference between projected and actual earnings on pension plan investments	908,977	-
Changes in proportion and differences between County contributions and proportionate share of contributions	350,469	-
County contributions subsequent to the measurement date	1,501,795	-
Total	<u>\$ 4,057,640</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

\$1,501,795 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Amount
2022	\$ 750,254
2023	945,446
2024	591,135
2025	269,010
Total	<u>\$ 2,555,845</u>

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2019 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

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 by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	<u>100.0%</u>	

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

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Change in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability (asset)	<u>\$ 13,105,266</u>	<u>\$ 6,459,325</u>	<u>\$ 936,080</u>

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

b. Law Enforcement Officers' Special Separation Allowance

- Plan Description.* Stokes 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. 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 County law enforcement officers are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>54</u>
Total	<u>59</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

2. *Summary of Significant Accounting Policies*

Basis of Accounting. The County has chosen to fund the Separation 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 following criteria, which are outlined in GASB Statements 73.

3. Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2019 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25 to 7.75 percent, including inflation and Productivity factor
Discount rate	1.93 percent

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

3. Actuarial Assumptions (Continued)

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

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

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The County paid \$89,533 as benefit payments came due for the reporting period.

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

At June 30, 2021, the County reported a total pension liability of \$1,377,777. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$168,031.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 71,012	\$ 15,182
Changes of assumptions	361,920	16,150
County benefit payments and administrative expenditures paid subsequent to the measurement date	43,735	-
Total	<u>\$ 476,667</u>	<u>\$ 31,332</u>

\$43,735 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2022	\$ 84,102
2023	86,045
2024	85,028
2025	84,216
2026	62,209
Total	<u>\$ 401,600</u>

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 1.93 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	<u>\$ 1,486,390</u>	<u>\$ 1,377,777</u>	<u>\$ 1,278,016</u>

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

	2021
Beginning balance	\$ 906,437
Service cost	55,839
Interest on the total pension liability	28,090
Difference between expected and actual experience	73,209
Changes of assumptions or other inputs	403,735
Benefit payments	(89,533)
Ending balance of the total pension liability	<u>\$ 1,377,777</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

Change of Assumptions. Change of assumption and other inputs reflect a change in the Municipal Bond Index Rate from 3.26% at December 31, 2018 to 1.93% at December 31, 2019.

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.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (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 (ACFR) for the State of North Carolina. The state's ACFR 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 five percent 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 \$119,233 for the reporting year. No amounts were forfeited.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Stokes County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution 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

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

d. Registers of Deeds' Supplemental Pension Fund (Continued)

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 (ACFR) for the State of North Carolina. The state's ACFR 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, or by calling (919) 981-5454 or 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 \$4,108 for the year ended June 30, 2021.

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

At June 30, 2021, the County reported an asset of \$79,762 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2020, the County's proportion was .34803%, which was an increase of .03277% from its proportion measured as of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

d. Registers of Deeds' Supplemental Pension Fund (Continued)

For the year ended June 30, 2021, the County recognized pension expense of \$295. At June 30, 2021, 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
Difference between expected and actual experience	\$ -	\$ 1,625
Net difference between projected and actual earnings on pension plan investments	-	6,825
Changes in proportion and differences between County contributions and proportionate share of contributions	4,612	4,149
Employer contributions subsequent to the measurement date	4,108	-
Total	<u>\$ 8,720</u>	<u>\$ 12,599</u>

\$4,108 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2022	\$ (953)
2023	(2,234)
2024	(3,080)
2025	(1,720)
Total	<u>\$ (7,987)</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

d. Registers of Deeds' Supplemental Pension Fund (Continued)

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2020, is 1.4%.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

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

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

	<u>1% Decrease (2.75%)</u>	<u>Discount Rate (3.75%)</u>	<u>1% Increase (4.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ <u>(67,748)</u>	\$ <u>(79,762)</u>	\$ <u>(89,927)</u>

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

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

The pension liability (asset) for LGERS and ROD was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019. The total pension liability for LEOSSA was measured as of December 31, 2020, with an actuarial valuation date of December 31, 2019.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$ 6,459,325	\$ -	\$ (79,762)	\$ 6,379,563
Proportion of the net pension liability (asset)	0.18076%	NA	0.34803%	-
Total pension liability	-	1,377,777	-	1,377,777
Pension expense	2,369,242	168,031	295	2,537,568

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources</u>	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Differences between expected and actual experience	\$ 815,699	\$ 71,012	\$ -	\$ 886,711
Changes of assumptions	480,700	361,920	-	842,620
Net difference between projected and actual earnings on pension plan investments	908,977	-	-	908,977
Changes in proportion and differences between County contributions and proportionate share of contributions	350,469	-	4,612	355,081
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>1,501,795</u>	<u>43,735</u>	<u>4,108</u>	<u>1,549,638</u>
	<u>\$ 4,057,640</u>	<u>\$ 476,667</u>	<u>\$ 8,720</u>	<u>\$ 4,543,027</u>
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 15,182	\$ 1,625	\$ 16,807
Changes of assumptions	-	16,150	-	16,150
Net difference between projected and actual earnings on pension plan investments	-	-	6,825	6,825
Changes in proportion and differences between County contributions and proportionate share of contributions	-	-	4,149	4,149
	<u>\$ -</u>	<u>\$ 31,332</u>	<u>\$ 12,599</u>	<u>\$ 43,931</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Pension Plan Obligations (Continued)

e. Other Post-Employment Benefits - Stokes County

Plan Description. The County adopted a new policy on March 15, 1999, to provide post-employment healthcare benefits as a single-employer defined benefit plan to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (LGERS) and meet the following criteria. Retirees hired prior to March 15, 1999 receive the same benefits as active employees. The new policy is a sliding scale based upon years of service in the LGERS and Stokes County. A retiring employee must follow both guidelines to be eligible for retiree health insurance coverage.

Minimum Years of Service	Minimum Stokes County Service	County Contribution	Employee Contribution
25 years +	20 years +	100.00%	0.00%
25 years +	10 years +	50.00%	50.00%
20 years +	10 years +	0.00%	100.00%

1. Stokes County Service must be the final years preceding retirement.
2. Employees and family members will be dropped from Stokes County Health Insurance when employee reaches age 65 per insurance carrier.
3. Retiree must decide on coverage immediately upon retirement.
4. County will only pay individual premium, if applicable.
5. Coverage may change depending upon the County's insurance carrier.
6. Coverage, costs, and insurance carriers are determined yearly.

A separate report was not issued for the plan.

Membership of the post-employment health benefit plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	23
Active plan members	<u>329</u>
Total	<u><u>352</u></u>

Total OPEB Liability

The County's total OPEB liability of \$7,099,952 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Pension Plan Obligations (Continued)

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases	
General employees	3.50%-7.75%, including wage inflation
Law enforcement officers	3.50%-7.35%, including wage inflation
Municipal Bond Index Rate	
Prior measurement date	3.50 percent
Measurement date	2.21 percent
Healthcare cost trend rates	
Pre-Medicare	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026

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.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 5,997,251
Changes for the Year:	
Service cost	281,560
Interest	216,368
Differences between expected and actual experience	(32,324)
Changes of assumptions or other inputs	832,487
Benefit payments	(195,390)
Net changes	1,102,701
Balance at June 30, 2021	\$ 7,099,952

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.50% to 2.21%.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	<u>\$ 7,829,855</u>	<u>\$ 7,099,952</u>	<u>\$ 6,444,406</u>

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

	1% Decrease	Current	1% Increase
Total OPEB liability	<u>\$ 6,220,352</u>	<u>\$ 7,099,952</u>	<u>\$ 8,157,298</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$585,071. At June 30, 2021, 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
Difference between expected and actual experience	\$ 181,953	\$ 29,349
Changes of assumptions or other inputs	821,939	254,471
Employer contributions subsequent to the measurement date	197,324	-
Total	<u>\$ 1,201,216</u>	<u>\$ 283,820</u>

\$197,324 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2022	\$ 87,143
2023	87,143
2024	87,143
2025	90,458
2026	125,929
Thereafter	242,256
Total	<u>\$ 720,072</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

f. Other Employment Benefits - Stokes County

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death 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 between \$25,000 and \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. 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. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County considers these contributions to be immaterial.

3. Deferred Inflows/Outflows of Resources

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension deferrals		
LGERS	\$ 2,555,845	\$ -
LEO	432,932	31,332
Register of Deeds	4,612	12,599
OPEB	1,003,892	283,820
Contributions to pension plan in 2020-21 fiscal year		
LGERS	1,501,795	-
LEO	43,735	-
Register of Deeds	4,108	-
OPEB	197,324	-
Taxes receivable, net (General)	-	859,082
Taxes receivable, net (Special Revenue)	-	102,669
Prepaid taxes not yet earned	-	87,297
Other receivables (General)	-	494,224
Total	<u>\$ 5,744,243</u>	<u>\$ 1,871,023</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

4. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit as outlined in the contract for any one occurrence, with an annual aggregate of \$50 million for flood and earthquake, with other sub-limits for other coverage per the County's contract. The County also purchases general, auto, public officials, law enforcement and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits, and medical and dental insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 per occurrence and an additional \$500,000 annual aggregate up to a \$2 million limit for liability coverage, \$145 million of aggregate annual losses in excess of \$100,000 per occurrence and an additional \$1 million annual aggregate for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 per occurrence, and \$300,000 annual aggregate for workers' compensation.

The County provides employee health benefits through a self-insured plan provided by Preferred Health Plan of the Carolinas (PHP). Claims are administered and paid directly from the plan by PHP. Specific stop-loss is set at \$100,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a minimum aggregate attachment point of \$3,957,299 and a contract period maximum of \$1,000,000.

The County carries commercial insurance for all other risks 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.

The County is in an area of the state that has been mapped and designated as "X" area (an area close to a river, lake, or stream) by the Federal Emergency Management. Flood coverage is excluded on property located in the 100-year flood zone as designated by the Federal Emergency Management Agency. Stokes County's insurance is administered by the North Carolina Association of County Commissioners with a deductible of \$25,000 per occurrence for floods.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any time of the County's funds are performance bonded through a commercial surety bond. The Finance Director and the Tax Administrator are individually bonded for \$50,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

Liabilities are reported when it is probably that a loss has occurred and the amount of the loss can be reasonably stated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's).

Changes in the balances in claims for employee health insurance during the last fiscal year are as follows:

	2021	2020
Unpaid claims, beginning	\$ 52,820	\$ 403,006
Incurred claims	2,492,116	3,375,958
Claim payments	(2,335,797)	(3,726,144)
Unpaid claims, ending	<u>\$ 209,139</u>	<u>\$ 52,820</u>

5. Contingent Liabilities

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

6. Long-Term Obligations

At June 30, 2021, Stokes County had a legal debt margin of \$308,521,492.

a. Installment Purchase Contracts and Notes Payable

On September 4, 2015, the County refinanced this installment financing contract for the purpose of the acquisition of land for schools and the acquisition of portable classroom units. The amended contracts provide for fourteen annual principal payments of \$72,700 for the acquisition of land, at interest rate from 3.79% to 2.79%, and nine annual principal payments of \$76,333 for portable classrooms, at interest rate from 4.07% to 2.27%. At June 30, 2021, the balances outstanding on those debts were \$581,600 and \$229,000, respectively.

The County has outstanding notes from direct placements related to governmental activities totaling \$581,600, which are secured by the mortgaged property and equipment in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$581,600 contain provisions that an event of default would result in (1) declare the unpaid principle components

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations

a. Installment Purchase Contracts and Notes Payable (Continued)

of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) exercise the Deed of Trust Trustee to exercise all remedies under the Uniform Commercial Code of the State and the general laws of the state and to the extent permitted by law take possession of the Mortgaged Property; (4) enforce its security interest or direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust and sell the mortgaged property; (5) enforce its security interest in the contract and sell the equipment.

The County has outstanding notes from direct placements related to governmental activities totaling \$229,000, which are secured by the mortgaged property and equipment in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$229,000 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) take possession of the mortgaged property; (4) no deficiency judgment may be rendered against the grantor to collect indebtedness.

On July 16, 2015, the County refinanced this installment financing contract for the purpose of constructing a new Nancy Reynolds School and the purchase of land and PODS for Community College (Early College) project. The contract provides for annual principal payments ranging from \$100,000 – 950,000, with interest at an average annual rate of 4.89% to 2.89% and is collateralized by a deed of trust on school building. At June 30, 2021, the balance outstanding was \$8,510,000.

The County has outstanding notes from direct placements related to governmental activities totaling \$8,510,000, which are secured by the mortgaged property in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$8,510,000 contain provisions that an event of default would result in (1) declare the unpaid principal components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) exercise the Deed of Trust Trustee to exercise all remedies under the Uniform Commercial Code of the State and the general laws of the state and to the extent permitted by law take possession of the Mortgaged Property; (4) enforce its security interest or direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust and sell the mortgaged property.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

a. Installment Purchase Contracts and Notes Payable (Continued)

In September 2011, the County entered into an installment financing contract using Qualified School Construction Bonds (QSCB) for the purchase of constructing a New Elementary School and constructing of a building at the Southeastern Middle School. The contract provides for seventeen annual principal payments of \$956,995 at a rate of 5.07% with a tax credit rate of 4.48% for an effective rate of .59%. At June 30, 2021, the balance outstanding was \$6,698,964.

The County has outstanding notes from direct placements related to governmental activities totaling \$6,698,964, which are secured by the mortgaged property and equipment in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$6,698,964 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) exercise the Deed of Trust Trustee to exercise all remedies under the Uniform Commercial Code of the State and the general laws of the state and to the extent permitted by law take possession of the Mortgaged

Property; (4) enforce its security interest or direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust and sell the mortgaged property or equipment.

In September 2011, the County entered into an installment financing contract using Qualified Zone Academy Bonds (QZAB) for the purchase of constructing a new building and renovations of facility at the Southeastern Middle School. The contract provides for seventeen annual principal payments of \$68,445 at a rate of 5.07% with a tax credit rate of 4.48% for an effective rate of .59%. At June 30, 2021, the balance outstanding was \$1,111,764.

The County has outstanding notes from direct placements related to governmental activities totaling \$1,111,764, which are secured by the mortgaged property and equipment in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$1,111,764 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach; (3) exercise the Deed of Trust Trustee to exercise all remedies under the Uniform Commercial Code of the State and the general laws of the state and to the extent permitted by law take possession of the Mortgaged Property; (4) enforce its security interest or direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust and sell the mortgaged property.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

a. Installment Purchase Contracts and Notes Payable (Continued)

In September 2017, the County entered into a financing contract for the purpose of construction of Community College. This financing agreement was with the USDA for 40 years at 2.375%. The payments are \$220,680 per year including interest. At June 30, 2021, the balance outstanding was \$5,392,178.

The County has outstanding notes from direct placements related to governmental activities totaling \$5,392,178, which are secured by the real property financed with the loan funds in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$5,392,178 contain provisions that an event of default would result in (1) terminate or refuse to render or continue financial assistance for the aid of the property, facility, project, service or activity; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof.

In June 2013, the County entered into an installment financing contract for the purpose of purchasing Autumn Square building and land. The contract provides for monthly payment principal and interest of \$5,191.51 for ten years. At June 30, 2021, the balance outstanding was \$120,154.

The County has outstanding notes from direct placements related to governmental activities totaling \$120,154, which are secured by the mortgaged property in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$120,154 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) exercise the Deed of Trust Trustee to exercise all remedies under the Uniform Commercial Code of the State and the general laws of the state and to the extent permitted by law take possession of the Mortgaged Property; (4) enforce its security interest or direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust and sell the mortgaged property.

In September 2013, the County entered into an installment financing contract for the purpose of construction and renovations at the Lawsonville Elementary School. The contract provides for an annual principal payment of \$150,000 and interest payment bi-annual for fifteen years at a rate of 2.44%. At June 30, 2021, the balance outstanding was \$1,200,000.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

a. Installment Purchase Contracts and Notes Payable (Continued)

The County has outstanding notes from direct placements related to governmental activities totaling \$1,200,000, which are secured by the mortgaged property in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$1,200,000 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) exercise the Deed of Trust Trustee to exercise all remedies under the Uniform Commercial Code of the State and the general laws of the state and to the extent permitted by law take possession of the Mortgaged Property; (4) enforce its security interest or direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust and sell the mortgaged property; (5) pursue any other remedy available at law or equity to the bank.

In September 2019 the County entered into a financing contract for the purpose of construction of a jail expansion. The financing agreement was with the USDA for 40 years at 2.375% and 3.50%. At June 30, 2021, the balance outstanding was \$5,511,954 and \$919,680.

The County has outstanding notes from direct placements related to governmental activities totaling \$6,431,634, which are secured by real property financed with loan funds in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$6,431,634 contain provisions that an event of default would result in (1) terminate or refuse to render or continue financial assistance for the aid of the property, facility, project, service or activity; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) exercise the Deed of Trust Trustee to exercise all remedies under the Uniform Commercial Code of the State and the general laws of the state and to the extent permitted by law take possession of the mortgaged property; (4) the interest rate shall immediately be converted to the default rate.

In August 2018, the County entered into an installment financing contract for the purpose of purchasing vehicles and equipment. The contract provides for an annual principle and interest payment of \$265,284 for four years. At June 30, 2021, the balance outstanding was \$258,316.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

a. Installment Purchase Contracts and Notes Payable (Continued)

The County has outstanding notes from direct placements related to governmental activities totaling \$258,316, secured by the financed equipment and deposits in the project fund in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$258,316 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) require any balance remaining in the Project Fund to be applied against outstanding required payments; (4) avail itself of all available remedies under the agreement and recovery of attorneys' fees and other expenses.

In July 2014, the County entered into an agreement for the purchase of tax office software. The agreement provides for a yearly payment of \$42,000. At June 30, 2021, the balance outstanding was \$126,000.

The County has outstanding notes from direct placements related to governmental activities totaling \$126,000. The County's outstanding notes from direct placements related to governmental activities of \$126,000 contain provisions that an event of early termination for any reason prior to the payment of the full implementation fee, the County agrees to pay the remaining portion of the implementation fee within sixty (60) days after the date of termination.

In December 2019, the County entered into an agreement for the purchase of ambulance and roll off truck. The agreement provides for a yearly payment of \$221,353. At June 30, 2021, the balance outstanding was \$429,686.

The County has outstanding notes from direct placements related to governmental activities totaling \$429,686 and are secured with the financed equipment and investments held in the Escrow Fund in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$429,686 contain provisions that an event of default would result in (1) declare the current amounts due and all remaining payments due during the fiscal year the default occurs in with accrued interest immediately due; (2) return or repossession of all equipment; (3) sale or lease of equipment by the County with all proceeds applied to costs the Lessor has incurred in exercising remedies, amounts due under the agreement, and payment of the termination value and any proceeds in excess of these amounts shall be paid by the County to the lessor; (4) termination of lease to any equipment; (5) avail itself of all available remedies under applicable law and the agreement and recover any out of pocket costs for expenses incurred as a result of the default.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

a. Installment Purchase Contracts and Notes Payable (Continued)

In September 2020, The County entered into an agreement for the construction of the Walnut Cove EMS Station and the Storage/Maintenance Building. The agreement provides for a yearly payment of \$126,500. At June 30, 2021, the balance outstanding was \$1,265,000.

The County has outstanding notes from direct placements related to governmental activities totaling \$1,265,000, which are secured by the Escrow Funds in compliance with G.S. 160A-20. The County's outstanding notes from direct placements related to governmental activities of \$1,265,000 contain provisions that an event of default would result in (1) declare the current amounts due and all remaining payments due during the fiscal year the default occurs in with accrued interest immediately due; (2) return or repossession of all equipment; (3) sale or lease of equipment by the County with all proceeds applied to costs the Lessor has incurred in exercising remedies, amounts due under the agreement, and payment of the termination value and any proceeds in excess of these amounts shall be paid by the County to the lessor; (4) termination of lease to any equipment; (5) avail itself of all available remedies under applicable law and the agreement and recover any out-of-pocket costs for expenses incurred as a result of the default.

In October 2020, the County entered into an installment financing contract for the purpose of purchasing equipment and/or other personal property. The financing agreement is for 3 years at 1.33%. At June 30, 2021, the balance outstanding was \$719,400.

The County has outstanding notes from direct placements related to governmental activities totaling \$719,400. The County's outstanding notes from direct placements related to governmental activities of \$719,400 contain provisions that an event of default would result in (1) take possession of the Leased Property by virtue of the Bank's ownership; (2) hold Lessee liable for the difference between (i) the rents and other amounts payable by Lessee hereunder to the end of the then current Original Term or Renewal Term, as appropriate, and (ii) the rent paid by a lessee of the Leased Property pursuant to such lease; (3) take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Lease, the Security Documents, or as a secured party in any or all of the Leased Property or the Escrow Account established with the LGC hereunder; (4) apply the proceeds in the Escrow Account with the NCCMT to the Lease Payments due hereunder.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

b. Long-Term Obligations Activity

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 3,486,625	\$ 1,593,907
2023	3,242,796	1,536,181
2024	2,971,654	1,486,133
2025	2,615,071	1,443,539
2026	2,620,840	1,402,671
2027-2031	8,450,520	3,531,731
2032-2036	1,534,509	1,342,079
2037-2060	8,151,681	2,534,006
Total	<u>\$ 33,073,696</u>	<u>\$ 14,870,247</u>

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balances June 30, 2021	Due Within One Year
Governmental Activities:					
Notes from direct placements	\$ 25,539,900	\$ 1,984,400	\$ 2,261,332	\$ 25,262,968	\$ 2,370,807
Notes from direct placements Schools QSCB	7,655,958	-	956,994	6,698,964	956,994
Notes from direct placements Schools QZAB	1,270,588	-	158,824	1,111,764	158,824
Vacation, holiday, and compensatory time	2,128,335	1,365,743	2,070,660	1,423,418	1,423,418
Total Law Enforcement Officers' Special Separation					
Allowance Pension Liability	906,437	471,340	-	1,377,777	-
Net pension liability (LGRS)	4,519,676	1,939,649	-	6,459,325	-
Total OPEB liability	5,997,251	1,102,701	-	7,099,952	-
Total governmental activities	<u>\$ 48,018,145</u>	<u>\$ 6,863,833</u>	<u>\$ 5,447,810</u>	<u>\$ 49,434,168</u>	<u>\$ 4,910,043</u>

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

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes On All Funds (Continued)

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2021 consist of the following:

From the Capital Reserve Fund to the General Fund for the acquisition of various general government, public safety and educations assets in the current year	\$ 76,154
From Dedicated Debt Service Fund to General Fund for debt payment	2,917,891
From the General Fund to the Capital Reserve Fund to accumulate resources for the acquisition or construction of various general government, public safety and others	328,249
From General Fund to Stokes Reynolds Memorial Hospital Fund to cover expenditure	39,999
From General Fund to Health Department Title XIX Fund to transfer fund balance for Title XIX	491,231
From General Fund to Mental Health MOE Fund to account for the fund balance	395,820
From General Fund to Capital Projects Fund for Walnut Cove EMS Station	6,010
From General Fund to Dedicated Debt Service Fund for debt payments per financial model	911,820
From Dedicated Fund to School Current Expense Fund for Poplar Spring Elementary School operations.	87,700
From Stokes Reynolds Memorial Hospital Fund to Capital Reserve Fund for capital outlay per lease agreement	<u>10,000</u>
Total	<u>\$ 5,264,874</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

IV. Danbury Water System

On July 1, 2008, the County resumed operations of the Danbury Water System. The lease with the Town of Danbury was terminated.

V. Hospital

On February 28, 2010, the lease between N.C. Baptist Hospitals, Inc. and Stokes County expired. A transfer and corporation reorganization agreement were approved. The Board of County Commissioners became the Board of Trustees for the Stokes-Reynolds Memorial Hospital, Inc., and a management company was hired to operate the Hospital. On June 27, 2011, the Board of County Commissioners approved leasing the Stokes-Reynolds Memorial Hospital to Pioneer Health Services of Stokes County, Inc. effective August 1, 2011. The Stokes-Reynolds Memorial Hospital, Inc. was transferred to Stokes County to collect account receivables and pay invoices for the corporation. Pioneer Health Services filed bankruptcy on March 31, 2016. The County appropriated funding to keep the hospital open until bankruptcy procedures allowed LifeBrite Hospital Group, LLC to assume the lease. A second amendment to lease and transfer agreement to LifeBrite Hospital Group, LLC was approved by the County Commissioners on November 3, 2016. On July 28, 2021, the board approved a renewal of the lease with LifeBrite Hospital Group, LLC for five years.

VI. Joint Ventures

The County, in conjunction with Forsyth County, Davie County and Rockingham County, participates in Cardinal Innovations Healthcare, an area mental health authority. Cardinal Innovations Healthcare is a joint venture established to provide the participating counties with legally mandated mental health services. The County has an ongoing financial responsibility for Cardinal Innovations Healthcare because Cardinal Innovations continued existence depends on the participating governments' continued funding. The County contributed \$395,820 to the Mental Health MOE Fund held by the County during the fiscal year ended June 30, 2021. These funds are the MOE for Cardinal to get funding on behalf of Stokes County. None of the participating governments has any equity interest in Cardinal Innovations Healthcare, so no equity interest has been reflected in the financial statements at June 30, 2021. Complete financial statements for Cardinal Innovations Healthcare can be obtained from its administrative office at Suite 400, 10150 Mallard Creek Road, Charlotte, North Carolina.

The County also participates in a joint venture to operate Northwestern Regional Library with three other local governments. The County appoints three members to the 13-member Board of the Library. The County has an ongoing financial responsibility for the joint venture because the library's continued existence depends on the participating governments' continued funding. None of the participating governments has any equity interest in the library, so no equity interest has been reflected in the financial statements at June 30, 2021. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$541,870 to the library to supplement its activities. Complete financial statements for the library can be obtained from the library's offices at 111 North Front Street, Elkin, North Carolina 28621.

NOTES TO FINANCIAL STATEMENTS (Continued)

VII. Jointly Governed Organization

The County, in conjunction with five other counties and 21 municipalities, established the Piedmont Triad Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$9,759 to the Council during the fiscal year ended June 30, 2021. The County was the subrecipient of various federal and state grants totaling approximately \$433,339 from the U. S. Department of Health and Human Services and the Division of Aging of the North Carolina Department of Human Resources that was passed through the Council.

VIII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

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

Coronavirus Disease (COVID-19)

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

IX. Change in Accounting Principle

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

NOTES TO FINANCIAL STATEMENTS (Continued)

IX. Change in Accounting Principle (Continued)

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

Governmental Activities Net Position - Increase (Decrease)	Nonmajor Special Revenue Fund Balance - Increase (Decrease)	Fiduciary Net Position - Custodial Fund - Increase (Decrease)
---	--	--

				Cash, taxes receivables and liabilities related to ad valorem and vehicle property taxes collected by the County on behalf of various municipalities were reclassified out of the Agency Fund into a newly created Municipal Tax Custodial Fund. The portion of liabilities attributable taxes receivable at the beginning of the year were restated as custodial net position.
\$	-	\$	-	\$ 71,082
				Cash and liabilities collected by the County on behalf of the Stokes County 4-H program were reclassified out of the Agency Fund into a newly created Stokes County 4-H Custodial Fund. The portion of liabilities at the beginning of the year
	-		-	5,975 were restated as custodial net position.
				Cash and receivables from fines and forfeitures net of liabilities owed to the Stokes County Board of Education were reclassified out of the Agency Fund into the General Fund. The reclassifications did not
	-		-	- result in a restatement of fund balance.
				Cash and liabilities collected by the County on behalf of the Recreation Fund were reclassified out of the Agency Fund into the General Fund. The reclassifications did not result in a restatement of
	-		-	- fund balance.

NOTES TO FINANCIAL STATEMENTS (Continued)

IX. Change in Accounting Principle (Continued)

Governmental Activities Net Position - Increase (Decrease)	Nonmajor Special Revenue Fund Balance - Increase (Decrease)	Fiduciary Net Position - Custodial Fund - Increase (Decrease)	
\$	-	\$	19,384
29,593	29,593		

Cash related to funds held on behalf of incarcerated inmates were reclassified out of the Agency Fund into a newly created Stokes County Jail Custodial Fund. The portion of liabilities at the beginning of the year were restated as custodial net position.

Cash received under the Social Security Administration's Representative Payee Program net of liabilities owed for payments on behalf of beneficiaries were reclassified out of the Agency Fund into a newly created Representative Payee

X. Subsequent Events

Stokes County was awarded \$8,855,517 from the Federal American Rescue Plan (ARP). Subsequent to year-end, the County received \$4,427,759. The remaining amount of \$4,427,758 is expected to be received within the next twelve months.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

- Law Enforcement Officers' Special Separation Allowance Change In Total Pension Liability
- Law Enforcement Officers' Special Separation Allowance Schedule of Total Pension Liability as a Percentage of Covered Employee Payroll
- Schedule of Changes in the Total OPEB Liability for the Other Post-Employment Benefits
- Notes to the Required Schedules for the Other Post-Employment Benefits
- Schedule of Local Government Employees' Retirement System Proportionate Share of Net Pension Liability (Asset)
- Schedule of Local Government Employees' Retirement System Contributions
- Schedule of Register of Deeds' Supplemental Pension Fund Proportionate Share of Net Pension Liability (Asset)
- Schedule of Register of Deeds' Supplemental Pension Fund Contributions

THIS PAGE LEFT INTENTIONALLY BLANK.

STOKES COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
Last Five Fiscal Years

Law Enforcement Officers' Special Separation Allowance					
	2021	2020	2019	2018	2017
Beginning balance	\$ 906,437	\$ 882,782	\$ 869,998	\$ 837,336	\$ 833,251
Service cost	55,839	44,330	43,791	35,323	37,951
Interest on the total pension liability	28,090	30,930	26,664	31,408	28,938
Difference between expected and actual experience	73,209	(8,479)	22,691	(32,317)	-
Changes of assumptions or other inputs	403,735	22,978	(27,951)	45,552	(17,462)
Benefit payments	(89,533)	(66,104)	(52,411)	(47,304)	(45,342)
Ending balance of the total pension liability	<u>\$ 1,377,777</u>	<u>\$ 906,437</u>	<u>\$ 882,782</u>	<u>\$ 869,998</u>	<u>\$ 837,336</u>

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

*Pension schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE
PAYROLL LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
Last Five Fiscal Years

Law Enforcement Officers' Special Separation Allowance					
	2021	2020	2019	2018	2017
Total pension liability	\$ 1,377,777	\$ 906,437	\$ 882,782	\$ 869,998	\$ 837,336
Covered-employee payroll	\$ 2,257,201	\$ 2,050,859	\$ 1,879,935	\$ 1,696,875	\$ 1,659,202
Total pension liability as a percentage of covered-employee	61.04%	44.20%	46.96%	51.27%	50.47%

Notes to the Schedules:

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

*Pension schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.

STOKES COUNTY, NORTH CAROLINA
OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
Last Four Fiscal Years

Other Post-Employment Benefits				
	2021	2020	2019	2018
Service cost	\$ 281,560	\$ 227,787	\$ 236,763	\$ 258,164
Interest	216,368	204,844	183,496	155,381
Differences between expected and actual experience	(32,324)	240,074	(1,741)	4,291
Changes of assumptions or other inputs	832,487	125,365	(174,854)	(295,224)
Benefit payments	(195,390)	(132,186)	(132,186)	(128,783)
Net change in total OPEB liability	1,102,701	665,884	111,478	(6,171)
Total OPEB liability - beginning	5,997,251	5,331,367	5,219,889	5,226,060
Total OPEB liability - ending	<u>\$ 7,099,952</u>	<u>\$ 5,997,251</u>	<u>\$ 5,331,367</u>	<u>\$ 5,219,889</u>
Covered-employee payroll	\$ 11,607,813	\$ 11,607,813	\$ 9,662,244	\$ 9,662,244
Total OPEB liability as a percentage of covered-employee payroll	61.17%	51.67%	55.18%	54.02%

Notes to the Required Schedules:

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

Fiscal Year	Rate
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%

*OPEB schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.

**STOKES COUNTY, NORTH CAROLINA
STOKES COUNTY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
Last Eight Fiscal Years***

Local Governmental Employees' Retirement System				
	2021	2020	2019	2018
Stokes County's proportion of the net pension liability (asset) (%)	0.18076%	0.16550%	0.16239%	0.16022%
Stokes County's proportion of the net pension liability (asset) (\$)	\$ 6,459,325	\$ 4,519,676	\$ 3,852,446	\$ 2,447,718
Stokes County's covered payroll	\$ 13,441,905	\$ 11,929,769	\$ 11,097,231	\$ 10,454,639
Stokes County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	48.05%	37.89%	34.72%	23.41%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%

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

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

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

**STOKES COUNTY, NORTH CAROLINA
STOKES COUNTY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
Last Eight Fiscal Years***

Local Governmental Employees' Retirement System				
	2017	2016	2015	2014
Stokes County's proportion of the net pension liability (asset) (%)	0.15691%	0.15471%	0.16026%	0.16460%
Stokes County's proportion of the net pension liability (asset) (\$)	\$ 3,330,156	\$ 694,329	\$ (945,128)	\$ 1,984,062
Stokes County's covered payroll	\$ 10,277,209	\$ 9,533,524	\$ 9,389,406	\$ 8,950,303
Stokes County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	32.40%	7.28%	(10.07%)	22.17%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY CONTRIBUTIONS
LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
Last Eight Fiscal Years

Local Governmental Employees' Retirement System				
	2021	2020	2019	2018
Contractually required contribution	\$ 1,501,795	\$ 1,223,029	\$ 944,615	\$ 849,702
Contributions in relation to the contractually required contribution	<u>1,501,795</u>	<u>1,223,029</u>	<u>944,615</u>	<u>849,702</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Stokes County's covered payroll	\$ 14,652,320	\$ 13,441,905	\$ 11,929,769	\$ 11,097,231
Contributions as a percentage of covered payroll	10.25%	9.10%	7.92%	7.66%

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

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY CONTRIBUTIONS
LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
Last Eight Fiscal Years

Local Governmental Employees' Retirement System				
	2017	2016	2015	2014
Contractually required contribution	\$ 773,777	\$ 679,569	\$ 679,145	\$ 670,748
Contributions in relation to the contractually required contribution	<u>773,777</u>	<u>679,569</u>	<u>679,145</u>	<u>670,748</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Stokes County's covered payroll	\$ 10,454,639	\$ 10,277,209	\$ 9,533,524	\$ 9,389,406
Contributions as a percentage of covered payroll	7.40%	6.61%	7.12%	7.14%

**STOKES COUNTY, NORTH CAROLINA
STOKES COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
Last Eight Fiscal Years***

Register of Deeds' Supplemental Pension Fund				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Stokes County's proportion of the net pension liability (asset) (%)	0.34803%	0.31526%	0.36289%	0.38162%
Stokes County's proportion of the net pension liability (asset) (\$)	\$ (79,762)	\$ (62,239)	\$ (60,105)	\$ (65,139)
Stokes County's covered payroll	\$ 57,775	\$ 54,966	\$ 58,366	\$ 61,935
Stokes County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-138.06%	-113.23%	-102.98%	-105.17%
Plan fiduciary net position as a percentage of the total pension liability**	173.62%	164.11%	153.31%	153.77%

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

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

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

STOKES COUNTY, NORTH CAROLINA
STOKES COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
Last Eight Fiscal Years*

Register of Deeds' Supplemental Pension Fund

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Stokes County's proportion of the net pension liability (asset) (%)	0.36819%	0.38609%	0.36388%	0.35446%
Stokes County's proportion of the net pension liability (asset) (\$)	\$ (68,837)	\$ (89,472)	\$ (82,486)	\$ (75,713)
Stokes County's covered payroll	\$ 60,595	\$ 58,031	\$ 55,620	\$ 54,326
Stokes County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-113.60%	-154.18%	-148.30%	-139.37%
Plan fiduciary net position as a percentage of the total pension liability**	160.17%	197.29%	193.88%	190.50%

STOKES COUNTY, NORTH CAROLINA
STOKES COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
Last Eight Fiscal Years

Register of Deeds' Supplemental Pension Fund

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 4,108	\$ 3,332	\$ 2,322	\$ 3,106
Contributions in relation to the contractually required contribution	<u>4,108</u>	<u>3,332</u>	<u>2,322</u>	<u>3,106</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Stokes County's covered payroll	\$ 62,417	\$ 57,775	\$ 54,966	\$ 58,366
Contributions as a percentage of covered payroll	6.58%	5.77%	4.22%	5.32%

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

STOKES COUNTY, NORTH CAROLINA
STOKES COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
Last Eight Fiscal Years

Register of Deeds' Supplemental Pension Fund

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,316	\$ 3,008	\$ 3,089	\$ 2,971
Contributions in relation to the contractually required contribution	<u>3,316</u>	<u>3,008</u>	<u>3,089</u>	<u>2,971</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Stokes County's covered payroll	\$ 61,935	\$ 60,595	\$ 58,031	\$ 55,620
Contributions as a percentage of covered payroll	5.35%	4.96%	5.32%	5.34%

THIS PAGE LEFT INTENTIONALLY BLANK.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

THIS PAGE LEFT INTENTIONALLY BLANK.

STOKES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GENERAL FUND CONSOLIDATED
Year Ended June 30, 2021

	General Fund	School Current Expense Fund	Dedicated Debt Service Fund	Health Department Title XIX Fund	Mental Health MOE Fund	Eliminations	Total General Fund
Revenues:							
Ad valorem taxes	\$ 13,356,446	\$ 13,448,328	\$ 1,724,547	\$ -	\$ -	\$ -	\$ 28,529,321
Other taxes and licenses	8,546,479	-	-	-	4,876	-	8,551,355
Intergovernmental	10,483,849	88,932	-	333,549	-	-	10,906,330
Permits and fees	593,717	-	-	-	-	-	593,717
Sales and services	3,703,967	-	-	222,766	-	-	3,926,733
Investment earnings	4,624	3,136	1,721	204	9	-	9,694
Other revenues	245,542	-	-	154,399	-	-	399,941
Total revenues	<u>36,934,624</u>	<u>13,540,396</u>	<u>1,726,268</u>	<u>710,918</u>	<u>4,885</u>	<u>-</u>	<u>52,917,091</u>
Expenditures:							
Current:							
General government	6,620,043	-	-	-	-	-	6,620,043
Public safety	13,360,414	-	-	-	-	-	13,360,414
Environmental protection	1,702,047	-	-	-	-	-	1,702,047
Economic and physical development	1,122,852	-	-	-	-	-	1,122,852
Human services	9,044,593	-	-	1,165,009	389,892	-	10,599,494
Culture and recreation	868,220	-	-	-	-	-	868,220
Special appropriations	359,083	-	-	-	-	-	359,083
Intergovernmental:							
Education	284,077	13,145,703	-	-	-	-	13,429,780
Debt service:							
Principal	3,377,150	-	-	-	-	-	3,377,150
Interest and fiscal charges	1,638,223	-	-	-	-	-	1,638,223
Total expenditures	<u>38,376,702</u>	<u>13,145,703</u>	<u>-</u>	<u>1,165,009</u>	<u>389,892</u>	<u>-</u>	<u>53,077,306</u>
Excess of revenues over (under) expenditures	<u>(1,442,078)</u>	<u>394,693</u>	<u>1,726,268</u>	<u>(454,091)</u>	<u>(385,007)</u>	<u>-</u>	<u>(160,215)</u>
Other Financing Sources (Uses):							
Transfers from other funds	2,994,045	87,700	911,820	491,231	395,820	(4,804,462)	76,154
Transfers to other funds	(2,173,129)	-	(3,005,591)	-	-	4,804,462	(374,258)
Debt issued	719,400	-	-	-	-	-	719,400
Total other financing sources (uses)	<u>1,540,316</u>	<u>87,700</u>	<u>(2,093,771)</u>	<u>491,231</u>	<u>395,820</u>	<u>-</u>	<u>421,296</u>
Net change in fund balances	98,238	482,393	(367,503)	37,140	10,813	-	261,081
Fund balances at beginning of year	<u>15,034,826</u>	<u>458,060</u>	<u>2,922,695</u>	<u>303,888</u>	<u>29,603</u>	<u>-</u>	<u>18,749,072</u>
Fund balances at end of year	<u>\$ 15,133,064</u>	<u>\$ 940,453</u>	<u>\$ 2,555,192</u>	<u>\$ 341,028</u>	<u>\$ 40,416</u>	<u>\$ -</u>	<u>\$ 19,010,153</u>

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 13,071,730	\$ 13,356,446	\$ 284,716
Other Taxes and Licenses:			
Local option sales taxes	7,420,016	8,217,819	797,803
White goods disposal tax	20,000	11,771	(8,229)
Scrap tire disposal tax	62,000	67,433	5,433
Solid waste disposal tax	32,000	36,917	4,917
Electronic Management Program	3,000	-	(3,000)
Real estate transfer taxes	100,000	189,306	89,306
Dog tag licenses	31,000	23,233	(7,767)
Total	<u>7,668,016</u>	<u>8,546,479</u>	<u>878,463</u>
Unrestricted Intergovernmental Revenues:			
Medicaid Relief-Hold harmless	900,000	1,657,734	757,734
Beer and wine tax	170,000	161,768	(8,232)
ABC net revenue	4,000	7,498	3,498
CATV Time Warner	145,000	93,051	(51,949)
Total	<u>1,219,000</u>	<u>1,920,051</u>	<u>701,051</u>
Restricted Intergovernmental Revenues:			
State grants, including federal pass-through monies	8,553,772	8,024,411	(529,361)
Public school capital lottery	450,000	450,000	-
Court costs and facilities fees	95,000	89,387	(5,613)
Total	<u>9,098,772</u>	<u>8,563,798</u>	<u>(534,974)</u>
Permits and Fees:			
Building permits and inspection fees	258,952	357,367	98,415
Register of Deeds	183,094	236,350	53,256
Total	<u>442,046</u>	<u>593,717</u>	<u>151,671</u>
Sales and Services:			
Rents, concessions and fees	2,350,878	2,075,671	(275,207)
Ambulance fees	1,600,000	1,628,296	28,296
Total	<u>3,950,878</u>	<u>3,703,967</u>	<u>(246,911)</u>
Investment earnings	<u>375,000</u>	<u>4,624</u>	<u>(370,376)</u>
Other General Revenues:			
Sale of materials	27,925	46,033	18,108
Insurance claim refunds	40,323	40,322	(1)
Other	104,952	159,187	54,235
Total	<u>173,200</u>	<u>245,542</u>	<u>72,342</u>
Total revenues	<u>35,998,642</u>	<u>36,934,624</u>	<u>935,982</u>

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Current Operating:			
General Government:			
Governing Body:			
Salaries	51,000	44,281	6,719
Employee benefits	31,378	29,341	2,037
Operating expenditures	808,625	776,412	32,213
Supplies	500	523	(23)
Total	<u>891,503</u>	<u>850,557</u>	<u>40,946</u>
Administrative:			
Salaries	168,394	167,939	455
Employee benefits	48,575	47,864	711
Operating expenditures	19,333	14,322	5,011
Supplies	3,200	1,497	1,703
Capital outlay	4,305	4,304	1
Total	<u>243,807</u>	<u>235,926</u>	<u>7,881</u>
Human Resources			
Salaries	97,513	97,596	(83)
Employee benefits	33,620	33,509	111
Operating expenditures	10,620	6,746	3,874
Supplies	1,200	1,031	169
Total	<u>142,953</u>	<u>138,882</u>	<u>4,071</u>
Insurance:			
Medical cost	302,000	275,865	26,135
HRA health reimbursement account	195,000	157,702	37,298
Retiree insurance	177,980	197,325	(19,345)
Total	<u>674,980</u>	<u>630,892</u>	<u>44,088</u>
Elections:			
Salaries	108,315	107,912	403
Employee benefits	36,270	36,095	175
Operating expenditures	177,158	157,050	20,108
Supplies	34,374	28,116	6,258
Capital outlay	40,000	39,598	402
Total	<u>396,117</u>	<u>368,771</u>	<u>27,346</u>
Finance:			
Salaries	228,220	228,850	(630)
Employee benefits	80,905	80,639	266
Operating expenditures	313,430	288,347	25,083
Supplies	6,500	5,116	1,384
Capital outlay	33,960	26,191	7,769
Total	<u>663,015</u>	<u>629,143</u>	<u>33,872</u>

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance Positive (Negative)
Purchasing:			
Salaries	69,965	70,192	(227)
Employee benefits	25,787	25,111	676
Operating expenditures	14,515	9,961	4,554
Supplies	1,750	1,362	388
Total	<u>112,017</u>	<u>106,626</u>	<u>5,391</u>
Information Systems:			
Salaries	192,990	194,097	(1,107)
Employee benefits	61,723	60,964	759
Operating expenditures	66,555	56,158	10,397
Supplies	4,250	2,379	1,871
Capital outlay	82,875	76,334	6,541
Total	<u>408,393</u>	<u>389,932</u>	<u>18,461</u>
Tax Administration:			
Salaries	409,414	410,523	(1,109)
Employee benefits	152,466	152,175	291
Operating expenditures	327,937	314,085	13,852
Supplies	8,000	5,910	2,090
Capital outlay	5,940	5,936	4
Total	<u>903,757</u>	<u>888,629</u>	<u>15,128</u>
Legal:			
Operating expenditures	82,000	76,315	5,685
Total	<u>82,000</u>	<u>76,315</u>	<u>5,685</u>
Register of Deeds:			
Salaries	140,654	140,986	(332)
Employee benefits	56,399	55,620	779
Operating expenditures	81,480	77,303	4,177
Supplies	4,400	3,225	1,175
Capital outlay	3,633	3,633	-
Total	<u>286,566</u>	<u>280,767</u>	<u>5,799</u>
Public Buildings:			
Salaries	347,316	337,097	10,219
Employee benefits	152,378	151,325	1,053
Operating expenditures	749,029	695,789	53,240
Supplies	77,013	62,907	14,106
Capital outlay	123,359	115,449	7,910
Total	<u>1,449,095</u>	<u>1,362,567</u>	<u>86,528</u>
Superior Court:			
Operating expenditures	26,335	21,743	4,592
Supplies	1,100	712	388
Capital outlay	12,848	12,465	383
Total	<u>40,283</u>	<u>34,920</u>	<u>5,363</u>

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance Positive (Negative)
Vehicle Maintenance:			
Salaries	99,214	97,013	2,201
Employee benefits	35,336	34,735	601
Operating expenditures	39,127	25,206	13,921
Supplies	4,142	3,457	685
Capital outlay	1,453	1,183	270
Total	<u>179,272</u>	<u>161,594</u>	<u>17,678</u>
Mapping/GIS:			
Salaries	136,116	136,622	(506)
Employee benefits	50,087	50,152	(65)
Operating expenditures	41,370	34,981	6,389
Supplies	3,500	1,260	2,240
Total	<u>231,073</u>	<u>223,015</u>	<u>8,058</u>
Revaluation:			
Salaries	169,703	169,299	404
Employee benefits	53,457	52,013	1,444
Operating expenditures	21,700	19,043	2,657
Supplies	6,000	1,152	4,848
Capital outlay	2,500	-	2,500
Total	<u>253,360</u>	<u>241,507</u>	<u>11,853</u>
Total general government	<u>6,958,191</u>	<u>6,620,043</u>	<u>338,148</u>
Public Safety:			
Sheriff:			
Salaries	2,967,499	2,855,201	112,298
Employee benefits	1,034,506	1,032,154	2,352
Operating expenditures	475,191	462,866	12,325
Supplies	170,000	165,219	4,781
Capital outlay	125,700	122,430	3,270
Total	<u>4,772,896</u>	<u>4,637,870</u>	<u>135,026</u>
Jail:			
Salaries	1,291,183	1,233,125	58,058
Employee benefits	478,074	471,978	6,096
Operating expenditures	849,990	746,035	103,955
Supplies	14,000	10,214	3,786
Capital outlay	23,300	17,748	5,552
Total	<u>2,656,547</u>	<u>2,479,100</u>	<u>177,447</u>
Animal Control:			
Salaries	199,685	199,951	(266)
Employee benefits	79,363	77,815	1,548
Operating expenditures	92,675	66,803	25,872
Supplies	24,257	21,449	2,808
Capital outlay	2,000	1,979	21
Total	<u>397,980</u>	<u>367,997</u>	<u>29,983</u>

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Emergency Management:			
Salaries	68,294	64,767	3,527
Employee benefits	21,523	21,248	275
Operating expenditures	16,221	10,825	5,396
Supplies	4,700	4,216	484
Capital outlay	80,900	80,847	53
Total	<u>191,638</u>	<u>181,903</u>	<u>9,735</u>
Emergency Medical Services:			
Salaries	2,497,126	2,342,283	154,843
Employee benefits	741,563	735,980	5,583
Operating expenditures	349,452	341,896	7,556
Supplies	260,510	261,312	(802)
Capital outlay	244,550	244,515	35
Total	<u>4,093,201</u>	<u>3,925,986</u>	<u>167,215</u>
Emergency Communications:			
Salaries	748,559	725,973	22,586
Employee benefits	227,812	227,036	776
Operating expenditures	146,200	120,618	25,582
Supplies	2,450	1,667	783
Capital outlay	91,683	91,677	6
Total	<u>1,216,704</u>	<u>1,166,971</u>	<u>49,733</u>
Fire Marshal:			
Salaries	212,950	207,834	5,116
Employee benefits	74,584	73,815	769
Operating expenditures	41,957	36,344	5,613
Supplies	11,055	9,541	1,514
Capital outlay	17,282	9,611	7,671
Total	<u>357,828</u>	<u>337,145</u>	<u>20,683</u>
Medical Examiner:			
Contracted services	55,000	47,000	8,000
Supplies	2,000	1,349	651
Total	<u>57,000</u>	<u>48,349</u>	<u>8,651</u>
Day Reporting Center:			
Salaries	123,670	122,652	1,018
Employee benefits	45,076	44,693	383
Operating expenditures	32,458	30,037	2,421
Supplies	3,600	3,539	61
Capital outlay	14,177	14,172	5
Total	<u>218,981</u>	<u>215,093</u>	<u>3,888</u>
Total public safety	<u>13,962,775</u>	<u>13,360,414</u>	<u>602,361</u>

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Environmental Protection:			
Solid Waste Collection:			
Salaries	478,261	471,841	6,420
Employee benefits	124,454	121,722	2,732
Operating expenditures	778,145	726,789	51,356
Supplies	77,000	60,632	16,368
Capital outlay	345,189	321,063	24,126
Total environmental protection	<u>1,803,049</u>	<u>1,702,047</u>	<u>101,002</u>
Economic and Physical Development:			
Economic Development:			
Salaries	111,748	112,208	(460)
Employee benefits	37,853	37,494	359
Operating expenditures	142,851	140,853	1,998
Supplies	1,800	1,546	254
Capital outlay	3,605	3,605	-
Total	<u>297,857</u>	<u>295,706</u>	<u>2,151</u>
Planning and Community Development:			
Salaries	305,165	306,165	(1,000)
Employee benefits	99,007	97,772	1,235
Operating expenditures	43,877	38,376	5,501
Supplies	9,700	8,001	1,699
Total	<u>457,749</u>	<u>450,314</u>	<u>7,435</u>
Cooperative Extension:			
Operating expenditures	220,250	216,868	3,382
Supplies	3,700	3,201	499
Capital outlay	5,400	5,400	-
Total	<u>229,350</u>	<u>225,469</u>	<u>3,881</u>
Natural Resources:			
Salaries	82,072	81,878	194
Employee benefits	31,296	30,176	1,120
Operating expenditures	39,058	35,130	3,928
Supplies	2,980	2,200	780
Capital outlay	2,100	1,979	121
Total	<u>157,506</u>	<u>151,363</u>	<u>6,143</u>
Total economic and physical development	<u>1,142,462</u>	<u>1,122,852</u>	<u>19,610</u>
Human Services:			
Health:			
Administration:			
Salaries	884,374	582,260	302,114
Employee benefits	204,276	197,705	6,571
Operating expenditures	176,733	42,765	133,968
Supplies	178,288	33,168	145,120
Capital outlay	40,842	6,634	34,208
Total	<u>1,484,513</u>	<u>862,532</u>	<u>621,981</u>

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance Positive (Negative)
Environmental Health:			
Salaries	203,218	200,474	2,744
Employee benefits	76,164	73,144	3,020
Operating expenditures	35,924	32,613	3,311
Supplies	16,885	15,373	1,512
Capital outlay	3,105	3,105	-
Total	<u>335,296</u>	<u>324,709</u>	<u>10,587</u>
Total health	<u>1,819,809</u>	<u>1,187,241</u>	<u>632,568</u>
Social Services:			
Administration:			
Salaries	2,936,891	2,862,317	74,574
Employee benefits	1,174,931	1,123,776	51,155
Operating expenditures	1,035,859	786,869	248,990
Supplies	52,975	47,647	5,328
Capital outlay	139,946	132,437	7,509
Total	<u>5,340,602</u>	<u>4,953,046</u>	<u>387,556</u>
General Public Assistance,			
County share only:			
Adoption assistance	600,667	273,108	327,559
Daycare for children and adults	10,000	-	10,000
Aid to the blind	2,681	2,680	1
Medical assistance - Medicaid	20,000	6,275	13,725
Aid to families with dependent			
children-WORKFIRST	120,000	3,589	116,411
Foster Home Fund	1,935,355	1,295,644	639,711
Crisis intervention	158,059	76,547	81,512
LIEAP	293,593	293,422	171
Special assistance	472,341	346,098	126,243
Total	<u>3,612,696</u>	<u>2,297,363</u>	<u>1,315,333</u>
Senior Citizens:			
Salaries	173,546	169,889	3,657
Employee benefits	64,858	61,235	3,623
Operating expenditures	392,334	329,408	62,926
Supplies	19,455	3,324	16,131
Capital outlay	8,381	7,254	1,127
Total	<u>658,574</u>	<u>571,110</u>	<u>87,464</u>
Total social services	<u>9,611,872</u>	<u>7,821,519</u>	<u>1,790,353</u>
Veterans Services:			
Salaries	28,723	28,898	(175)
Employee benefits	5,393	5,432	(39)
Operating expenditures	2,655	1,500	1,155
Supplies	200	3	197
Total	<u>36,971</u>	<u>35,833</u>	<u>1,138</u>
Total human services	<u>11,468,652</u>	<u>9,044,593</u>	<u>2,424,059</u>

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Culture and Recreation:			
Recreation			
Operating expenditures	120,595	120,595	-
Arts Council:			
Salaries	111,997	112,097	(100)
Employee benefits	43,619	42,656	963
Total	155,616	154,753	863
Library:			
Library operations	541,870	541,870	-
Parks:			
Salaries	23,471	21,541	1,930
Employee benefits	7,805	7,507	298
Operating expenditures	17,050	10,160	6,890
Supplies	2,900	1,402	1,498
Capital outlay	16,000	10,392	5,608
Total	67,226	51,002	16,224
Total culture and recreation	885,307	868,220	17,087
Special Appropriations:			
Juvenile services	14,409	2,350	12,059
Yadkin Valley Economic Development	54,000	54,000	-
N. C. Forestry Service	78,300	73,151	5,149
Stokes Friends of Youth	111,711	111,711	-
Insight Human Services	23,098	23,098	-
Domestic Violence Task Force	5,500	5,500	-
Stokes County Stop Child Abuse Now	33,522	33,522	-
PTRC- MPO	4,500	-	4,500
Stokes County Fire & Rescue Associates	23,460	23,460	-
PTRC	1,000	-	1,000
PTRC-Rural Planning Organization	4,012	3,981	31
King Senior Center	6,249	6,249	-
Insight Human Services-Hanging Rock Circle	22,061	22,061	-
Total special appropriations	381,822	359,083	22,739
Community College:			
Salaries	112,918	112,938	(20)
Employee benefits	49,815	49,179	636
Operating expenditures	130,500	107,181	23,319
Supplies	17,500	14,779	2,721
Total community college	310,733	284,077	26,656
Total education	310,733	284,077	26,656

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Debt Service:			
School:			
Principal	2,449,972	2,449,970	2
Interest	1,421,833	1,421,830	3
County Building:			
Principal	927,182	927,180	2
Interest	216,997	216,393	604
Total debt service	<u>5,015,984</u>	<u>5,015,373</u>	<u>611</u>
Contingency	49,572	-	49,572
Total	<u>49,572</u>	<u>-</u>	<u>49,572</u>
Total expenditures	<u>41,978,547</u>	<u>38,376,702</u>	<u>3,601,845</u>
Excess of revenues over (under) expenditures	<u>(5,979,905)</u>	<u>(1,442,078)</u>	<u>4,537,827</u>
Other Financing Sources (Uses):			
Transfers - in (out):			
From Capital Reserve Fund	76,154	76,154	-
From Dedicated Debt Service Fund	2,917,891	2,917,891	-
To Capital Reserve Fund	(328,249)	(328,249)	-
To Health Department Title XIX Fund	(491,231)	(491,231)	-
To Stokes-Reynolds Memorial Hospital Fund	(39,999)	(39,999)	-
To Capital Projects Fund	(6,010)	(6,010)	-
To Mental Health MOE	(395,820)	(395,820)	-
To Dedicated Debt Service Fund	(911,820)	(911,820)	-
Total transfers	<u>820,916</u>	<u>820,916</u>	<u>-</u>
Proceeds from debt issuance (refunding):			
Installment obligations issued	719,400	719,400	-
Total proceeds from debt issuance	<u>719,400</u>	<u>719,400</u>	<u>-</u>
Total other financing sources (uses)	<u>1,540,316</u>	<u>1,540,316</u>	<u>-</u>
Net change in fund balance	(4,439,589)	98,238	4,537,827
Appropriated fund balance	<u>4,439,589</u>	<u>-</u>	<u>(4,439,589)</u>
Net change in fund balance	<u>\$ -</u>	<u>98,238</u>	<u>\$ 98,238</u>
Fund balance, beginning of year		15,034,826	
Fund balance, end of year		<u>\$ 15,133,064</u>	

STOKES COUNTY, NORTH CAROLINA
SCHOOL CURRENT EXPENSE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 11,110,653	\$ 11,701,308	\$ 590,655
Motor vehicle taxes collected by state	1,321,077	1,497,516	176,439
Penalties & Interest	200,000	260,625	60,625
Total	<u>12,631,730</u>	<u>13,459,449</u>	<u>827,719</u>
Less: refunds	<u>-</u>	<u>(11,121)</u>	<u>(11,121)</u>
Net	<u>12,631,730</u>	<u>13,448,328</u>	<u>816,598</u>
Fines & Forfeitures	125,000	88,932	(36,068)
Investment earnings	<u>-</u>	<u>3,136</u>	<u>3,136</u>
Total revenues	<u>12,756,730</u>	<u>13,540,396</u>	<u>783,666</u>
Expenditures:			
Schools			
Current expense	12,969,071	12,969,071	-
Poplar Spring operating	87,700	87,700	-
Fines & Forfeitures	125,000	88,932	36,068
Total expenditures	<u>13,181,771</u>	<u>13,145,703</u>	<u>36,068</u>
Excess of revenues over (under) expenditures	<u>(425,041)</u>	<u>394,693</u>	<u>819,734</u>
Other Financing Sources (Uses):			
Operating transfers - in (out):			
From Dedicated Debt Service Fund	87,700	87,700	-
Total other financing sources (uses)	<u>87,700</u>	<u>87,700</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(337,341)</u>	<u>482,393</u>	<u>819,734</u>
Appropriated fund balance	<u>337,341</u>	<u>-</u>	<u>(337,341)</u>
Net change in fund balance	<u>\$ -</u>	<u>482,393</u>	<u>\$ 482,393</u>
Fund balance, beginning of year		<u>458,060</u>	
Fund balance, end of year		<u>\$ 940,453</u>	

STOKES COUNTY, NORTH CAROLINA
DEDICATED DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 1,433,633	\$ 1,535,436	\$ 101,803
Motor vehicle taxes collected by state	<u>170,462</u>	<u>190,643</u>	<u>20,181</u>
Total	<u>1,604,095</u>	<u>1,726,079</u>	<u>121,984</u>
Less: refunds	<u>-</u>	<u>(1,532)</u>	<u>(1,532)</u>
Net	<u>1,604,095</u>	<u>1,724,547</u>	<u>120,452</u>
Investment earnings	<u>-</u>	<u>1,721</u>	<u>1,721</u>
Total revenues	<u>1,604,095</u>	<u>1,726,268</u>	<u>122,173</u>
Other Financing Sources (Uses):			
Operating transfers - in (out):			
To General Fund	(2,917,891)	(2,917,891)	-
To School Current Expense Fund	(87,700)	(87,700)	-
From General Fund	<u>911,820</u>	<u>911,820</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,093,771)</u>	<u>(2,093,771)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(489,676)	(367,503)	122,173
Appropriated fund balance	<u>489,676</u>	<u>-</u>	<u>(489,676)</u>
Net change in fund balance	<u>\$ -</u>	<u>(367,503)</u>	<u>\$ (367,503)</u>
Fund balance, beginning of year		<u>2,922,695</u>	
Fund balance, end of year		<u>\$ 2,555,192</u>	

STOKES COUNTY, NORTH CAROLINA
HEALTH DEPARTMENT TITLE XIX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted Intergovernmental Revenues:			
State grants, including federal pass-through monies	\$ 348,925	\$ 333,549	\$ (15,376)
Sales and Services:			
Fees	216,000	222,766	6,766
Investment earnings	-	204	204
Other General Revenues:			
Miscellaneous	80,257	154,399	74,142
Total revenues	<u>645,182</u>	<u>710,918</u>	<u>65,736</u>
Expenditures:			
Current operating:			
Adult Health Program:			
Salaries	206,476	206,381	95
Employee benefits	71,934	70,292	1,642
Operating expenditures	35,000	31,594	3,406
Supplies	25,000	14,045	10,955
Total	<u>338,410</u>	<u>322,312</u>	<u>16,098</u>
Child Health Program:			
Salaries	101,074	100,505	569
Employee benefits	36,723	35,777	946
Operating expenditures	165,000	166,517	(1,517)
Supplies	12,470	4,348	8,122
Total	<u>315,267</u>	<u>307,147</u>	<u>8,120</u>
Family Planning Program:			
Salaries	184,624	183,876	748
Employee benefits	65,508	64,616	892
Operating expenditures	40,000	33,501	6,499
Supplies	25,000	8,930	16,070
Total	<u>315,132</u>	<u>290,923</u>	<u>24,209</u>
General:			
Operating expenditures	107,470	78,903	28,567
Supplies	26,500	17,387	9,113
Capital outlay	1,345	-	1,345
Total	<u>135,315</u>	<u>96,290</u>	<u>39,025</u>
Prenatal Program:			
Salaries	67,662	68,875	(1,213)
Employee benefits	24,822	24,230	592
Operating expenditures	80,000	53,685	26,315
Supplies	2,000	1,547	453
Total	<u>174,484</u>	<u>148,337</u>	<u>26,147</u>
Total expenditures	<u>1,278,608</u>	<u>1,165,009</u>	<u>113,599</u>
Excess of revenues over (under) expenditures	<u>(633,426)</u>	<u>(454,091)</u>	<u>179,335</u>
Other Financing Sources (Uses):			
Operating transfers - in (out):			
From General Fund	491,231	491,231	-
Total other financing sources (uses)	<u>491,231</u>	<u>491,231</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(142,195)	37,140	179,335
Appropriated fund balance	<u>142,195</u>	<u>-</u>	<u>(142,195)</u>
Net change in fund balance	<u>\$ -</u>	<u>37,140</u>	<u>\$ 37,140</u>
Fund balance, beginning of year		303,888	
Fund balance, end of year		<u>\$ 341,028</u>	

STOKES COUNTY, NORTH CAROLINA
MENTAL HEALTH MOE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other taxes and licenses:			
ABC bottle tax	\$ 4,500	\$ 4,876	\$ 376
Investment earnings	-	9	9
Total revenues	<u>4,500</u>	<u>4,885</u>	<u>385</u>
Expenditures:			
Current operating:			
Mental Health	120,000	120,000	-
ABC Bottle Tax	4,500	4,876	(376)
Insight Human Services	63,000	63,000	-
Sheriff's Office	21,000	21,000	-
Narcan Kits for Law Enforcement/EMS	2,700	2,700	-
DSS Placements/CCS Assists/Psychiatrist	27,096	25,057	2,039
Transportation	15,000	7,281	7,719
Youth Haven	7,500	7,500	-
Parenting Path	7,500	7,500	-
Community Paramedicine Program	100,000	100,000	-
Med Assist Event	4,524	4,524	-
Stokes Partnership for Children	25,500	25,500	-
Health Department	<u>2,000</u>	<u>954</u>	<u>1,046</u>
Total expenditures	<u>400,320</u>	<u>389,892</u>	<u>10,428</u>
Excess of revenues over (under) expenditures	<u>(395,820)</u>	<u>(385,007)</u>	<u>10,813</u>
Other Financing Sources (Uses):			
Operating transfers - in (out):			
From General Fund	<u>395,820</u>	<u>395,820</u>	<u>-</u>
Total other financing sources (uses)	<u>395,820</u>	<u>395,820</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>10,813</u>	<u>\$ 10,813</u>
Fund balance, beginning of year		<u>29,603</u>	
Fund balance, end of year		<u>\$ 40,416</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
From Inception and for the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
State Revolving Loan	\$ 1,302,150	\$ -	\$ -	\$ -	\$ (1,302,150)
State Revolving Loan-Forgiveness	3,906,450	-	-	-	(3,906,450)
ARC Grant	300,000	-	-	-	(300,000)
Private Donation	318,000	318,000	-	-	(318,000)
Sales tax refund	-	-	398	398	398
Interest on Investment	16,143	2,659	588	3,247	(12,896)
Total revenues	5,842,743	320,659	986	3,645	(5,839,098)
Expenditures:					
Petree Project:					
Construction-Picnic Shelter	334,143	311,830	17,455	329,285	4,858
Total Petree Project	334,143	311,830	17,455	329,285	4,858
Meadows Community Water Project					
Construction	5,912,800	23,480	84,400	107,880	5,804,920
Total Meadows Community Water Project	5,912,800	23,480	84,400	107,880	5,804,920
Solid Waste Transfer Station-Walnut Cove					
Construction	300,382	1,800	2,500	4,300	296,082
Total Solid Waste Transfer Station-Walnut Cove	300,382	1,800	2,500	4,300	296,082
Storage/Maintenance Building					
Construction	493,596	15,582	415,542	431,124	62,472
Total Storage/Maintenance Building	493,596	15,582	415,542	431,124	62,472
Walnut Cove EMS Station					
Construction	842,414	41,488	775,133	816,621	25,793
Total Walnut Cove EMS Station	842,414	41,488	775,133	816,621	25,793
Solid Waste Building/Scale House					
Construction	125,000	12,763	107,254	120,017	4,983
Total Solid Waste Building/Scale House	125,000	12,763	107,254	120,017	4,983
Solid Waste Transfer Station-Pinnacle					
Construction	300,382	-	-	-	300,382
Total Solid Waste Transfer Station-Pinnacle	300,382	-	-	-	300,382
Total expenditures	8,308,717	406,943	1,402,284	1,809,227	6,499,490
Excess of revenues over (under) expenditures	(2,465,974)	(86,284)	(1,401,298)	(1,805,582)	660,392
Other Financing Sources (Uses):					
Operating transfers - in:					
From Capital Reserve Fund	125,000	125,000	-	125,000	-
From Regional Sewer Fund	32,500	32,500	-	32,500	-
From Danbury Water Fund	32,500	32,500	-	32,500	-
From General Fund	6,010	-	6,010	6,010	-
Debt issuance-Solid Waste Transfer Station-Walnut Cove	300,382	-	-	-	(300,382)
Debt issuance-Solid Waste Transfer Station-Pinnacle	300,382	-	-	-	(300,382)
Debt issuance-Walnut Cove EMS Station	836,404	-	836,404	836,404	-
Debt issuance-Maintenance Building	428,596	-	428,596	428,596	-
Fund balance appropriated	404,200	-	-	-	(404,200)
Total other financing sources (uses)	2,465,974	190,000	1,271,010	1,461,010	(1,004,964)
Net change in fund balance	\$ -	\$ 103,716	(130,288)	\$ (344,572)	\$ (344,572)
Fund balance, beginning of year			675,382		
Fund balance, end of year			\$ 545,094		

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL - GRANT ARP FUND
From Inception and for the Year Ended June 30, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Restricted intergovernmental revenues	\$ 4,427,759	\$ -	\$ -	\$ -	\$ (4,427,759)
Investment earnings	<u>-</u>	<u>-</u>	<u>203</u>	<u>203</u>	<u>203</u>
Total revenues	<u>4,427,759</u>	<u>-</u>	<u>203</u>	<u>203</u>	<u>(4,427,556)</u>
Expenditures					
Current operating					
Public safety					
Operating expenditures	<u>4,427,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,427,759</u>
Total expenditures	<u>4,427,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,427,759</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>203</u>	<u>\$ 203</u>	<u>\$ 203</u>
Fund balance, beginning of year			<u>-</u>		
Fund balance, end of year			<u>\$ 203</u>		

THIS PAGE LEFT INTENTIONALLY BLANK.

STOKES COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue Funds						
	Emergency Telephone System	Service District Fire District	Rural Hall Fire District	King Fire District	Walnut Cove Fire District	Grant Fund	Trust Fund-DSS Clients
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 278,218	\$ 249,961	\$ 11,943	\$ 57,826	\$ 32,255	\$ -	\$ 34,901
Restricted cash and cash equivalents	-	-	-	-	-	2,269	-
Taxes receivable, net	-	74,463	3,326	10,197	14,683	-	-
Accounts receivable, net	24,041	19,776	1,237	6,539	3,400	-	-
Due from other governments	-	90,279	3,344	17,618	12,474	-	-
Advance payment	-	-	-	-	25,212	-	-
Total assets	<u>\$ 302,259</u>	<u>\$ 434,479</u>	<u>\$ 19,850</u>	<u>\$ 92,180</u>	<u>\$ 88,024</u>	<u>\$ 2,269</u>	<u>\$ 34,901</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 5,645	\$ 25,212	\$ -	\$ -	\$ -	\$ -	\$ -
Advances from grantors	-	-	-	-	-	158	-
Liabilities to be paid from restricted assets:							
Accounts payable	-	-	-	-	-	1,138	-
Total liabilities	<u>5,645</u>	<u>25,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,296</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>74,463</u>	<u>3,326</u>	<u>10,197</u>	<u>14,683</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable, not in spendable form:							
Prepays	-	-	-	-	25,212	-	-
Restricted:							
Stabilization by state statute	24,041	110,055	4,581	24,157	15,874	-	-
Restricted, all others	272,573	224,749	11,943	57,826	32,255	973	34,901
Committed	-	-	-	-	-	-	-
Total fund balances	<u>296,614</u>	<u>334,804</u>	<u>16,524</u>	<u>81,983</u>	<u>73,341</u>	<u>973</u>	<u>34,901</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 302,259</u>	<u>\$ 434,479</u>	<u>\$ 19,850</u>	<u>\$ 92,180</u>	<u>\$ 88,024</u>	<u>\$ 2,269</u>	<u>\$ 34,901</u>

STOKES COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	<u>Capital Project Funds</u>		<u>Total</u>
	<u>Schools Capital Outlay/Capital Reserve Fund</u>	<u>Capital Reserve Fund</u>	<u>Nonmajor Governmental Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,007,695	\$ 1,032,441	\$ 2,705,240
Restricted cash and cash equivalents	-	-	2,269
Taxes receivable, net	-	-	102,669
Accounts receivable, net	-	-	54,993
Due from other governments	437,053	-	560,768
Advance payment	-	-	25,212
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>25,212</u>
Total assets	<u>\$ 1,444,748</u>	<u>\$ 1,032,441</u>	<u>\$ 3,451,151</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 30,857
Advances from grantors	-	-	158
Liabilities to be paid from restricted assets:			
Accounts payable	-	-	1,138
	<u>-</u>	<u>-</u>	<u>1,138</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>32,153</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>102,669</u>
Fund balances:			
Nonspendable, not in spendable form:			
Prepays	-	-	25,212
Restricted:			
Stabilization by state statute	437,053	-	615,761
Restricted, all others	-	-	635,220
Committed	<u>1,007,695</u>	<u>1,032,441</u>	<u>2,040,136</u>
	<u>1,444,748</u>	<u>1,032,441</u>	<u>3,316,329</u>
Total fund balances	<u>1,444,748</u>	<u>1,032,441</u>	<u>3,316,329</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,444,748</u>	<u>\$ 1,032,441</u>	<u>\$ 3,451,151</u>

STOKES COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	Special Revenue Funds						
	Emergency Telephone System	Service District Fire District	Rural Hall Fire District	King Fire District	Walnut Cove Fire District	Grant Fund	Trust Fund-DSS Clients
Revenues:							
Ad valorem taxes, net of refunds	\$ -	\$ 2,071,025	\$ 78,639	\$ 404,819	\$ 287,927	\$ -	\$ -
Other taxes and licenses	288,492	490,046	18,150	95,636	67,713	-	-
Restricted intergovernmental revenues	-	-	-	-	-	1,623,569	198,575
Investment earnings	268	466	22	135	102	861	-
Total revenues	288,760	2,561,537	96,811	500,590	355,742	1,624,430	198,575
Expenditures:							
Current operating:							
Public safety	574,608	2,416,997	91,196	471,662	344,461	1,623,570	-
Human Services	-	-	-	-	-	-	193,267
Schools	-	-	-	-	-	-	-
Total expenditures	574,608	2,416,997	91,196	471,662	344,461	1,623,570	193,267
Excess of revenues over (under) expenditures	(285,848)	144,540	5,615	28,928	11,281	860	5,308
Other Financing Sources (Uses):							
Operating transfers - in (out):							
From General Fund	-	-	-	-	-	-	-
From Stokes Reynolds Memorial Fund	-	-	-	-	-	-	-
To General Fund	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balance	(285,848)	144,540	5,615	28,928	11,281	860	5,308
Fund balances, beginning of year	582,462	190,264	10,909	53,055	62,060	113	-
Restatement	-	-	-	-	-	-	29,593
Fund balance, beginning of year, as restated	582,462	190,264	10,909	53,055	62,060	113	29,593
Fund balances, end of year	\$ 296,614	\$ 334,804	\$ 16,524	\$ 81,983	\$ 73,341	\$ 973	\$ 34,901

STOKES COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	Capital Project Funds		Total
	Schools Capital Outlay/Capital Reserve Fund	Capital Reserve Fund	Nonmajor Governmental Funds
Revenues:			
Ad valorem taxes, net of refunds	\$ -	\$ -	\$ 2,842,410
Other taxes and licenses	2,403,015	-	3,363,052
Restricted intergovernmental revenues	-	-	1,822,144
Investment earnings	564	400	2,818
Total revenues	2,403,579	400	8,030,424
Expenditures:			
Current operating:			
Public safety	-	-	5,522,494
Human Services	-	-	193,267
Schools	1,524,000	-	1,524,000
Total expenditures	1,524,000	-	7,239,761
Excess of revenues over (under) expenditures	879,579	400	790,663
Other Financing Sources (Uses):			
Operating transfers - in (out):			
From General Fund	-	328,249	328,249
From Stokes Reynolds Memorial Fund	-	10,000	10,000
To General Fund	-	(76,154)	(76,154)
Total other financing sources (uses)	-	262,095	262,095
Net change in fund balance	879,579	262,495	1,052,758
Fund balances, beginning of year	565,169	769,946	2,233,978
Restatement	-	-	29,593
Fund balance, beginning of year, as restated	565,169	769,946	2,263,571
Fund balances, end of year	\$ 1,444,748	\$ 1,032,441	\$ 3,316,329

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
EMERGENCY TELEPHONE SYSTEM FUND
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other taxes and licenses:			
Restricted intergovernmental revenues	\$ 288,492	\$ 288,492	\$ -
Investment earnings	<u>1,500</u>	<u>268</u>	<u>(1,232)</u>
Total revenues	<u>289,992</u>	<u>288,760</u>	<u>(1,232)</u>
Expenditures:			
Current operating:			
Public safety:			
Telephone and furniture	93,177	73,752	19,425
Hardware maintenance	793,745	459,784	333,961
Software maintenance	52,923	37,923	15,000
Training	<u>10,000</u>	<u>3,149</u>	<u>6,851</u>
Total expenditures	<u>949,845</u>	<u>574,608</u>	<u>375,237</u>
Excess of revenues over (under) expenditures	(659,853)	(285,848)	374,005
Appropriated fund balance	<u>659,853</u>	<u>-</u>	<u>(659,853)</u>
Net change in fund balance	<u>\$ -</u>	<u>(285,848)</u>	<u>\$ (285,848)</u>
Fund balance, beginning of year		<u>582,462</u>	
Fund balance, end of year		<u>\$ 296,614</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SERVICE DISTRICT FIRE DISTRICT
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 1,726,731	\$ 1,800,738	\$ 74,007
Motor vehicle taxes collected by state	184,251	206,854	22,603
prior year	<u>50,000</u>	<u>63,724</u>	<u>13,724</u>
Total	1,960,982	2,071,316	110,334
 Less: refunds	<u>-</u>	<u>(291)</u>	<u>(291)</u>
 Net	1,960,982	2,071,025	110,043
 Local option sales tax	370,000	490,046	120,046
Investment earnings	<u>-</u>	<u>466</u>	<u>466</u>
 Total revenues	<u>2,330,982</u>	<u>2,561,537</u>	<u>230,555</u>
 Expenditures:			
Current operating:			
Public safety	<u>2,416,997</u>	<u>2,416,997</u>	<u>-</u>
 Excess of revenues over (under) expenditures	(86,015)	144,540	230,555
 Appropriated fund balance	<u>86,015</u>	<u>-</u>	<u>(86,015)</u>
 Net change in fund balance	<u>\$ -</u>	144,540	<u>\$ 144,540</u>
 Fund balance, beginning of year		<u>190,264</u>	
 Fund balance, end of year		<u>\$ 334,804</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
RURAL HALL FIRE DISTRICT
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 64,907	\$ 65,601	\$ 694
Motor vehicle taxes collected by state	10,232	10,946	714
Prior year	<u>1,557</u>	<u>2,092</u>	<u>535</u>
Total	76,696	78,639	1,943
 Local option sales tax	 14,500	 18,150	 3,650
Investment earnings	<u>-</u>	<u>22</u>	<u>22</u>
 Total revenues	 <u>91,196</u>	 <u>96,811</u>	 <u>5,615</u>
 Expenditures:			
Current operating:			
Public safety	<u>91,196</u>	<u>91,196</u>	<u>-</u>
 Total expenditures	 <u>91,196</u>	 <u>91,196</u>	 <u>-</u>
 Net change in fund balance	 <u>\$ -</u>	 5,615	 <u>\$ 5,615</u>
 Fund balance, beginning of year		<u>10,909</u>	
 Fund balance, end of year		<u>\$ 16,524</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
KING FIRE DISTRICT
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes			
Current year	\$ 336,783	\$ 337,021	\$ 238
Motor vehicle taxes collected by state	56,744	62,122	5,378
Prior year	<u>5,000</u>	<u>5,921</u>	<u>921</u>
	398,527	405,064	6,537
 Less: refunds	 <u>-</u>	 <u>(245)</u>	 <u>(245)</u>
 Total	 398,527	 404,819	 6,292
 Local option sales tax	 73,135	 95,636	 22,501
Investment earnings	<u>-</u>	<u>135</u>	<u>135</u>
 Total revenues	 <u>471,662</u>	 <u>500,590</u>	 <u>28,928</u>
 Expenditures:			
Current operating:			
Public safety	<u>471,662</u>	<u>471,662</u>	<u>-</u>
 Total expenditures	 <u>471,662</u>	 <u>471,662</u>	 <u>-</u>
 Net change in fund balance	 <u>\$ -</u>	 28,928	 <u>\$ 28,928</u>
 Fund balance, beginning of year		<u>53,055</u>	
 Fund balance, end of year		<u>\$ 81,983</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
WALNUT COVE FIRE DISTRICT
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 238,932	\$ 243,414	\$ 4,482
Motor vehicle taxes collected by state	33,079	37,482	4,403
Prior year	<u>6,500</u>	<u>9,499</u>	<u>2,999</u>
Total	278,511	290,395	11,884
Less: refunds	<u>-</u>	<u>(2,468)</u>	<u>(2,468)</u>
Net	278,511	287,927	9,416
Local option sales tax	50,500	67,713	17,213
Investment earnings	<u>-</u>	<u>102</u>	<u>102</u>
Total revenues	<u>329,011</u>	<u>355,742</u>	<u>26,731</u>
Expenditures:			
Current operating:			
Public safety	<u>344,461</u>	<u>344,461</u>	<u>-</u>
Total expenditures	<u>344,461</u>	<u>344,461</u>	<u>-</u>
Excess of revenues over (under) expenditures	(15,450)	11,281	26,731
Appropriated fund balance	<u>15,450</u>	<u>-</u>	<u>(15,450)</u>
Net change in fund balance	<u>\$ -</u>	11,281	<u>\$ 11,281</u>
Fund balance, beginning of year		<u>62,060</u>	
Fund balance, end of year		<u>\$ 73,341</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL - GRANT FUND
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues			
Restricted intergovernmental revenues	\$ 1,876,609	\$ 1,623,569	\$ (253,040)
Investment earnings	<u>975</u>	<u>861</u>	<u>(114)</u>
Total revenues	<u>1,877,584</u>	<u>1,624,430</u>	<u>(253,154)</u>
Expenditures			
Current operating			
Public Safety			
Operating expenditures	<u>1,877,584</u>	<u>1,623,570</u>	<u>254,014</u>
Total expenditures	<u>1,877,584</u>	<u>1,623,570</u>	<u>254,014</u>
Net change in fund balance	<u>\$ -</u>	860	<u>\$ 860</u>
Fund balance, beginning of year		<u>113</u>	
Fund balance, end of year		<u>\$ 973</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
Trust Fund - DSS Clients
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Client revenue account	\$ 175,000	\$ 198,575	\$ 23,575
Total revenues	<u>175,000</u>	<u>198,575</u>	<u>23,575</u>
Expenditures:			
Client expense account	<u>175,000</u>	<u>193,267</u>	<u>(18,267)</u>
Total expenditures	<u>175,000</u>	<u>193,267</u>	<u>(18,267)</u>
Net change in fund balance	<u>\$ -</u>	<u>5,308</u>	<u>\$ 5,308</u>
Fund balance, beginning of year		-	
Restatement		<u>29,593</u>	
Fund balance, beginning of year, as restated		<u>29,593</u>	
Fund balance, end of year		<u>\$ 34,901</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SCHOOLS CAPITAL OUTLAY/CAPITAL RESERVE FUND
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other taxes and licenses:			
Local option sales taxes	\$ 1,500,000	\$ 2,403,015	\$ 903,015
Investment earnings	-	564	564
Total revenues	<u>1,500,000</u>	<u>2,403,579</u>	<u>903,579</u>
Expenditures:			
Schools:			
Capital outlay	<u>1,524,000</u>	<u>1,524,000</u>	<u>-</u>
Total expenditures	<u>1,524,000</u>	<u>1,524,000</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(24,000)</u>	<u>879,579</u>	<u>903,579</u>
Appropriated fund balance	<u>24,000</u>	<u>-</u>	<u>(24,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>879,579</u>	<u>\$ 879,579</u>
Fund balance, beginning of year		<u>565,169</u>	
Fund balance, end of year		<u>\$ 1,444,748</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL RESERVE FUND
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ -	\$ 400	\$ 400
Total revenues	<u>-</u>	<u>400</u>	<u>400</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>400</u>	<u>400</u>
Other Financing Sources (Uses):			
Operating transfers - in (out):			
From General Fund	328,249	328,249	-
From Stokes Reynolds Memorial Hospital Fund	10,000	10,000	-
To General Fund	<u>(338,249)</u>	<u>(76,154)</u>	<u>262,095</u>
Total other financing sources (uses)	<u>-</u>	<u>262,095</u>	<u>262,095</u>
Net change in fund balance	<u>\$ -</u>	<u>262,495</u>	<u>\$ 262,495</u>
Fund balance, beginning of year		<u>769,946</u>	
Fund balance, end of year		<u>\$ 1,032,441</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP) -
STOKES-REYNOLDS MEMORIAL HOSPITAL FUND
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Lease income	\$ 10,001	\$ 10,001	\$ -
Stokes Reynolds Hospital Inc.	1,000	383	(617)
Non-operating revenues:			
Interest income	-	52	52
Total revenues	<u>11,001</u>	<u>10,436</u>	<u>(565)</u>
Expenditures:			
Hospital expense	40,000	40,000	-
Operating expense	1,000	-	1,000
Total expenditures	<u>41,000</u>	<u>40,000</u>	<u>1,000</u>
Excess of revenues over (under) expenditures	<u>(29,999)</u>	<u>(29,564)</u>	<u>435</u>
Other Financing Sources (Uses):			
Operating transfers			
To Capital Reserve Fund	(10,000)	(10,000)	-
From General Fund	39,999	39,999	-
Total other financing sources (uses)	<u>29,999</u>	<u>29,999</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	435	<u>\$ 435</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Depreciation		-	
Change in net position		<u>\$ 435</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP) -
REGIONAL SEWER FUND
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Sewer fees	\$ 133,726	\$ 128,804	\$ (4,922)
Non-operating revenues:			
Interest income	-	140	140
Total revenues	<u>133,726</u>	<u>128,944</u>	<u>(4,782)</u>
Expenditures:			
Salaries	41,394	39,997	1,397
Fringe	15,211	14,746	465
Operating expenditures	57,211	27,961	29,250
Maint. & repairs equipment	38,215	31,924	6,291
Capital outlay	26,785	26,781	4
Equipment	5,650	5,579	71
Total expenditures	<u>184,466</u>	<u>146,988</u>	<u>37,478</u>
Excess of revenues over (under) expenditures	(50,740)	(18,044)	32,696
Retained earnings appropriated	<u>50,740</u>	<u>-</u>	<u>(50,740)</u>
Excess of revenues and retained earnings appropriated under expenditures and other uses	<u>\$ -</u>	(18,044)	<u>\$ (18,044)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to full accrual:			
Reconciling items:			
Depreciation		<u>(180,273)</u>	
Change in net position		<u>\$ (198,317)</u>	

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP) -
DANBURY WATER FUND
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water fees	\$ 134,067	\$ 157,596	\$ 23,529
Non-operating revenues:			
Interest income	-	272	272
Total revenues	<u>134,067</u>	<u>157,868</u>	<u>23,801</u>
Expenditures:			
Salaries	40,654	39,946	708
Fringe	15,223	14,986	237
Operating expenditures	36,800	26,420	10,380
Maintenance and repairs equipment	55,000	14,091	40,909
Capital outlay	<u>38,150</u>	<u>32,433</u>	<u>5,717</u>
Total expenditures	<u>185,827</u>	<u>127,876</u>	<u>57,951</u>
Excess of revenues over (under) expenditures	(51,760)	29,992	81,752
Retained earnings appropriated	<u>51,760</u>	-	<u>(51,760)</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	29,992	<u>\$ 29,992</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Depreciation		<u>(48,775)</u>	
Change in net position		<u>\$ (18,783)</u>	

STOKES COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2021

	CUSTODIAL FUNDS			
	Municipal Tax Fund	Stokes County 4-H Fund	Stokes County Jail	Total Custodial Funds
ASSETS				
Cash and investments	\$ 8,617	\$ 9,356	\$ 28,114	\$ 46,087
Taxes receivable for other governments, net	109,219	-	-	109,219
Total assets	117,836	9,356	28,114	155,306
LIABILITIES				
Accounts payable	-	442	-	442
Due to other governments	8,617	-	-	8,617
Total liabilities	8,617	442	-	9,059
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	109,219	8,914	28,114	146,247
Total net position	\$ 109,219	\$ 8,914	\$ 28,114	\$ 146,247

STOKES COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2021

	CUSTODIAL FUNDS			
	Municipal Tax Fund	Stokes County 4-H Fund	Stokes County Jail	Total Custodial Funds
ADDITIONS				
Ad valorem taxes for other governments	\$ 3,133,317	\$ -	\$ -	\$ 3,133,317
Collections on behalf of others	-	9,045	239,175	248,220
Interest income	-	8	-	8
Total additions	<u>3,133,317</u>	<u>9,053</u>	<u>239,175</u>	<u>3,381,545</u>
DEDUCTIONS				
Tax distributions to other governments	3,095,180	-	-	3,095,180
Payments on behalf of others	<u>-</u>	<u>6,114</u>	<u>230,445</u>	<u>236,559</u>
Total deductions	<u>3,095,180</u>	<u>6,114</u>	<u>230,445</u>	<u>3,331,739</u>
Net increase (decrease) in fiduciary net position	<u>38,137</u>	<u>2,939</u>	<u>8,730</u>	<u>49,806</u>
Net position, beginning, as previously reported	-	-	-	-
Prior period adjustment - change in accounting principle	<u>71,082</u>	<u>5,975</u>	<u>19,384</u>	<u>96,441</u>
Net position, beginning, as restated	<u>71,082</u>	<u>5,975</u>	<u>19,384</u>	<u>96,441</u>
Net position, ending	<u>\$ 109,219</u>	<u>\$ 8,914</u>	<u>\$ 28,114</u>	<u>\$ 146,247</u>

THIS PAGE LEFT INTENTIONALLY BLANK.

ADDITIONAL FINANCIAL DATA

THIS PAGE LEFT INTENTIONALLY BLANK.

STOKES COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2021

Fiscal Year	Uncollected Balance July 1, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 28,197,745	\$ 27,692,392	\$ 505,353
2019-2020	686,270	630	434,322	252,578
2018-2019	277,496	675	131,195	146,976
2017-2018	180,915	2,516	77,889	105,542
2016-2017	129,194	-	52,895	76,299
2015-2016	88,759	620	30,136	59,243
2014-2015	64,180	-	21,538	42,642
2013-2014	60,544	-	15,019	45,525
2012-2013	53,862	-	11,021	42,841
2011-2012	43,570	-	8,981	34,589
2010-2011	35,568	-	35,568	-
Total	<u>\$ 1,620,358</u>	<u>\$ 28,202,186</u>	<u>\$ 28,510,956</u>	<u>1,311,588</u>
Less: Allowance for uncollectible ad valorem taxes receivable: General Fund				<u>452,506</u>
Ad valorem taxes receivable, net				<u>\$ 859,082</u>
Reconciliation with revenues:				
Taxes - ad valorem - General Fund				\$ 13,356,446
Taxes - ad valorem - Dedicated Debt Service Fund				1,724,547
Taxes - ad valorem - School Current Expense Fund				13,448,328
Discounts allowed				269,884
Amounts written off for tax year 2010-11 per Statute of Limitations				35,568
Miscellaneous				<u>(63,192)</u>
Subtotal				<u>28,771,581</u>
Less interest and penalties collected				<u>(260,625)</u>
Total				<u>\$ 28,510,956</u>

STOKES COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
Year Ended June 30, 2021

	County-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 3,499,555,909	\$ 0.66	\$ 23,097,069	\$ 19,944,016	\$ 3,153,053
Utilities	755,616,061	0.66	4,987,066	4,987,066	-
Penalties	-		16,142	16,142	-
Total	<u>4,255,171,970</u>		<u>28,100,277</u>	<u>24,947,224</u>	<u>3,153,053</u>
Discoveries:					
Current year taxes	<u>26,996,515</u>	0.66	<u>178,177</u>	<u>178,177</u>	<u>-</u>
Abatements					
	<u>(12,228,636)</u>		<u>(80,709)</u>	<u>(80,709)</u>	<u>-</u>
Total property valuation	<u>\$ 4,269,939,849</u>				
Net levy			28,197,745	25,044,692	3,153,053
Uncollected taxes at June 30, 2021			<u>505,353</u>	<u>505,353</u>	<u>-</u>
Current year's taxes collected			<u>\$ 27,692,392</u>	<u>\$ 24,539,339</u>	<u>\$ 3,153,053</u>
Current levy collection percentage			<u>98.21%</u>	<u>97.98%</u>	<u>100.00%</u>
Secondary Market Disclosures					
Assessed valuation:					
Assessment ratio					100%
Real property				\$ 2,801,996,439	
Business property				186,823,649	
Personal property				33,004,464	
Motor Vehicle				492,499,297	
Public service companies				755,616,000	
Total assessed valuation				<u>\$ 4,269,939,849</u>	
Tax rate per \$100					0.66
Levy (includes discoveries, releases and abatements)				<u>\$ 28,197,745</u>	

In addition to the County-wide rate, the following table lists the levies by the County on behalf of the fire protection districts for the fiscal year ended June 30.

Fire Protection Districts	
Service District	\$ 1,844,097
Rural Hall	67,681
King	346,040
Walnut Cove	247,406
Total	<u>\$ 2,505,224</u>

Table 1

STOKES COUNTY, NORTH CAROLINA
TEN LARGEST TAXPAYERS
Year Ended June 30, 2021

<u>Name</u>	<u>Product</u>	<u>Value</u>	<u>Levy</u>	<u>Percentage</u>
Duke Power Company	Electric Utility	\$ 701,463,336	\$ 4,629,658	16.42%
Wieland Copper Products	Copper Tubing	84,483,363	557,590	1.98%
Powerscreen Mid-Atlantic Inc	Build Equipment	17,787,514	117,398	0.42%
R J Reynolds Tobacco Company	Tobacco Company	16,923,938	111,698	0.40%
Parkdale America	Elastic	14,076,811	92,907	0.33%
Wal-Mart Real Estate Business Trust	Retail	13,193,465	87,077	0.31%
Energy United EMC	Electric Utility	11,391,434	75,183	0.27%
Spectrun Southeast LLC	Cable	9,808,648	64,737	0.23%
Surry-Yadkin Electric	Electric Utility	9,351,304	61,719	0.22%
Norfolk Southern	Railroad Utility	7,847,931	<u>51,796</u>	<u>0.18%</u>
Total			<u>\$ 5,849,763</u>	<u>20.76%</u>

STOKES COUNTY, NORTH CAROLINA
CAPITAL RESERVE FUND
RECONCILIATION OF FUND BALANCE
Year Ended June 30, 2021

Project Description	Balance July 1, 2020	Revenues and Operating Transfers - In	Operating Transfers - Out	Balance June 30, 2021
General Government:				
Finance	\$ 2,173	\$ -	\$ -	\$ 2,173
Public buildings	213,714	225,000	40,942	397,772
Register of Deeds	12,013	18,372	25,058	5,327
Vehicle maintenance	85,848	60,000	65,504	80,344
Technology	5,423	-	-	5,423
Total	<u>319,171</u>	<u>303,372</u>	<u>131,504</u>	<u>491,039</u>
Public Safety:				
Sheriff's department - equipment	20,000	-	-	20,000
Jail	100,000	-	-	100,000
Emergency management	-	29,652	-	29,652
Animal control	708	-	-	708
Total	<u>120,708</u>	<u>29,652</u>	<u>-</u>	<u>150,360</u>
Environmental Protection:				
Solid Waste/Sanitary Landfill	40,000	55,225	-	95,225
Total	<u>40,000</u>	<u>55,225</u>	<u>-</u>	<u>95,225</u>
Human Services:				
Stokes-Reynolds Memorial Hospital	42,500	10,000	-	52,500
Social Services	4,650	-	4,650	-
Total	<u>47,150</u>	<u>10,000</u>	<u>4,650</u>	<u>52,500</u>
Economic and physical development				
Economic development	200,000	-	-	200,000
Unspecified	42,917	400	-	43,317
Total	<u>\$ 769,946</u>	<u>\$ 398,649</u>	<u>\$ 136,154</u>	<u>\$ 1,032,441</u>

COMPLIANCE SECTION

THIS PAGE LEFT INTENTIONALLY BLANK.

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 County Commissioners
Stokes County
Danbury, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Stokes County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 11, 2022. The financial statements of the Stokes County Water and Sewer Authority were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with Stokes County Water and Sewer Authority.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Stokes 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 Stokes County's internal control. Accordingly, we do not express an opinion on the effectiveness of Stokes County's internal control.

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

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

timely basis. We consider the deficiency described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2021-001 to be a material weakness. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2021-002 and 2021-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stokes County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2021-001, 2021-002, and 2021-003.

Stokes County's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity'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
February 11, 2022

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

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

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

Independent Auditor's Report

To the Board of County Commissioners
Stokes County
Danbury, North Carolina

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Stokes 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, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
February 11, 2022

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

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

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

Independent Auditor's Report

To the Board of County Commissioners
Stokes County
Danbury, North Carolina

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
February 11, 2022

STOKES COUNTY, NORTH CAROLINA

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

1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified? Yes

• Significant deficiency(s) identified? Yes

Non-compliance material to financial statements noted? Yes

Federal Awards

Internal control over major federal programs:

• Material weakness(es) identified? No

• Significant deficiency(s) identified? No

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 CRF 200.516(a)? No

Identification of major federal programs:

<u>Program Name</u>	<u>AL#</u>
Medicaid Cluster	93.778
Coronavirus Relief Fund	21.019
Foster Care Title IV-E	93.658
Adoption Assistance	93.659

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? No

STOKES COUNTY, NORTH CAROLINA

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

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? No

Identification of major state programs:

Program Name

Medicaid
Foster Care, Adoption, and Guardianship Assistance Program Cluster
Public School Building Capital Fund
Juvenile Justice and Delinquency Prevention

STOKES COUNTY, NORTH CAROLINA

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

2. Findings Related to the Audit of the Basic Financial Statements

2021-001

Material Weakness

Non-Compliance

Criteria: Under the Fair Labor Standards Act, an employee is entitled to overtime pay of one and one-half times their regular rate of pay after working forty hours, unless an exemption applies. The Fair Labor Standards Act also allows the fluctuating workweek to be an available method of paying overtime to certain employees.

Condition: The County did not properly review or timely identify errors in reporting of payroll data as it relates to overtime compensation for certain salaried employees.

Effect: Non-compliance with laws and regulations regarding standard and fluctuating workweeks.

Cause: Lack of internal controls over payroll processing.

Recommendation: Adequate controls over calculation of pay rates for all employees based on position and departmental requirements should be put in place and monitored. The County should utilize an attorney or consultant to assist with understanding complex labor laws.

Views of Responsible Officials and Planned Corrective Action: Management is aware of the weakness and is reviewing the procedures in place for payroll.

STOKES COUNTY, NORTH CAROLINA

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

2. Findings Related to the Audit of the Basic Financial Statements (continued)

2021-002

Significant Deficiency

Non-Compliance

Criteria: Per North Carolina General Statute 116B-53(c), subpart 12, property is presumed abandoned if it is unclaimed by the apparent owner after one year of the property becoming distributable. Per N.C. General Statute 116B-60, a holder of property presumed abandoned shall make a report to the Treasurer concerning the property.

Condition: In the current year, there was a violation of the N.C. General Statute with regards to the escheating process for property held more than a year.

Effect: The County was in violation of North Carolina General Statutes.

Cause: Lack of internal controls over escheating process for unclaimed property.

Recommendation: Management should put a process in place to perform the escheat process in accordance with state law.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the condition noted above. Please refer to the Corrective Action Plan of this report.

STOKES COUNTY, NORTH CAROLINA

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

2. Findings Related to the Audit of the Basic Financial Statements (continued)

2021-003

Significant Deficiency

Non-Compliance

Criteria: Per North Carolina General Statute [159-13] (16), appropriated fund balance in a 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 year.

Condition: In the current year, there was a violation of the N.C. General Statute with regards to appropriations of fund balance exceeding the aforementioned amounts.

Effect: The County was in violation of North Carolina General Statutes.

Cause: The County appropriated more fund balance than they had at the beginning of the year.

Recommendation: The County should implement additional monitoring controls, such as reviewing monthly budget to actual reports and careful review prior to preparing the budget.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the condition noted above. Please refer to the Corrective Action Plan of this report.

STOKES COUNTY, NORTH CAROLINA

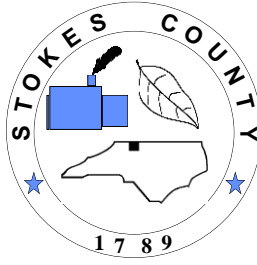
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

3. Federal Award Findings and Questioned Costs

None reported.

4. State Award Findings and Questioned Costs

None reported.



Stokes County

Finance Department

P.O. Box 20
Danbury, NC 27016

Email: jedwards@co.stokes.nc.us

(336) 593-2405
(336) 593-2346 Fax

Corrective Action Plan

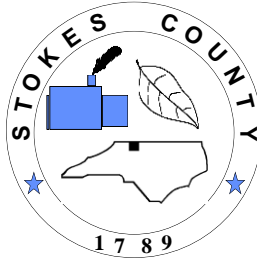
Finding: 2021-001

Name of Contact Person: Julia Edwards, Finance Director

Management Response: To correct this finding the Board of County Commissioners has approved a new pay plan for EMS effective October 2, 2021. EMS personnel work a 218.25-hour work schedule per month. This class of employee earns time and one-half cash compensation for each hour of overtime physically worked in excess of forty (40) hours in a seven-day workweek. The newly adopted pay plan states that the full-time EMS employees will no longer be salaried employees. Employees of this category will be paid at an hourly rate, earning time and one-half compensation for each hour physically worked in excess of 40 hours in a seven-day workweek.

The timesheet on the AE time keeping system has been changed to show a 40-hour week physically worked and the overtime hours to be paid at time and one-half. These hours should total 218.25 pay period. If the employee takes vacation, sick, holiday or any other time off it will show the time and the total hours are still 218.25.

Proposed Completion Date: Immediately and ongoing.



Stokes County

Finance Department

P.O. Box 20
Danbury, NC 27016

Email: jedwards@co.stokes.nc.us

(336) 593-2405
(336) 593-2346 Fax

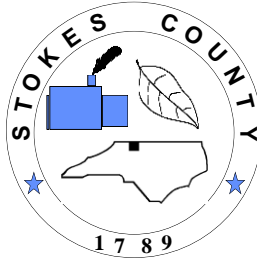
Corrective Action Plan

Finding: 2021-002

Name of Contact Person: Julia Edwards, Finance Director

Management Response: This was an oversight in the Finance Department due to staff changes. All funds are being escheated to the state. A procedure to review the outstanding checklist has been put in place to correct this error.

Proposed Completion Date: Immediately and ongoing.



Stokes County

Finance Department

P.O. Box 20
Danbury, NC 27016

Email: jedwards@co.stokes.nc.us

(336) 593-2405
(336) 593-2346 Fax

Corrective Action Plan

Finding: 2021-003

Name of Contact Person: Julia Edwards, Finance Director

Management Response: This was an oversight of the Finance Director with a budget amendment that was done to purchase equipment from the prior fiscal year. The Finance Director will review the fund balances of all funds before appropriating these funds.

Proposed Completion Date: Immediately and ongoing.

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

Finding: 2020-001
Status: Corrected.

Finding: 2020-002
Status: Corrected.

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2021

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local Expenditures
FEDERAL AWARDS:						
<u>U. S. Department of Agriculture</u>						
<u>Food and Nutrition Service</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Social Services:						
Administration:						
<u>Supplemental Nutrition Assistance Program Cluster</u>						
State Administrative Matching Grants for						
the Supplemental Nutrition Assistance Program - Administration	10.561	215NC406S2514	\$ 306,967	\$ -	\$ -	\$ 306,967
Total Supplemental Nutrition Assistance Program Cluster			306,967	-	-	306,967
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Administration:						
Special Supplemental Nutrition Program for Women, Infants						
and Children	10.557	536260403/53260415	165,490	-	-	-
Total Supplemental Nutrition Program for Women, Infants & Children			165,490	-	-	-
Total U. S. Department of Agriculture			472,457	-	-	306,967
<u>U.S. Department of Treasury</u>						
Equitable Sharing - Treasury Forfeiture Fund Program	21.016	NC0850000	2,325	-	-	-
Passed-through the N.C. Board of Elections:						
CARES Act Funding Elections	21.019	03-25-85	78,739	-	-	-
Passed-through the Office of State Budget and Management:						
NC Pandemic Recovery Office						
COVID-19 Coronavirus Relief Fund - Stokes County	21.019	02-83	1,623,569	-	214,894	-
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
COVID-19 Coronavirus Relief Fund - Stokes County	21.019	536260115	79,255	-	-	-
Total U.S. Department of Treasury			1,783,888	-	214,894	-
<u>U.S. Department of Health & Human Services</u>						
<u>Administration for Community Living</u>						
Passed-through the Piedmont Triad Regional Council						
<u>Aging Cluster</u>						
Special Programs for the Aging - Title III B, Part B --						
Grants for Supportive Services and Senior Centers	93.044	DOA-735	7,987	470	-	-
Special Programs for the Aging - Title III B, Part B --						
Grants for Supportive Services and Senior Centers	93.044	DOA-735	35,643	2,097	1,880	-
Special Programs for the Aging - Title III B, Part B --						
CARES Act	93.044	DOA-735	10,243	-	6,879	-
Special Programs for the Aging - Title III C						
Nutrition Services	93.045	DOA-735	255,652	92,576	77,431	-
Nutrition Services Incentive Program	93.053	DOA-735	27,592	-	-	-
Total Aging Cluster			337,117	95,143	86,190	-
Social Services Block Grant (SSBG) - State In-Home Services	93.667	DOA-735	4,119	118	942	-
Cares Act-National Family Caregiver Support, Title III, Part E	93.052	DOA-735	10,568	-	-	-
National Family Caregiver Support, Title III, Part E	93.052	DOA-735	19,172	1,278	-	-
<u>Administration for Children and Families</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Social Services:						
<u>Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 3)</u>						
Foster Care Title IV-E-Foster Care	93.658	2101NCFOST	123,067	-	-	-
Foster Care Title IV-E-Title IV-E Foster Care - Administration	93.658	2101NCFOST	485,445	21,721	-	462,822
Foster Care Title IV-E-Foster Care - Direct Benefit Payments	93.658	2101NCFOST	580,012	155,756	-	135,198
Adoption Assistance-Title IV-E Optional Adoption TRN-Admin	93.659	2101NCADPT	3,680	-	-	3,680
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 3)			1,192,204	177,477	-	601,700
Administration:						
Temporary Assistance for Needy Families (TANF) / WorkFirst	93.558	2101NCTANF	308,178	-	-	320,495
Division of Public Health:						
Temporary Assistance for Needy Families	93.558	536260151	4,220	-	-	-
<u>Administration for Children and Families:</u>						
Child Support Enforcement	93.563	2101NCCES	226,304	331	-	115,130
Low-Income Home Energy Assistance Block Grant:						
Low Income Energy Assistance- Administration	93.568	2101NCLIEA	28,459	-	-	-
COVID-19-Low Income Energy Assistance	93.568	2101NCLIEA	98,800	-	-	-
COVID-19-Low Income Energy Assistance- Administration	93.568	2101NCLIEA	10,376	-	-	-
Low Income Energy Assistance Payments	93.568	2101NCLIEA	192,728	-	-	-
Low Income Energy Assistance-Crisis Intervention Payments	93.568	2101NCLIEA	72,531	-	-	-
<u>Refugee and Entrant Assistance Cluster (Note 3)</u>						
Refugee and Entrant Assistance State/ Replacement Designee Administered Programs	93.566	2101NCRMA	417	-	-	-
Total Refugee and Entrant Assistance Cluster			417	-	-	-
Social Services Block Grant - Other Service and Training	93.667	2101NCSOSR	149,751	-	-	49,917
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2101NCC1LP	11,587	2,897	-	-
Admin						
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2101NCC1LP	33,823	-	-	-
Direct Benefit Payments						
Social Service Block Grant - Administration	93.667	2101NCSOSR	138,923	-	-	5,567
Social Service Block Grant - Direct Benefit Payments	93.667	2101NCSOSR	-	603	-	-

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2021

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipients</u>	<u>Local Expenditures</u>
<u>Special Children Adoption Fund Cluster (Note 3)</u>						
Stephanie Tubbs Jones Child Welfare Service Program	93.645	2101NCCWSS	2,902	-	-	967
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2101NCFPSS	45,269	-	-	-
Total Special Children Adoption Fund Cluster			48,171	-	-	967
Division of Child Development:						
Subsidized Child Care Program Cluster (Note 3)						
<u>Child Care Development Fund Cluster:</u>						
Division of Social Services:						
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration	93.596	2101NCCCDF	71,260	-	-	-
Total Child Care Development Fund Cluster/Subsidized						
Child Care Program Cluster (Note 3)			71,260	-	-	-
<u>Centers for Medicare and Medicaid Services:</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Medical Assistance:						
Division of Social Services:						
<u>Medicaid Cluster:</u>						
Administration:						
Medical Assistance Program	93.778	XIX-MAP21	869,529	3,675	-	373,470
Total Medicaid Cluster			869,529	3,675	-	373,470
Division of Medical Assistance:						
Division of Social Services:						
Administration:						
Children's Health Insurance Program - N.C. Health Choice	93.767	CHIP21	24,692	736	-	4,354
<u>Centers for Disease Control and Prevention</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Public Health Emergency Preparedness	93.069	536260514	16,234	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	536260543/536260539	193,219	-	-	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response:						
Public Health Crisis Response	93.354	536260619	33,044	-	-	-
Prevention Health and Health Services Block Grant	93.991	536260886	24,258	-	-	-
Immunization Cooperative Agreements	93.268	536260715/536260716	68,316	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	536260452	7,150	-	-	-
<u>Office of Assistant Secretary for Health</u>						
Passed through N.C. Department of Health and Human Services:						
Division of Public Health:						
Family Planning Services	93.217	536260151	39,142	-	-	-
<u>Health Resources and Services Administration</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Maternal and Child Health Services Block Grant to the State	93.994	536260151/536260318	25,922	10,373	-	-
<u>Administration for Community Living</u>						
Passed through N.C. Department of Insurance						
Division of SHIIP						
State Health Insurance Assistance Program	93.324	091515-4046	2,468	-	-	-
Total U. S. Department of Health and Human Services			4,262,682	292,631	87,132	1,471,600
<u>U. S. Department of Homeland Security</u>						
Passed-through the North Carolina Department of Public Safety Management						
Division of Emergency Management						
Homeland Security Grant Program	97.067	EMW-2020-SS-00023	15,000	-	-	-
Homeland Security Grant Program	97.067	EMW-2020-SS-00023	60,000	-	-	-
Emergency Management Performance Grant Program	97.042	EMPG-2020-2020084	20,625	-	-	-
Passed-through the North Carolina Department of Health and Human Services:						
Emergency Management Performance Grant	97.042	EMPG-2020-2020084	18,753	-	-	-
Total U. S. Department of Homeland Security			114,378	-	-	-
<u>U.S. Election Assistance Commission</u>						
HAVA Election Security Grant	90.404	NC20101001-85	51,109	-	-	-
Total U. S. Election Assistance Commission			51,109	-	-	-
Total Federal Awards			6,684,514	292,631	302,026	1,778,567

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2021

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local Expenditures
STATE AWARDS:						
<u>N. C. Department of Health and Human Services</u>						
Division of Social Services:						
Direct Benefit Payments:						
SFHF Maximization		WC302	-	73,759	-	78,360
State Foster Home		WC302	-	36,302	-	38,635
Extended FC MAX Non IV-E		WC302	-	23,404	-	-
Foster Care Stipend		WC302	-	35,100	-	-
Administration:						
APS/CPS Care COVID19		WC302	-	33,641	-	-
Passed through the Stokes County Partnership for Children:						
St Child Welfare/CPS CS LD		WC302	-	125,788	-	-
Division of Public Health:						
Healthy Communities		536260886	-	3,746	-	-
Aid to Counties		536260110	-	83,689	-	-
Food and Lodging Fees		536560874	-	5,133	-	-
General Communicable Disease Control		536260510	-	1,250	-	-
Breast and Cervical Cancer Program		536260452	-	2,275	-	-
Women's Health Service Fund		536260151	-	7,184	-	-
TB Control		536260551	-	384	-	-
Family Planning (State)		536260151	-	40,018	-	-
School Nurse Funding Initiative		536260803	-	135,094	-	-
Total N. C. Department of Health and Human Services			-	606,767	-	116,995
<u>N. C. Department of Administration</u>						
Veterans Service			-	2,084	-	-
Total N. C. Department of Administration			-	2,084	-	-
<u>N. C. Department of Public Safety</u>						
Division of Juvenile Justice and Delinquency Prevention						
Juvenile Justice and Delinquency Prevention			-	157,672	-	-
Division of Emergency Management						
NC Tier II Grant		T2-2020	-	1,000	-	-
Total N. C. Department of Public Safety			-	158,672	-	-
<u>N.C. Department of Public Instruction</u>						
Public School Capital Building Fund - Lottery			-	450,000	-	-
Total N. C. Department of Public Instruction			-	450,000	-	-
<u>N. C. Department of Environmental Quality</u>						
Division of Waste Management						
White Goods Management Program			-	11,771	-	-
Scrap Tire Program			-	67,433	-	-
Solid Waste Disposal Tax Dist			-	36,917	-	-
Division of Water Infrastructure						
NC Clean Water Revolving Loan & Grant Program						
Merger Regionalization Feasibility Grant		H-MRF-D-18-0015	-	2,500	2,500	-
Total N. C. Department of Environmental Quality			-	118,621	2,500	-
<u>Piedmont Triad Regional Council</u>						
In-Home Services - State Funds		DOA-735	-	40,825	9,076	-
State Appropriation - Access		DOA-735	-	9,991	102	-
State Appropriation		DOA-735	-	460	102	-
Fan heat Relief		DOA-735	-	352	-	-
General Purpose (Senior Center Development)		DOA-735	-	14,020	3,505	-
Total Piedmont Triad Regional Council			-	65,648	12,785	-
<u>N.C. Department of Agriculture</u>						
Spay Neuter Program			-	5,963	-	-
Total N. C. Department of Commerce			-	5,963	-	-
<u>N.C. Administrative Office of the Courts</u>						
Civil License Renovation			-	2,478	-	-
Total N.C. Administrative Office of the Courts			-	2,478	-	-
<u>N.C. Department of Commerce</u>						
NC Tourism Recovery Grant		60-0049-02	-	10,750	-	-
NC Tourism Recovery Grant		60-0049	-	10,000	-	-
Total N.C. Department of Commerce			-	20,750	-	-
<u>N.C. Board of Elections</u>						
CARES Act Funding Elections 1 Stop Bonus			-	9,076	-	-
Total N.C. Board of Elections			-	9,076	-	-
Total State Awards			-	1,440,059	15,285	116,995
Total Federal and State Awards			\$ 6,684,514	\$ 1,732,690	\$ 317,311	\$ 1,895,562

STOKES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2021

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipients</u>	<u>Local Expenditures</u>
---	----------------------------------	---	---	-------------------------------	--	-------------------------------

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of Stokes County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of Stokes County, it is not intended to and does not present the financial position, changes in net position or cash flows of Stokes County.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:
 Foster Care, Adoption and Guardianship Assistance Program Cluster, Subsidized Child Care Cluster, Refugee and Entrant Assistance Cluster, and Special Children Adoption Fund Cluster.

4. Indirect Cost Rate

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