

**STOKES COUNTY**  
**NORTH CAROLINA**

**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**



**STOKES COUNTY, NORTH CAROLINA**  
**BASIC FINANCIAL STATEMENTS AND COMPLIANCE REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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## **FINANCIAL SECTION**

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

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

## **Independent Auditor's Report**

To the Board of Commissioners  
Stokes County  
Danbury, North Carolina

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Stokes County, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Stokes County, North Carolina, as of June 30, 2022, 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.

#### ***Basis for Opinions***

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

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

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

### ***Responsibilities of Management's for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 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, and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to 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, 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 June 9, 2023 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 and 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  
June 9, 2023

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **June 30, 2022**

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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, 2022. 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 \$43,815,044 (net position).
- The government's total net position increased by \$3,435,839, primarily due to an increase in governmental activities.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$25,563,927, after a net increase in fund balance of \$2,692,148. Approximately 47.26% of this total amount, or \$12,081,373, is restricted and committed.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,761,733, or 16.52%, of total General Fund expenditures and transfers to other funds for the fiscal year.
- Stokes County's total debt decreased by \$1,359,433 (4%) during the current fiscal year due to retirement of debt and installment purchase contract for equipment.

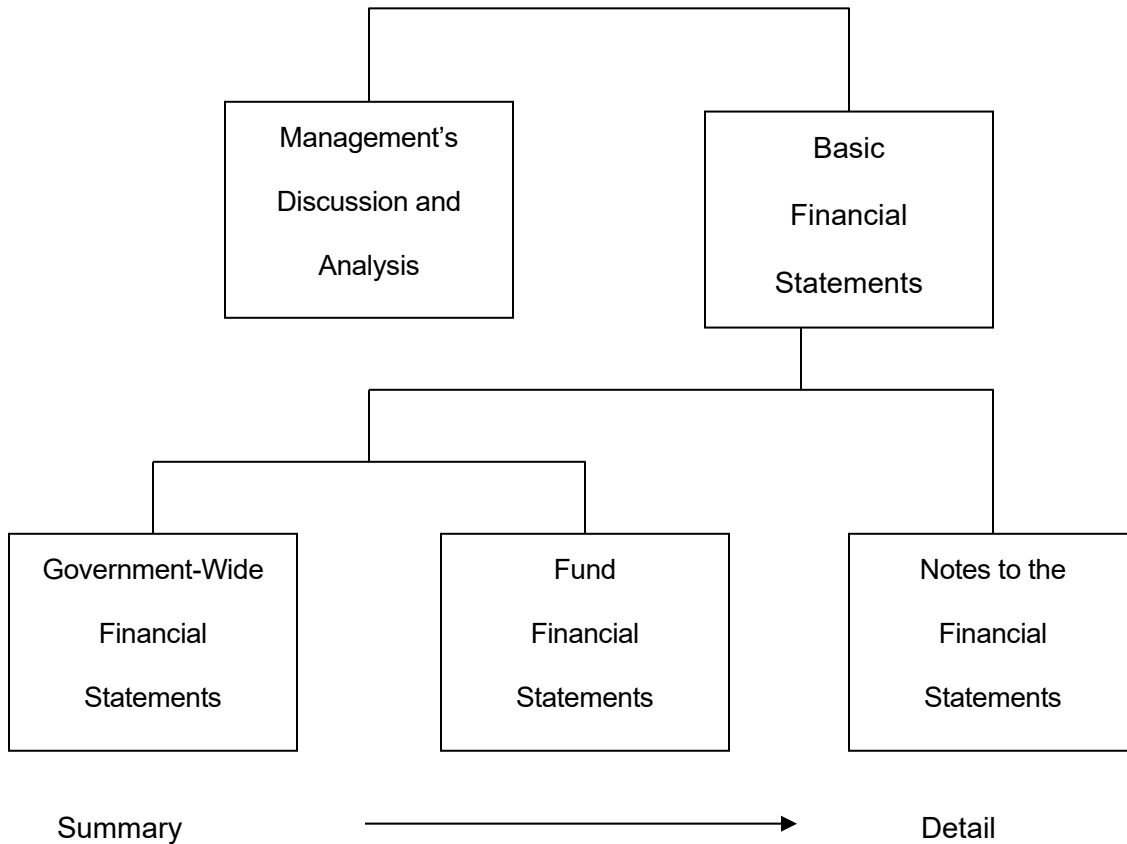
### **Overview of the Financial Statements**

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)

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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)

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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 \$43,815,044 as of June 30, 2022. The County's net position increased by \$3,435,839 for the fiscal year ended June 30, 2022. One of the largest portions, \$34,239,013 (78.14%), 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, \$9,608,475 (21.93%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$32,444) is unrestricted.

### Stokes County's Net Position

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$53,421,185	\$31,724,829	\$ 574,721	\$ 598,295	\$53,995,906	\$32,323,124
Capital assets	52,614,600	54,692,412	4,895,701	5,087,166	57,510,301	59,779,578
Total assets	<u>106,035,785</u>	<u>86,417,241</u>	<u>5,470,422</u>	<u>5,685,461</u>	<u>111,506,207</u>	<u>92,102,702</u>
Deferred outflow s of resources	8,051,616	5,744,243	-	-	8,051,616	5,744,243
Long-term liabilities	45,680,709	49,434,168	-	-	45,680,709	49,434,168
Other liabilities	24,630,956	7,604,741	9,429	16,783	24,640,385	7,621,524
Total liabilities	<u>70,311,665</u>	<u>57,038,909</u>	<u>9,429</u>	<u>16,783</u>	<u>70,321,094</u>	<u>57,055,692</u>
Deferred inflow s of resources	5,421,685	415,048	-	-	5,421,685	415,048
Net Position:						
Net investment in capital assets	29,343,312	29,429,443	4,895,701	5,087,166	34,239,013	34,516,609
Restricted	9,608,475	8,954,181	-	-	9,608,475	8,954,181
Unrestricted	(597,736)	(3,673,097)	565,292	581,512	(32,444)	(3,091,585)
Total	<u>\$38,354,051</u>	<u>\$34,710,527</u>	<u>\$5,460,993</u>	<u>\$5,668,678</u>	<u>\$43,815,044</u>	<u>\$40,379,205</u>

**Governmental Activities:** Governmental activities increased the County's net position by \$3,643,524. Key elements of this increase are as follows:

- Increase in the collections of taxes;
- Increase in sales tax reimbursement due to the economy;
- 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 \$207,685. 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	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 5,799,005	\$ 4,512,944	\$ 333,441	\$ 296,784	\$ 6,132,446	\$ 4,809,728
Operating grants and contributions	9,463,104	10,808,423	-	-	9,463,104	10,808,423
General revenues:						
Property taxes	33,940,482	31,028,639	-	-	33,940,482	31,028,639
Other taxes	15,295,754	13,834,458	-	-	15,295,754	13,834,458
Investment earnings	69,890	13,303	673	464	70,563	13,767
Other	611,193	400,339	-	-	611,193	400,339
Total revenues	65,179,428	60,598,106	334,114	297,248	65,513,542	60,895,354
Expenses:						
General government	7,190,150	6,300,940	-	-	7,190,150	6,300,940
Public safety	18,709,468	19,849,729	-	-	18,709,468	19,849,729
Environmental protection	1,808,571	2,971,214	-	-	1,808,571	2,971,214
Economic and physical development	1,146,460	1,161,539	-	-	1,146,460	1,161,539
Human services	11,271,764	10,412,199	-	-	11,271,764	10,412,199
Culture and recreation	1,667,634	1,230,886	-	-	1,667,634	1,230,886
Intergovernmental:						
Education	18,163,789	15,357,465	-	-	18,163,789	15,357,465
Debt service:						
Interest and fiscal charges	1,588,068	1,616,644	-	-	1,588,068	1,616,644
Stokes Reynolds Revenue Bond Fund	-	-	-	40,000	-	40,000
Regional Sewer Fund	-	-	344,811	327,261	344,811	327,261
Danbury Water Fund	-	-	186,988	176,651	186,988	176,651
Total expenses	61,545,904	58,900,616	531,799	543,912	62,077,703	59,444,528
Change in net position before transfers	3,633,524	1,697,490	(197,685)	(246,664)	3,435,839	1,450,826
Transfers in (out)	10,000	(29,999)	(10,000)	29,999	-	-
Change in net position	3,643,524	1,667,491	(207,685)	(216,665)	3,435,839	1,450,826
Net position - beginning, previously reported	34,710,527	33,013,443	5,668,678	5,885,343	40,379,205	38,898,786
Restatement	-	29,593	-	-	-	29,593
Net position - beginning, restated	34,710,527	33,043,036	5,668,678	5,885,343	40,379,205	38,928,379
Net position - ending	\$ 38,354,051	\$ 34,710,527	\$ 5,460,993	\$ 5,668,678	\$ 43,815,044	\$ 40,379,205

Figure 3 (Changes in Net Position) reflects an increase in net position of \$3,643,524 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 \$65,197,435, while expenses in this category totaled \$61,545,904. After transfers from the business-type activities, the total net position stands at \$38,354,051.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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Business-type activities generated revenue of \$334,114 and had expenses of \$531,799. Net position decreased in the business-type activities by \$207,685. The County had continued diligence in water and sewer revenue collections and resolution of delinquent accounts.

### 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 \$17,548,287, while total fund balance reached \$21,546,326. The County currently has an available fund balance of 31.24% of General Fund expenditures and transfers to other funds less installment financing and lease liabilities issued, while total fund balance represents 38.35% 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, Storage/Maintenance building project, Walnut Cove EMS station project, Solid Waste/Scale House project, and the Courthouse renovations project. At the end of the current fiscal year, committed fund balance was \$331,164. Total net change in fund balance was a decrease of \$213,930.

The Stokes County Hospital Capital Project Fund accounts for financial resources to be used for the acquisition or construction of the County's local hospital. At the end of the current fiscal year, committed fund balance was \$3,465. Total net change in fund balance was an increase of \$3,465.

The Special Revenue Grant ARP Fund accounts for financial resources to be used in response to the American Rescue Plan Coronavirus Local Fiscal Recovery Funds (ARP/CLFRF). At the end of the current fiscal year, restricted fund balance was \$10,134. Total net change in fund balance was an increase of \$9,931.

At June 30, 2022, the governmental funds of Stokes County reported a combined fund balance of \$25,563,927, an 11.77% increase over last year. The primary reason for this increase is the increase in fund balance in the General Fund.

**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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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to its General Fund revenue in anticipated grant funding. 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 \$2,706,230 over the approved budget, but actual expenditures were ultimately \$5,255,382 less than the final budget. Total expenditures increased \$1,912,539 from the prior year.

The cash balance in the General Fund increased \$2,134,764 from the prior year-end. The Sales tax revenues compared to both budget and the prior year collections have increased. The County received an increase in sales taxes of approximately \$982,856 over the prior year.

General Fund consolidated expenditures increased \$5,858,632 or approximately 10%, from the prior year due to increases in capital outlay related to leases and debt service expenditures.

**Analysis of Fund Balance:** A recap of the historical analysis of fund balance for the period 2012-13 through 2021-22 includes the following noteworthy points:

- 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 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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- 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 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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- 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 were 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 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.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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- In the fiscal year 2021-22, the County continues to budget conservatively. Department's increases in budget were due to mandates, a complete year of the salary study for employees and new staff for different departments, capital outlay and projects. 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 \$3,257,170 fund balance to balance the budget. The County revised the appropriation to \$3,289,224 (\$32,054). Revenues were \$750,051 more than the budget due to federal and state grants, sales tax, sales and services. Expenditures were \$5,255,382 less than budget. The County increased the fund balance by \$2,745,493. 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 \$9,761,733, or 23.44%, of annual expenditures, transfers out and less lease and installment purchase proceeds. 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 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.

**Proprietary Funds:** The business-type funds had a decrease in net position of \$207,685 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, 2022 totals \$57,510,301 (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	
	2022	2021	2022	2021	2022	2021
Land	\$ 3,908,784	\$ 3,790,931	\$ 286,550	\$ 286,550	\$ 4,195,334	\$ 4,077,481
Construction in progress	253,225	1,475,642	-	-	253,225	1,475,642
Total non-depreciable assets	4,162,009	5,266,573	286,550	286,550	4,448,559	5,553,123
Buildings and improvements	67,053,426	65,569,636	3,611,422	3,611,422	70,664,848	69,181,058
Furniture and equipment	10,002,676	9,669,535	5,002,288	4,963,409	15,004,964	14,632,944
Vehicles	7,361,184	7,595,186	25,123	25,123	7,386,307	7,620,309
Sewer lines	-	-	5,522,972	5,522,972	5,522,972	5,522,972
Total depreciable assets	84,417,286	82,834,357	14,161,805	14,122,926	98,579,091	96,957,283
Accumulated depreciation	35,964,695	33,408,518	9,552,654	9,322,310	45,517,349	42,730,828
Depreciable assets, net	48,452,591	49,425,839	4,609,151	4,800,616	53,061,742	54,226,455
Total	\$ 52,614,600	\$ 54,692,412	\$ 4,895,701	\$ 5,087,166	\$ 57,510,301	\$ 59,779,578

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, 2022, Stokes County had total debt outstanding of \$31,714,263.

### Stokes County's Outstanding Debt

**Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Notes from direct placements	\$ 23,267,675	\$ 25,262,968	\$ -	\$ -	\$ 23,267,675	\$ 25,262,968
Installment purchases						
QSCB	5,741,969	6,698,964	-	-	5,741,969	6,698,964
QZAB	952,940	1,111,764	-	-	952,940	1,111,764
Lease liabilities issued	1,751,679	-	-	-	1,751,679	-
Total	\$ 31,714,263	\$ 33,073,696	\$ -	\$ -	\$ 31,714,263	\$ 33,073,696

Stokes County's total debt has decreased by \$1,359,433 during the past fiscal year due to paying off debt.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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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 approximately \$342,122,000. These statutory limits exceed the County's realistic debt capacity.

### Economic Factors

Stokes County's population per 07/2021 NC certified population is 44,553.

The Per Capita Income figure for Stokes County was \$29,117, and the Median Household Income was \$52,637.

The rate of unemployment in Stokes County for 2022 2nd quarter was 3.8%.

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 \$191,900,000.

Major new investments in Stokes County for 2021-22 include:

- Buy local campaign for Stokes County;
- Water project for the Meadow Community for economic development. Grants for project.

The Stokes County Economic Development Commission continues 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.

### Budget Highlights for the Fiscal Year Ending June 30, 2023

**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.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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### **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 [llankford@co.stokes.nc.us](mailto:llankford@co.stokes.nc.us).

## **BASIC FINANCIAL STATEMENTS**

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**STOKES COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**June 30, 2022**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Stokes County Water and Sewer Authority
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 19,965,102	\$ 558,966	\$ 20,524,068	\$ 396,628
Taxes receivable, net	943,744	-	943,744	-
Accounts receivable, net	895,342	13,014	908,356	1,528
Due from other governments	4,349,166	-	4,349,166	-
Lease receivables	75,875	-	75,875	-
Inventory, at cost	84,450	-	84,450	-
Restricted cash and cash equivalents	25,293,684	2,741	25,296,425	7,698
Right to use leased assets	1,748,066	-	1,748,066	-
Net pension asset	65,756	-	65,756	-
Capital assets:				
Non-depreciable capital assets	4,162,009	286,550	4,448,559	59,979
Other capital assets, net of accumulated depreciation	48,452,591	4,609,151	53,061,742	872,859
Total capital assets	52,614,600	4,895,701	57,510,301	932,838
Total assets	106,035,785	5,470,422	111,506,207	1,338,692
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	8,051,616	-	8,051,616	-
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:</b>				
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities	2,948,070	6,688	2,954,758	2,409
Accrued interest payable	349,451	-	349,451	-
Advances from grantors	21,282,702	-	21,282,702	-
Liabilities to be paid from restricted assets:				
Customer deposits	-	2,741	2,741	7,698
Accounts payable and accrued liabilities	50,733	-	50,733	-
Long-term liabilities:				
Due within one year	5,499,325	-	5,499,325	-
Total pension liability - LEOSSA	1,497,994	-	1,497,994	-
Total OPEB liability	7,882,490	-	7,882,490	-
Net pension liability - LGERS	3,244,782	-	3,244,782	-
Due in more than one year	27,556,118	-	27,556,118	-
Total liabilities	70,311,665	9,429	70,321,094	10,107
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	5,421,685	-	5,421,685	-
<b>NET POSITION:</b>				
Net investment in capital assets	29,343,312	4,895,701	34,239,013	932,838
Restricted:				
Stabilization by state statute	4,573,449	-	4,573,449	-
General government	10,134	-	10,134	-
Health Department - Title XIX	547,884	-	547,884	-
Mental Health MOE	67,068	-	67,068	-
School current expense	714,066	-	714,066	-
Debt service	2,821,350	-	2,821,350	-
Public safety	781,823	-	781,823	-
Human services	17,247	-	17,247	-
ROD Pension Plan	75,454	-	75,454	-
Unrestricted	(597,736)	565,292	(32,444)	395,747
Total net position	\$ 38,354,051	\$ 5,460,993	\$ 43,815,044	\$ 1,328,585

The accompanying notes are an integral part of this statement.

**STOKES COUNTY, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2022**

Exhibit 2  
Page 1 of 2

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 7,190,150	\$ 387,553	\$ 55,672	\$ -
Public safety	18,709,468	3,749,887	497,825	-
Environmental protection	1,808,571	77,379	-	-
Economic and physical development	1,146,460	416,954	801,716	-
Human services	11,271,764	1,167,232	7,564,735	-
Culture and recreation	1,667,634	-	-	-
Intergovernmental:				
Education	18,163,789	-	543,156	-
Debt service:				
Interest and fiscal charges	1,588,068	-	-	-
Total governmental activities	<u>61,545,904</u>	<u>5,799,005</u>	<u>9,463,104</u>	<u>-</u>
Business-type activities:				
Stokes-Reynolds Memorial Hospital Fund	-	390	-	-
Regional Sewer Fund	344,811	147,787	-	-
Danbury Water Fund	186,988	185,264	-	-
Total business-type activities	<u>531,799</u>	<u>333,441</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 62,077,703</u>	<u>\$ 6,132,446</u>	<u>\$ 9,463,104</u>	<u>\$ -</u>
<b>Component Unit:</b>				
Stokes County Water and Sewer Authority	\$ 217,277	\$ 250,758	\$ -	\$ -
Total component unit	<u>\$ 217,277</u>	<u>\$ 250,758</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.



**STOKES COUNTY, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2022**

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:				
Governmental activities:				
General government	\$ (6,746,925)	\$ -	\$ (6,746,925)	
Public safety	(14,461,756)	-	(14,461,756)	
Environmental protection	(1,731,192)	-	(1,731,192)	
Economic and physical development	72,210	-	72,210	
Human services	(2,539,797)	-	(2,539,797)	
Culture and recreation	(1,667,634)	-	(1,667,634)	
Intergovernmental:				
Education	(17,620,633)	-	(17,620,633)	
Debt service:				
Interest and fiscal charges	(1,588,068)	-	(1,588,068)	
Total governmental activities	(46,283,795)	-	(46,283,795)	
Business-type activities:				
Stokes-Reynolds Memorial Hospital Fund	-	390	390	
Regional Sewer Fund	-	(197,024)	(197,024)	
Danbury Water Fund	-	(1,724)	(1,724)	
Total business-type activities	-	(198,358)	(198,358)	
Total primary government	(46,283,795)	(198,358)	(46,482,153)	
Component Unit:				
Stokes County Water and Sewer Authority				\$ 33,481
Total component unit				33,481
General revenues:				
Taxes:				
Property taxes, levied for general purposes	33,940,482	-	33,940,482	-
Sales tax	9,200,675	-	9,200,675	-
Other unrestricted intergovernmental revenue	6,095,079	-	6,095,079	-
Interest earnings	69,890	673	70,563	389
Other	611,193	-	611,193	1,700
Total general revenues excluding transfers	49,917,319	673	49,917,992	2,089
Transfers to/from other funds	10,000	(10,000)	-	-
Total general revenues and transfers	49,927,319	(9,327)	49,917,992	2,089
Change in net position	3,643,524	(207,685)	3,435,839	35,570
Net position - beginning	34,710,527	5,668,678	40,379,205	1,293,015
Net position - ending	\$ 38,354,051	\$ 5,460,993	\$ 43,815,044	\$ 1,328,585

The accompanying notes are an integral part of this statement.

STOKES COUNTY, NORTH CAROLINA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2022

	Major Funds				Nonmajor	
	General Fund	Capital Projects Fund	Stokes County Hospital Capital Project Fund	Special Revenue Grant ARP Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 16,601,178	\$ 336,664	\$ 3,465	\$ 10,134	\$ 3,013,661	\$ 19,965,102
Taxes receivable, net	838,609	-	-	-	105,135	943,744
Accounts receivable, net	844,858	-	-	-	50,484	895,342
Due from other governments	3,739,605	-	-	-	609,561	4,349,166
Lease receivables	75,875	-	-	-	-	75,875
Inventory	84,450	-	-	-	-	84,450
Restricted cash and cash equivalents	4,033,730	2,250,000	10,000,000	8,855,517	154,437	25,293,684
Total assets	<u>\$ 26,218,305</u>	<u>\$ 2,586,664</u>	<u>\$ 10,003,465</u>	<u>\$ 8,865,651</u>	<u>\$ 3,933,278</u>	<u>\$ 51,607,363</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>						
<b>LIABILITIES:</b>						
Accounts payable and accrued liabilities	\$ 2,941,702	\$ 5,500	\$ -	\$ -	\$ 868	\$ 2,948,070
Advances from grantors	22,748	2,250,000	10,000,000	8,855,517	154,437	21,282,702
Liabilities to be paid from restricted assets:						
Accounts payable and accrued liabilities	50,733	-	-	-	-	50,733
Total liabilities	<u>3,015,183</u>	<u>2,255,500</u>	<u>10,000,000</u>	<u>8,855,517</u>	<u>155,305</u>	<u>24,281,505</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Prepaid taxes	71,438	-	-	-	-	71,438
Lease receivables	75,690	-	-	-	-	75,690
Property tax receivables	838,609	-	-	-	105,135	943,744
Other receivables	671,059	-	-	-	-	671,059
Total deferred inflows of resources	<u>1,656,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,135</u>	<u>1,761,931</u>
<b>FUND BALANCES:</b>						
Non-spendable, not in spendable form:						
Inventory	84,450	-	-	-	-	84,450
Lease receivables	185	-	-	-	-	185
Restricted:						
Stabilization by state statute	3,913,404	-	-	-	660,045	4,573,449
Restricted, all others	4,150,368	-	-	10,134	799,070	4,959,572
Committed	-	331,164	3,465	-	2,213,723	2,548,352
Assigned:						
Subsequent year's expenditures	3,636,186	-	-	-	-	3,636,186
Unassigned	9,761,733	-	-	-	-	9,761,733
Total fund balances	<u>21,546,326</u>	<u>331,164</u>	<u>3,465</u>	<u>10,134</u>	<u>3,672,838</u>	<u>25,563,927</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 26,218,305</u>	<u>\$ 2,586,664</u>	<u>\$ 10,003,465</u>	<u>\$ 8,865,651</u>	<u>\$ 3,933,278</u>	<u>\$ 51,607,363</u>

The accompanying notes are an integral part of this statement.

**STOKES COUNTY, NORTH CAROLINA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2022**

	<b>Total Governmental Funds</b>
<b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>	
Total fund balances	\$ 25,563,927
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	52,614,600
Right to use leased assets, net	1,748,066
Net pension asset	65,756
Net pension liability - LGERS	(3,244,782)
Total pension liability - LEOSSA	(1,497,994)
Total OPEB liability	(7,882,490)
Deferred outflows of resources related to pensions are not reported in the funds.	6,078,417
Deferred inflows of resources related to pensions are not reported in the funds.	(4,687,793)
Deferred outflows of resources related to OPEB are not reported in the funds.	1,973,199
Deferred inflows of resources related to OPEB are not reported in the funds.	(586,764)
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.	1,614,803
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	(31,714,263)
Accrued interest payable	(349,451)
Compensated absences and retirement benefits	(1,341,180)
Net position of governmental funds	<u>\$ 38,354,051</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**  
**For the Year Ended June 30, 2022**

	Major				Nonmajor	
	General	Capital	Stokes County	Special	Other	Total
	Fund	Projects	Hospital	Revenue	Governmental	Governmental
	Fund	Fund	Capital	Grant	Funds	Funds
	Fund	Fund	Project Fund	ARP Fund		
<b>Revenues:</b>						
Ad valorem taxes	\$ 30,887,324	\$ -	\$ -	\$ -	\$ 3,071,165	\$ 33,958,489
Other taxes and licenses	9,634,201	-	-	-	3,615,802	13,250,003
Intergovernmental	11,357,235	-	-	-	151,620	11,508,855
Permits and fees	630,830	-	-	-	-	630,830
Sales and services	5,168,175	-	-	-	-	5,168,175
Investment earnings	50,915	1,210	3,465	9,931	4,369	69,890
Other revenues	611,193	-	-	-	-	611,193
Total revenues	<u>58,339,873</u>	<u>1,210</u>	<u>3,465</u>	<u>9,931</u>	<u>6,842,956</u>	<u>65,197,435</u>
<b>Expenditures:</b>						
Current:						
General government	8,845,301	192,967	-	-	-	9,038,268
Public safety	13,679,857	16,603	-	-	3,981,201	17,677,661
Environmental protection	1,656,731	22,070	-	-	-	1,678,801
Economic and physical development	1,148,677	-	-	-	169,116	1,317,793
Human services	11,311,835	-	-	-	-	11,311,835
Culture and recreation	932,063	-	-	-	-	932,063
Special appropriations	577,601	-	-	-	-	577,601
Intergovernmental:						
Education	14,888,890	-	-	-	2,122,600	17,011,490
Debt service:						
Principal	4,284,641	-	-	-	-	4,284,641
Interest and fiscal charges	1,610,342	-	-	-	-	1,610,342
Total expenditures	<u>58,935,938</u>	<u>231,640</u>	<u>-</u>	<u>-</u>	<u>6,272,917</u>	<u>65,440,495</u>
Excess of revenues over (under) expenditures	<u>(596,065)</u>	<u>(230,430)</u>	<u>3,465</u>	<u>9,931</u>	<u>570,039</u>	<u>(243,060)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers from other funds	373,302	16,500	-	-	159,772	549,574
Transfers to other funds	(166,272)	-	-	-	(373,302)	(539,574)
Lease liabilities issued	2,549,708	-	-	-	-	2,549,708
Debt issued	375,500	-	-	-	-	375,500
Total other financing sources (uses)	<u>3,132,238</u>	<u>16,500</u>	<u>-</u>	<u>-</u>	<u>(213,530)</u>	<u>2,935,208</u>
Net change in fund balances	2,536,173	(213,930)	3,465	9,931	356,509	2,692,148
Fund balances at beginning of year	<u>19,010,153</u>	<u>545,094</u>	<u>-</u>	<u>203</u>	<u>3,316,329</u>	<u>22,871,779</u>
Fund balances at end of year	<u>\$ 21,546,326</u>	<u>\$ 331,164</u>	<u>\$ 3,465</u>	<u>\$ 10,134</u>	<u>\$ 3,672,838</u>	<u>\$ 25,563,927</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**  
**For the Year Ended June 30, 2022**

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

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 2,692,148</b>
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	811,849
Depreciation and amortization expense recorded on the Statement of Activities but not in the fund statements	(2,889,661)
Right to use leased asset capital expenditures, which are capitalized	2,549,708
Amortization expense allocates the cost of right to use assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(801,642)
Pension expense - LGERS	87,966
Pension expense - ROD	(429)
Pension expense - LEOSSA	(115,689)
OPEB plan expense	(313,499)
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	(2,925,208)
Principal repayments	4,284,641
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	22,274
Compensated absences	82,238
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	<u>158,828</u>
Changes in net position of governmental activities	<u><u>\$ 3,643,524</u></u>

The accompanying notes are an integral part of this statement.

**STOKES COUNTY, NORTH CAROLINA**  
**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>With Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 14,325,864	\$ 14,325,864	\$ 14,460,253	\$ 134,389
Other taxes and licenses	7,996,800	7,996,800	9,628,619	1,631,819
Intergovernmental	11,084,339	12,361,654	10,915,242	(1,446,412)
Permits and fees	434,533	434,533	630,830	196,297
Sales and services	3,637,977	4,442,618	4,636,181	193,563
Investment earnings	5,000	5,000	42,089	37,089
Other revenues	115,701	398,753	402,059	3,306
Total revenues	<u>37,600,214</u>	<u>39,965,222</u>	<u>40,715,273</u>	<u>750,051</u>
<b>Expenditures:</b>				
Current:				
General government	6,296,122	7,032,057	6,324,877	707,180
Public safety	14,053,586	14,488,500	13,679,857	808,643
Environmental protection	1,564,411	1,761,295	1,656,731	104,564
Economic and physical development	1,318,188	1,283,474	1,148,677	134,797
Human services	12,429,366	13,125,388	9,765,227	3,360,161
Culture and recreation	967,881	989,038	932,063	56,975
Special appropriations	563,909	602,234	577,601	24,633
Contingency	250,000	44,437	-	44,437
Intergovernmental:				
Education	313,457	323,198	309,225	13,973
Debt service:				
Principal	3,487,561	4,284,648	4,284,641	7
Interest and fiscal charges	<u>1,593,912</u>	<u>1,610,354</u>	<u>1,610,342</u>	<u>12</u>
Total expenditures	<u>42,838,393</u>	<u>45,544,623</u>	<u>40,289,241</u>	<u>5,255,382</u>
Excess of revenues over (under) expenditures	<u>(5,238,179)</u>	<u>(5,579,401)</u>	<u>426,032</u>	<u>6,005,433</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	3,507,715	3,676,880	3,676,880	-
Transfers to other funds	(1,902,206)	(1,762,203)	(1,762,203)	-
Lease liabilities issued	-	-	29,284	29,284
Debt issued	<u>375,500</u>	<u>375,500</u>	<u>375,500</u>	<u>-</u>
Total other financing sources (uses)	<u>1,981,009</u>	<u>2,290,177</u>	<u>2,319,461</u>	<u>29,284</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(3,257,170)</u>	<u>(3,289,224)</u>	<u>2,745,493</u>	<u>6,034,717</u>
Fund balance appropriated	<u>3,257,170</u>	<u>3,289,224</u>	<u>-</u>	<u>(3,289,224)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,745,493</u>	<u>\$ 2,745,493</u>
<b>Reconciliation from Budgetary Basis to Modified Accrual Basis:</b>				
Initial implementation of lease standard:				
Lease liability issued			2,520,424	
Capital outlay			(2,520,424)	
Fund balance at beginning of year			<u>15,133,064</u>	
Fund balance at end of year			<u>\$ 17,878,557</u>	

The accompanying notes are an integral part of this statement.

**STOKES COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2022**

	<b>Business-Type Activities</b>			
	<b>Major</b>			
	<b>Stokes-Reynolds Memorial Hospital Fund</b>	<b>Regional Sewer Fund</b>	<b>Danbury Water Fund</b>	<b>Total</b>
<b>ASSETS:</b>				
Current assets:				
Cash and investments	\$ 44,329	\$ 238,655	\$ 275,982	\$ 558,966
Accounts receivable, net	-	5,951	7,063	13,014
Total current assets	<u>44,329</u>	<u>244,606</u>	<u>283,045</u>	<u>571,980</u>
Non-current assets:				
Restricted cash and cash equivalents	-	-	2,741	2,741
Capital assets:				
Land	228,849	-	57,701	286,550
Buildings	3,611,422	-	-	3,611,422
Equipment	3,413,218	25,123	1,589,070	5,027,411
Sewer lines	-	5,522,972	-	5,522,972
Accumulated depreciation	(7,024,640)	(1,936,242)	(591,772)	(9,552,654)
Total capital assets	<u>228,849</u>	<u>3,611,853</u>	<u>1,054,999</u>	<u>4,895,701</u>
Total assets	<u>273,178</u>	<u>3,856,459</u>	<u>1,340,785</u>	<u>5,470,422</u>
<b>LIABILITIES AND NET POSITION:</b>				
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	-	3,689	2,999	6,688
Total current liabilities	<u>-</u>	<u>3,689</u>	<u>2,999</u>	<u>6,688</u>
Non-current liabilities:				
Liabilities payable from restricted assets	-	-	2,741	2,741
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>2,741</u>	<u>2,741</u>
Total liabilities	<u>-</u>	<u>3,689</u>	<u>5,740</u>	<u>9,429</u>
<b>NET POSITION:</b>				
Net investment in capital assets	228,849	3,611,853	1,054,999	4,895,701
Unrestricted	<u>44,329</u>	<u>240,917</u>	<u>280,046</u>	<u>565,292</u>
Total net position	<u>\$ 273,178</u>	<u>\$ 3,852,770</u>	<u>\$ 1,335,045</u>	<u>\$ 5,460,993</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**  
**For the Year Ended June 30, 2022**

	<b>Major</b>			
	<b>Stokes- Reynolds Memorial Hospital Fund</b>	<b>Regional Sewer Fund</b>	<b>Danbury Water Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>				
Charges for sales and services	\$ 390	\$ 147,787	\$ 185,264	\$ 333,441
Total operating revenues	<u>390</u>	<u>147,787</u>	<u>185,264</u>	<u>333,441</u>
<b>Operating Expenses:</b>				
Operating	-	164,538	136,917	301,455
Depreciation and amortization	-	180,273	50,071	230,344
Total operating expenses	<u>-</u>	<u>344,811</u>	<u>186,988</u>	<u>531,799</u>
Operating income (loss)	<u>390</u>	<u>(197,024)</u>	<u>(1,724)</u>	<u>(198,358)</u>
<b>Non-Operating Revenues (Expenses):</b>				
Interest earned on investments	53	327	293	673
Total non-operating revenues (expenses)	<u>53</u>	<u>327</u>	<u>293</u>	<u>673</u>
Income (loss) before transfers	443	(196,697)	(1,431)	(197,685)
Transfers out	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Change in fund net position	(9,557)	(196,697)	(1,431)	(207,685)
Total net position, beginning	<u>282,735</u>	<u>4,049,467</u>	<u>1,336,476</u>	<u>5,668,678</u>
Total net position, ending	<u>\$ 273,178</u>	<u>\$ 3,852,770</u>	<u>\$ 1,335,045</u>	<u>\$ 5,460,993</u>

The accompanying notes are an integral part of this statement.



**STOKES COUNTY, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2022**

	<b>Business-Type Activities</b>			
	<b>Major</b>			<b>Total</b>
	<b>Stokes-Reynolds Memorial Hospital Fund</b>	<b>Regional Sewer Fund</b>	<b>Danbury Water Fund</b>	
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 390	\$ 151,978	\$ 191,181	\$ 343,549
Cash paid for goods and services	-	(113,857)	(79,314)	(193,171)
Cash paid to employees	-	(57,754)	(58,109)	(115,863)
Net cash provided (used) by operating activities	390	(19,633)	53,758	34,515
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Transfers in (out)	(10,000)	-	-	(10,000)
Net cash provided (used) by non-capital financing activities	(10,000)	-	-	(10,000)
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	-	-	(38,879)	(38,879)
Net cash provided (used) by capital and related financing activities	-	-	(38,879)	(38,879)
<b>Cash Flows from Investing Activities:</b>				
Interest on investments	53	327	293	673
Net cash provided (used) by investing activities	53	327	293	673
Net increase (decrease) in cash and cash equivalents	(9,557)	(19,306)	15,172	(13,691)
Cash and cash equivalents at beginning of year	53,886	257,961	263,551	575,398
Cash and cash equivalents at end of year	\$ 44,329	\$ 238,655	\$ 278,723	\$ 561,707
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 390	\$ (197,024)	\$ (1,724)	\$ (198,358)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	-	180,273	50,071	230,344
Pension expense				
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	-	4,191	5,692	9,883
Increase (decrease) in accounts payable and accrued liabilities	-	(7,073)	(281)	(7,354)
Net cash provided by (used) operating activities	\$ 390	\$ (19,633)	\$ 53,758	\$ 34,515

The accompanying notes are an integral part of this statement.

**STOKES COUNTY, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2022**

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	<b>Custodial Funds</b>
<b>ASSETS:</b>	
Cash and investments	\$ 80,853
Taxes receivable for other governments, net	<u>113,035</u>
Total assets	<u>193,888</u>
<b>LIABILITIES:</b>	
Due to other governments	<u>139,682</u>
Total liabilities	<u>139,682</u>
<b>NET POSITION:</b>	
Restricted for:	
Individuals, organizations, and other governments	<u>54,206</u>
Total net position	<u>\$ 54,206</u>

The accompanying notes are an integral part of this statement.

**STOKES COUNTY, NORTH CAROLINA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2022**

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	<u>Custodial Funds</u>
<b>ADDITIONS:</b>	
Ad valorem taxes for other governments	\$ 3,779,585
Collections on behalf of others	265,488
Interest income	<u>9</u>
Total additions	<u>4,045,082</u>
<b>DEDUCTIONS:</b>	
Tax distributions to other governments	3,869,724
Payments on behalf of others	<u>267,399</u>
Total deductions	<u>4,137,123</u>
Net increase (decrease) in fiduciary net position	(92,041)
Net position, beginning	<u>146,247</u>
Net position, ending	<u>\$ 54,206</u>

The accompanying notes are an integral part of this statement.

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**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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**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.

<b>Component Unit</b>	<b>Reporting Method</b>	<b>Criteria for Inclusion</b>	<b>For Separate Financial Statements</b>
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.

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

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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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 MOE Fund and Health Department 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.

*Stokes County Hospital Capital Projects Fund.* The Stokes County Hospital Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of the County's local hospital.

*Special Revenue Grant ARP Fund.* 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).

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.

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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 Stokes County Jail, 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 ten 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, the Trust Fund-DSS Clients, and the Opioid Settlement Fund are reported as non-major special revenue funds. The Schools Capital Outlay/Capital 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 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.

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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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 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.



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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, Stokes County Hospital Capital Project Fund, the Opioid Settlement Fund, and the Major Special Revenue Fund-Grant ARP Fund.

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 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 state law [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.

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State law [G.S. 159-30(8)(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 NCCMT Government Portfolio, an SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

**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.

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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**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. Unexpended settlement 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:**

**Major Funds:**

General Fund	Dedicated Debt Service Fund	\$ 2,319,765
General Fund	Health Medicaid Title XIX Fund	570,912
General Fund	Mental Health MOE Fund	71,093
General Fund	School Current Expense Fund	566,613
General Fund	USDA Reserve - Community College	220,680
General Fund	USDA Reserve - Jail Expansion	261,919
General Fund	Unspent grant proceeds	22,748
Grant ARP Fund	Unspent grant proceeds	8,855,517
Stokes County Hospital		
Capital Project Fund	Unspent grant proceeds	10,000,000
Major Capital Project Fund	Unspent grant proceeds	2,250,000
	Total Major Funds	<u>25,139,247</u>

**Nonmajor Funds:**

Opioid Settlement Fund	Unspent settlement proceeds	154,437
	Total Nonmajor Funds	<u>154,437</u>

Total governmental activities	<u>25,293,684</u>
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**Business-Type Activities:**

Danbury Water Fund	Customer deposits	2,741
Total business-type activities		<u>2,741</u>

Total restricted cash	<u><u>\$ 25,296,425</u></u>
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**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, 2021. As allowed by state law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

**5. Lease Receivable**

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

**6. 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.

**7. Inventories**

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.

**8. 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.

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

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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.

**9. Right to Use Assets**

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

**10. 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 assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that 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 assets 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.

**11. 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.

**12. 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

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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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.

**13. Opioid Settlement Funds**

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

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

The County received \$154,437 as part of this settlement in Fiscal Year 2022. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2022. The MOA offered the County two options of expending the funds. The County opted for Option B, which allows the County to engage in a collaborative strategic planning process involving a diverse array of stakeholders and may then fund a strategy from the Exhibit A list or a longer list of strategies (Exhibit B) included in the national settlements.

**14. Reimbursements for Pandemic-Related Expenditures**

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The County was allocated \$8,855,517 fiscal recovery funds to be paid in two equal installments. The first installment of \$4,427,759 was received June 2021. The second installment was received in June 2022. As of June 30, 2022, the County has not incurred any ARPA expenditures. In the 2022-2023 budget, the County staff and the Board of Commissioners have elected to use \$6,455,517 of the ARPA funds for Government Services. The County plans on using the rest of the funds for investing in broadband infrastructure.

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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**15. 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:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets, net	\$ 52,614,600	\$ 4,895,701
Right to use leased assets, net	1,748,066	-
Less, capital debt:		
Gross debt	31,714,263	-
Less:		
Non-capital related debt	6,694,909	-
Capital debt, net	<u>25,019,354</u>	<u>-</u>
Net investment in capital assets	<u>\$ 29,343,312</u>	<u>\$ 4,895,701</u>

**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.

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

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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**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 General Government – portion of fund balance restricted for future expenditures related to the ARP grant.

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.

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 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.



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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

Restricted fund balance at June 30, 2022 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Special Revenue Grant Fund-ARP</b>	<b>Other Governmental Funds</b>	<b>Total Restricted Fund Balance</b>
Stabilization by state statute	\$ 3,913,404	\$ -	\$ 660,045	\$ 4,573,449
General government	-	10,134	-	10,134
Public safety	-	-	781,823	781,823
Human services	-	-	17,247	17,247
Mental Health MOE	67,068	-	-	67,068
Health Department-Title XIX	547,884	-	-	547,884
School Current Expense Fund	714,066	-	-	714,066
Debt service	2,821,350	-	-	2,821,350
<b>Total</b>	<b>\$ 8,063,772</b>	<b>\$ 10,134</b>	<b>\$ 1,459,115</b>	<b>\$ 9,533,021</b>

Restricted net position on Exhibit 1 varies from restricted fund balance on Exhibit 3 by the amount of Register of Deeds pension plan \$75,454 as of June 30, 2022.

**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.

Committed for General Government - portion of fund balance that was committed by the Board for future capital outlay.

Committed for Education - portion of fund balance that was committed by the Board for future capital outlay for the County's schools.

Committed fund balance at June 30, 2022, is as follows:

<b>Purpose</b>	<b>Capital Projects Fund</b>	<b>Stokes County Hospital Capital Project Fund</b>	<b>Other Governmental Funds</b>	<b>Total Committed Fund Balance</b>
Committed:				
General government	\$ 331,164	\$ 3,465	\$ 711,507	\$ 1,046,136
Education	-	-	1,502,216	1,502,216
<b>Total</b>	<b>\$ 331,164</b>	<b>\$ 3,465</b>	<b>\$ 2,213,723</b>	<b>\$ 2,548,352</b>

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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**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, 2022 is as follows:

<u>Purpose</u>	<u>General Fund</u>
Assigned:	
Subsequent year's expenditures	<u>\$ 3,636,186</u>

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

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.

<b>Total fund balance - General Fund</b>	<b>\$ 21,546,326</b>
Less:	
Inventory	84,450
Leases	185
Stabilization by state statute	<u>3,913,404</u>
<b>Total available fund balance</b>	<b><u>\$ 17,548,287</u></b>

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**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)	\$ 17,878,557
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**Health Department Title XIX Fund:**

Revenues:

Intergovernmental	348,837
Sales and services	531,994
Investment earnings	440
Other revenues	209,134

Expenditures:

Human services	(1,168,840)
Transfers in - General Fund	285,291

**Dedicated Debt Service Fund:**

Revenues:

Ad valorem taxes, net	1,866,708
Investment earnings	4,929
Transfers in - General Fund	911,820
Transfers out - General Fund	(2,910,698)
Transfers out - School Current Expense	(89,200)

**Mental Health MOE Fund:**

Revenues:

Other taxes and licenses	5,582
Investment earnings	18

Expenditures:

Human services	(377,768)
Transfers in - General Fund	398,820

**School Current Expense Fund:**

Revenues:

Ad valorem taxes, net	14,560,363
Fines and forfeitures	93,156
Investment earnings	3,439

Expenditures:

Current expense	(14,397,309)
Poplar Spring operating	(89,200)
Fines and forfeitures	(93,156)
Transfers out - General Fund	(392,880)
Transfers in - Dedicated Debt Service	89,200

Fund balance, beginning	<u>3,877,089</u>
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Fund balance, ending (Exhibit 4)	<u><u>\$ 21,546,326</u></u>
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**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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**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 Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension 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. 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 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.

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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At June 30, 2022, the County's deposits had a carrying amount of \$14,011,939 and a bank balance of \$14,953,518. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$14,453,518 was covered by collateral held under the Pooling Method. At June 30, 2022, Stokes County had \$3,425 cash on hand.

At June 30, 2022, the Authority had deposits with carrying amounts of \$401,502 and a bank balance of \$398,676. The Authority had investments in the North Carolina Capital Management Trust Government Portfolio of \$2,824, 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, 2022, the County's investment balances were as follows:

	<b>Valuation Measurement Method</b>	<b>Fair Value</b>	<b>Less Than 6 Months</b>	<b>6-12 Months</b>	<b>Maturity</b>
North Carolina Capital Management Trust:	Fair Value -				
Government Portfolio	Level 1	<u>\$ 31,885,982</u>	<u>\$ 31,885,982</u>	N/A	N/A

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

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

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

*Interest Rate Risk.* The County 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 rating of AAAM by Standard & Poor's and AAAMf by Moody's Investors Service as of June 30, 2022.

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

**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.

<b>Year Ended June 30</b>	<b>Tax</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 2,482,411	\$ 794,371	\$ 3,276,782
2020	2,497,010	574,313	3,071,323
2021	2,840,579	397,681	3,238,260
2022	2,918,399	145,922	3,064,321
Total	<u>\$ 10,738,399</u>	<u>\$ 1,912,287</u>	<u>\$ 12,650,686</u>

**4. Receivables**

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

	<b>Taxes</b>	<b>Accounts</b>	<b>Due from Other Governments</b>	<b>Total</b>
Governmental activities:				
General	\$ 1,317,786	\$ 7,374,038	\$ 3,739,605	\$ 12,431,429
Other governmental	140,683	50,484	609,561	800,728
Total receivables	<u>1,458,469</u>	<u>7,424,522</u>	<u>4,349,166</u>	<u>13,232,157</u>
Allowance for doubtful accounts	<u>(514,725)</u>	<u>(6,529,180)</u>	<u>-</u>	<u>(7,043,905)</u>
Total governmental activities	<u>\$ 943,744</u>	<u>\$ 895,342</u>	<u>\$ 4,349,166</u>	<u>\$ 6,188,252</u>
Business-type activities:				
Regional Sewer Fund		\$ 5,951		
Danbury Water Fund		<u>7,063</u>		
Total business-type activities		<u>\$ 13,014</u>		
Due from other governments:				
Local option sales tax		\$ 1,628,326		
NC Department of Social Services		963,460		
DMV Motor Vehicles		96,579		
Other		<u>1,660,801</u>		
Total due from other governments		<u>\$ 4,349,166</u>		

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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**5. Lease Receivable**

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

On July 1, 2021, the County entered into a 60-month lease as lessor for the use of Building - Hwy 772 & Hwy 311, Pine Hall. An initial lease receivable was recorded in the amount of \$7,312. As of June 30, 2022, the value of the lease receivable is \$5,867. The lessee is required to make quarterly fixed payments of \$375. The lease has an interest rate of 1.0590%. The value of the deferred inflow of resources as of June 30, 2022 was \$5,849, and the County recognized lease revenue of \$1,462 during the fiscal year.

On July 02, 2021, the County entered into a 47-month lease as lessor for the use of Sheep Rock Road Hwy 8 & 89. An initial lease receivable was recorded in the amount of \$7,762. As of June 30, 2022, the value of the lease receivable is \$5,802. The lessee is required to make monthly fixed payments of \$168. The lease has an interest rate of 0.8930%. The value of the deferred inflow of resources as of June 30, 2022 was \$5,781 and the County recognized lease revenue of \$1,982 during the fiscal year. The lessee has 3 extension option(s), each for 120 months.

On September 1, 2021, the County entered into a 36-month lease as lessor for the use of Autumn Square - Suite 101, 202, 203 & 200. An initial lease receivable was recorded in the amount of \$88,698. As of June 30, 2022, the value of the lease receivable is \$64,206. The lessee is required to make monthly fixed payments of \$2,489. The lease has an interest rate of 0.6870%. The value of the deferred inflow of resources as of June 30, 2022 was \$64,060, and the County recognized lease revenue of \$24,638 during the fiscal year. The lessee has 1 extension option(s), each for 12 months.

<b>Year Ending</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
<b>June 30</b>		
2023	\$ 32,931	\$ 448
2024	33,167	212
2025	8,287	38
2026	1,490	10
Total	<u>\$ 75,875</u>	<u>\$ 708</u>

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

**6. Capital Assets**

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

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers/ Adjustments</b>	<b>Ending Balances</b>
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 3,790,931	\$ 117,853	\$ -	\$ -	\$ 3,908,784
Construction in progress	1,475,642	231,640	-	(1,454,057)	253,225
Total capital assets not being depreciated	5,266,573	349,493	-	(1,454,057)	4,162,009
Capital assets being depreciated:					
Buildings	65,569,636	29,733	-	1,454,057	67,053,426
Furniture and equipment	9,669,535	333,141	-	-	10,002,676
Vehicle and motor equipment	7,595,186	99,482	333,484	-	7,361,184
Total capital assets being depreciated	82,834,357	462,356	333,484	1,454,057	84,417,286
Less accumulated depreciation for:					
Buildings	20,773,715	1,806,957	-	-	22,580,672
Furniture and equipment	6,862,691	489,309	-	-	7,352,000
Vehicle and motor equipment	5,772,112	593,395	333,484	-	6,032,023
Total accumulated depreciation	33,408,518	\$ 2,889,661	\$ 333,484	\$ -	35,964,695
Total capital assets being depreciated, net	49,425,839				48,452,591
Governmental activities capital assets, net	\$ 54,692,412				\$ 52,614,600

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

General government	\$ 490,517
Public safety	926,308
Environmental protection	122,501
Economic and physical development	34,859
Human services	1,275
Schools	1,152,888
Culture and recreation	161,313
Total depreciation expense	<u>\$ 2,889,661</u>



**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-Type Activities:</b>				
<b>Stokes-Reynolds Memorial</b>				
<b>Hospital Fund:</b>				
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	7,024,640	-	-	7,024,640
Less accumulated depreciation for:				
Buildings	3,611,422	-	-	3,611,422
Equipment	3,413,218	-	-	3,413,218
Total accumulated depreciation	7,024,640	\$ -	\$ -	7,024,640
Stokes-Reynolds capital assets, net	<u>\$ 228,849</u>			<u>\$ 228,849</u>
<b>Regional Sewer Fund:</b>				
Capital assets being depreciated:				
Sewer lines	\$ 5,522,972	\$ -	\$ -	\$ 5,522,972
Vehicle	25,123	-	-	25,123
Total capital assets being depreciated	5,548,095	-	-	5,548,095
Less accumulated depreciation for:				
Sewer lines	1,730,846	180,273	-	1,911,119
Vehicle	25,123	-	-	25,123
Total accumulated depreciation	1,755,969	\$ 180,273	\$ -	1,936,242
Total capital assets being depreciated, net	<u>3,792,126</u>			<u>3,611,853</u>
Sewer capital assets, net	<u>\$ 3,792,126</u>			<u>\$ 3,611,853</u>

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-Type Activities (continued):</b>				
<b>Danbury Water Fund:</b>				
Capital assets not being depreciated:				
Land	\$ 57,701	\$ -	\$ -	\$ 57,701
Capital assets being depreciated:				
Equipment	1,550,191	38,879	-	1,589,070
Less accumulated depreciation for:				
Equipment	541,701	\$ 50,071	\$ -	591,772
Total capital assets being depreciated, net	1,008,490			997,298
Danbury Water Fund capital assets, net	\$ 1,066,191			\$ 1,054,999
<b>Total Business-Type Activities:</b>	<u>\$ 5,087,166</u>			<u>\$ 4,895,701</u>

**Construction Commitments**

The County has several active construction projects as of June 30, 2022. The projects include the Meadows Water Project, Solid Waste/Transfer Station Walnut Cove, Solid Waste and Solid Waste Transfer Station/Pinnacle. Previous projects completed in FY 2021-2022 were Storage/Maintenance Building, Walnut Cove EMS Station, and Solid Waste Building/Scale House. At June 30, 2022, the County's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Meadows Water Project	\$ 248,705	\$ 5,664,095
Solid Waste/Transfer Station-Walnut Cove	12,700	239,800
Storage/Maintenance Building	497,946	-
Walnut Cove EMS Station	833,224	4,840
Solid Waste Building/Scale House	12,287	2,112
Solid Waste/Transfer Station-Pinnacle	10,800	5,700
Total	<u>\$ 1,615,662</u>	<u>\$ 5,916,547</u>

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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**Discretely Presented Component Unit**

Capital asset activity for the Stokes County Water and Sewer Authority for the year ended June 30, 2022 was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
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	618,924	1,245	-	620,169
Equipment	18,151	30,356	-	48,507
Total accumulated depreciation	637,075	\$ 31,601	\$ -	668,676
 Total capital assets being depreciated, net	 904,460			 872,859
 Water and Sewer Authority capital assets, net	 \$ 964,439			 \$ 932,838

**7. Right to Use Lease Assets**

The County has recorded several right to use leased assets. The assets are right to use assets for vehicles and equipment. The related leases are discussed in the Leases subsection of the long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Governmental Activities:</b>				
Right to use leased assets				
Vehicles	\$ -	\$ 2,019,624	\$ -	\$ 2,019,624
Equipment	-	530,084	-	530,084
Total right to use leased assets	-	2,549,708	-	2,549,708
Less accumulated amortization for:				
Vehicles	-	574,911	-	574,911
Equipment	-	226,731	-	226,731
Total accumulated amortization	-	\$ 801,642	\$ -	801,642
Governmental activity right to use leased assets, net	\$ -			\$ 1,748,066

**B. Liabilities**

**1. Payables**

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

	<b>Vendors</b>	<b>Accrued Salaries</b>	<b>Other</b>	<b>Total</b>
Governmental activities:				
General Fund	\$ 306,355	\$ 1,066,184	\$ 1,569,163	\$ 2,941,702
Capital Projects Fund	5,500	-	-	5,500
Special Revenue Grant Fund	868	-	-	868
Total governmental activities	\$ 312,723	\$ 1,066,184	\$ 1,569,163	\$ 2,948,070
Business-type activities:				
Regional Sewer Fund	\$ 57	\$ 3,632	\$ -	\$ 3,689
Danbury Water Fund	719	2,280	-	2,999
Total business-type activities	\$ 776	\$ 5,912	\$ -	\$ 6,688

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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**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, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (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.

*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

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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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, 2022, was 12.04% of compensation for law enforcement officers and 11.42% 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 \$1,791,271 for the year ended June 30, 2022.

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

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

At June 30, 2022, the County reported a liability of \$3,244,782 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021 (measurement date), the County's proportion was .21158%, which was an increase of .03082% from its proportion as of June 30, 2020.

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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For the year ended June 30, 2022, the County recognized pension expense of \$1,703,307. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,032,282	\$ -
Change of assumptions	2,038,552	-
Net difference between projected and actual earnings on pension plan investments	-	4,635,819
Changes in proportion and differences between County contributions and proportionate share of contributions	704,777	-
County contributions subsequent to the measurement date	1,791,271	-
Total	<u>\$ 5,566,882</u>	<u>\$ 4,635,819</u>

\$1,791,271 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2023	\$ 580,906
2024	168,320
2025	(190,844)
2026	(1,418,590)
Total	<u>\$ (860,208)</u>

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

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

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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

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

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

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

Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021, are summarized in the following table:

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

This information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability and investment policy of North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by



**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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multiplicatively subtracting a long-term inflations assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

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

*Sensitivity of the County's Proportionate Share of the Net Pension Liability 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 6.50 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 (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	<b>1% Decrease (5.50%)</b>	<b>Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
County's proportionate share of the net pension liability (asset)	<u>\$ 12,595,975</u>	<u>\$ 3,244,782</u>	<u>\$ (4,450,706)</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.

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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

Retirees receiving benefits	6
Active plan members	<u>54</u>
Total	<u><u>60</u></u>

***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.

***Actuarial Assumptions***

The entry age normal actuarial cost method was used in the December 31, 2020 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 percent

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

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

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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

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

***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 \$106,941 as benefit payments came due for the reporting period.

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

At June 30, 2022, the County reported a total pension liability of \$1,497,994. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was rolled forward to December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$225,797.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 172,285	\$ 8,005
Changes of assumptions	279,576	40,895
County benefit payments and administrative expenditures paid subsequent to the measurement date	46,902	-
Total	<u>\$ 498,763</u>	<u>\$ 48,900</u>

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

\$46,902 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 in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Amount</b>
2023	\$ 103,069
2024	102,052
2025	101,240
2026	79,233
2027	17,024
Thereafter	343
Total	<u>\$ 402,961</u>

*Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate.* The following presents the County's total pension liability calculated using the discount rate of 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	<u>\$ 1,623,917</u>	<u>\$ 1,497,994</u>	<u>\$ 1,382,907</u>

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

	<b>2022</b>
Beginning balance	\$ 1,377,777
Service cost	99,112
Interest on the total pension liability	25,559
Difference between expected and actual experience	141,574
Changes of assumptions or other inputs	(39,087)
Benefit payments	(106,941)
Ending balance of the total pension liability	<u>\$ 1,497,994</u>

*Change of Assumptions.* Change of assumption and other inputs reflect a change in the Municipal Bond Index Rate from 1.93% at December 31, 2020 to 2.25% at December 31, 2021.

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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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 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

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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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](http://www.osc.nc.gov).

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

*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship 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 \$4,180 for the year ended June 30, 2022.

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

At June 30, 2022, the County reported an asset of \$65,756 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2021, the County's proportion was .34225%, which was a decrease of .00578% from its proportion measured as of June 30, 2020.

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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For the year ended June 30, 2022, the County recognized pension expense of \$4,609. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 702	\$ 797
Changes of assumptions	4,795	-
Net difference between projected and actual earnings on pension plan investments	-	202
Changes in proportion and differences between County contributions and proportionate share of contributions	3,095	2,075
Employer contributions subsequent to the measurement date	4,180	-
Total	<u>\$ 12,772</u>	<u>\$ 3,074</u>

\$4,180 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2023	\$ 2,487
2024	1,651
2025	(154)
2026	1,534
2027	-
Thereafter	-
Total	<u>\$ 5,518</u>

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

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

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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

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

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

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

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



**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

*Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00 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 (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	\$ (52,231)	\$ (65,756)	\$ (77,123)

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

**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, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020. The total pension liability for LEOSSA was measured as of June 30, 2021, with an actuarial valuation date of December 31, 2020.

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

	LGERS	LEOSSA	ROD	Total
Proportionate share of net pension liability (asset)	\$ 3,244,782	\$ -	\$ (65,756)	\$ 3,179,026
Proportion of the net pension liability (asset)	0.21158%	NA	0.34225%	-
Total pension liability	-	1,497,994	-	1,497,994
Pension expense	1,703,307	225,797	4,609	1,933,713

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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

<b>Deferred Outflows of Resources</b>	<b>LGERS</b>	<b>LEOSSA</b>	<b>ROD</b>	<b>Total</b>
Differences between expected and actual experience	\$ 1,032,282	\$ 172,285	\$ 702	\$ 1,205,269
Changes of assumptions	2,038,552	279,576	4,795	2,322,923
Changes in proportion and differences between County contributions and proportionate share of contributions	704,777	-	3,095	707,872
County contributions (LGERS, and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	1,791,271	46,902	4,180	1,842,353
	<u>\$ 5,566,882</u>	<u>\$ 498,763</u>	<u>\$ 12,772</u>	<u>\$ 6,078,417</u>

<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$ -	\$ 8,005	\$ 797	\$ 8,802
Changes of assumptions	-	40,895	-	40,895
Net difference between projected and actual earnings on pension plan investments	4,635,819	-	202	4,636,021
Changes in proportion and differences between County contributions and proportionate share of contributions	-	-	2,075	2,075
	<u>\$ 4,635,819</u>	<u>\$ 48,900</u>	<u>\$ 3,074</u>	<u>\$ 4,687,793</u>

**f. 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%

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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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, 2021, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	30
Active plan members	315
Total	<u>345</u>

**Total OPEB Liability**

The County's total OPEB liability of \$7,882,490 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases:	
General employees	3.25%-8.41%, including wage inflation
Law enforcement officers	3.25%-7.90%, including wage inflation
Municipal Bond Index Rate:	
Prior measurement date	2.21 percent
Measurement date	2.16 percent
Healthcare cost trend rates:	
Pre-Medicare and prescription drug	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031

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.

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2021</b>	<b>\$ 7,099,952</b>
<b>Changes for the Year:</b>	
Service cost	390,511
Interest	162,700
Differences between expected and actual experience	(425,690)
Changes of assumptions or other inputs	913,341
Benefit payments	(258,324)
Net changes	<u>782,538</u>
<b>Balance at June 30, 2022</b>	<b><u>\$ 7,882,490</u></b>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.21% to 2.16%.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, adopted by LGERS Board.

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, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 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 (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	<b>1% Decrease (1.16%)</b>	<b>Discount Rate (2.16%)</b>	<b>1% Increase (3.16%)</b>
Total OPEB liability	<u>\$ 8,653,792</u>	<u>\$ 7,882,490</u>	<u>\$ 7,191,412</u>

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
Total OPEB liability	<u>\$ 7,053,626</u>	<u>\$ 7,882,490</u>	<u>\$ 8,864,333</u>

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$707,989. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 151,289	\$ 391,721
Changes of assumptions or other inputs	1,488,420	195,043
Employer contributions subsequent to the measurement date	333,490	-
Total	<u>\$ 1,973,199</u>	<u>\$ 586,764</u>

\$333,490 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending June 30</b>	<b>Total</b>
2023	\$ 154,778
2024	154,778
2025	158,093
2026	193,564
2027	212,507
Thereafter	179,225
Total	<u>\$ 1,052,945</u>

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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**g. 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**

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Pension deferrals:		
LGERS	\$ 3,775,611	\$ 4,635,819
LEO	451,861	48,900
Register of Deeds	8,592	3,074
OPEB	1,639,709	586,764
Contributions to pension plan in fiscal year:		
LGERS	1,791,271	-
LEO	46,902	-
Register of Deeds	4,180	-
OPEB	333,490	-
Taxes receivable, net (General)	-	838,609
Taxes receivable, net (Special Revenue)	-	105,135
Prepaid taxes not yet earned	-	71,438
Leases	-	75,690
Other receivables (General)	-	671,059
Total	<u>\$ 8,051,616</u>	<u>\$ 7,036,488</u>

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2022**

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**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 two self-funded risk financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency. Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence. The pools also provide \$1,000,000 in Cyber Event Coverage per loss occurrence. The County has the option to purchase higher liability and cyber limits. Auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits are provided by the pools. All property coverage and some liability coverages are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and audited financial statements are available to the County upon request. The pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to a \$2 million limit for liability coverage and limits above the \$2,000,000 are provided by private reinsurers. For Cyber, the pool retains the first \$250,000 per loss occurrence. Single occurrence losses in excess of \$750,000 for workers' compensation are provided by a combination of the captive and a private reinsurer. Through the captive, the Liability and Property Pool is reinsured for \$2,500,000 of annual aggregate losses in excess of \$500,000 per occurrence for property including auto physical damage, with additional limits of \$997,500,000 purchased through a group of commercial reinsurers through the multi-state public entity captive.

The County carries commercial coverage 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 provides employee health benefits through a self-insured plan provided by Medcost. 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 \$3,319,277 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.

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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.

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 is individually bonded for \$500,000 and the Tax Administrator is individually bonded for \$50,000. 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:

	<b>2022</b>	<b>2021</b>
Unpaid claims, beginning	\$ 209,139	\$ 52,820
Incurred claims	2,476,358	2,492,116
Claim payments	(2,477,736)	(2,335,797)
Unpaid claims, ending	<u>\$ 207,761</u>	<u>\$ 209,139</u>

**5. Contingent Liabilities**

At June 30, 2022, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate 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, 2022, Stokes County had a legal debt margin of \$342,121,505.

**a. Leases**

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



**STOKES COUNTY, NORTH CAROLINA**  
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On July 1, 2021, the County entered into a 22-month lease as lessee for the use of Network equipment - 371 Phone sets. An initial lease liability was recorded in the amount of \$275,169. As of June 30, 2022, the value of the lease liability is \$125,345. The County is required to make monthly fixed payments of \$12,564. The lease has an interest rate of 0.5140%. The value of the right to use asset as of June 30, 2022, of \$275,169 with accumulated amortization of \$150,092 is included with computer equipment on the lease class activities table found below. The County has 1 extension option(s), each for 12 months.

On July 1, 2021, the County entered into a 40-month lease as lessee for the use of Sharp Copiers - 1010 North Main St.. An initial lease liability was recorded in the amount of \$34,466. As of June 30, 2022, the value of the lease liability is \$24,203. The County is required to make monthly fixed payments of \$872. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$34,466 with accumulated amortization of \$10,280 is included with equipment on the lease class activities table found below.

On July 1, 2021, the County entered into a 23-month lease as lessee for the use of Xerox Copiers - Sharp MX Workgroup System. An initial lease liability was recorded in the amount of \$53,319. As of June 30, 2022, the value of the lease liability is \$25,564. The County is required to make monthly fixed payments of \$2,330. The lease has an interest rate of 0.5140%. The value of the right to use asset as of June 30, 2022 of \$53,319 with accumulated amortization of \$26,846 is included with equipment on the lease class activities table found below.

On July 1, 2021, the County entered into a 47-month lease as lessee for the use of equipment - Dishwashing Machine. An initial lease liability was recorded in the amount of \$6,872. As of June 30, 2022, the value of the lease liability is \$5,137. The County is required to make monthly fixed payments of \$149. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022 of \$6,872 with accumulated amortization of \$1,748 is included with equipment on the lease class activities table found below. The County has 1 extension option(s), each for 13 months.

On July 1, 2021, the County entered into a 49-month lease as lessee for the use of equipment-EMS Heart Monitor. An initial lease liability was recorded in the amount of \$66,911. As of June 30, 2022, the value of the lease liability is \$50,118. The County is required to make annual fixed payments of \$16,872. The lease has an interest rate of 0.4950%. The value of the right to use asset as of June 30, 2022, of \$66,911 with accumulated amortization of \$16,102 is included with equipment on the lease class activities table found below.

On July 1, 2021, the County entered into a 57-month lease as lessee for the use of Sharp Copier - 1014 North. An initial lease liability was recorded in the amount of \$7,677. As of June 30, 2022, the value of the lease liability is \$6,090. The County is required to make monthly fixed payments of \$138. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2022, of \$7,677 with accumulated amortization of \$1,604 is included with equipment on the lease class activities table found below.

**STOKES COUNTY, NORTH CAROLINA**  
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On December 20, 2021, the County entered into a 60-month lease as lessee for the use of Pitney Bowes - SendPro P Series. An initial lease liability was recorded in the amount of \$29,283. As of June 30, 2022, the value of the lease liability is \$26,278. The County is required to make quarterly fixed payments of \$1,587. The lease has an interest rate of 1.1770%. The value of the right to use asset as of June 30, 2022, of \$29,283 with accumulated amortization of \$3,107 is included with equipment on the lease class activities table found below.

On July 1, 2021, the County entered into a 35-month lease as lessee for the use of Sharp Copier - 1999 Sizemore Rd.. An initial lease liability was recorded in the amount of \$2,161. As of June 30, 2022, the value of the lease liability is \$1,425. The County is required to make monthly fixed payments of \$62. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$2,161 with accumulated amortization of \$728 is included with equipment on the lease class activities table found below.

On July 1, 2021, the County entered into a 33-month lease as lessee for the use of Sharp Copier - 1111 Hospice Drive Danbury. An initial lease liability was recorded in the amount of \$2,041. As of June 30, 2022, the value of the lease liability is \$1,304. The County is required to make monthly fixed payments of \$62. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$2,041 with accumulated amortization of \$738 is included with equipment on the lease class activities table found below.

On July 1, 2021, The County entered into a 39-month lease as lessee for the use of Sharp Copier - 106 Old Church Rd. An initial lease liability was recorded in the amount of \$5,101. As of June 30, 2022, the value of the lease liability is \$3,543. The County is required to make monthly fixed payments of \$132. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$5,101 with accumulated amortization of \$1,551 is included with equipment on the lease class activities table found below.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Sharp Copier - 1014 North Main St. An initial lease liability was recorded in the amount of \$2,880. As of June 30, 2022, the value of the lease liability is \$1,976. The County is required to make monthly fixed payments of \$77. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$2,880 with accumulated amortization of \$908 is included with equipment on the lease class activities table found below.

On July 1, 2021, The County entered into a 46-month lease as lessee for the use of Sharp Copier - 1012 North Main Street Danbury. An initial lease liability was recorded in the amount of \$2,823. As of June 30, 2022, the value of the lease liability is \$2,094. The County is required to make monthly fixed payments of \$62. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022, of \$2,823 with accumulated amortization of \$736 is included with equipment on the lease class activities table found below.

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On July 1, 2021, The County entered into a 59-month lease as lessee for the use of Sharp Copier - 1010 North Main. An initial lease liability was recorded in the amount of \$11,684. As of June 30, 2022, the value of the lease liability is \$9,349. The County is required to make monthly fixed payments of \$203. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2022, of \$11,684 with accumulated amortization of \$2,374 is included with equipment on the lease class activities table found below.

On July 1, 2021, The County entered into a 35-month lease as lessee for the use of Pitney Bowes - Furniture. An initial lease liability was recorded in the amount of \$13,064. As of June 30, 2022, the value of the lease liability is \$8,343. The County is required to make quarterly fixed payments of \$1,201. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$13,064 with accumulated amortization of \$4,375 is included with equipment on the lease class activities table found below.

On July 1, 2021, The County entered into a 36-month lease as lessee for the use of equipment E911. An initial lease liability was recorded in the amount of \$16,633. As of June 30, 2022, the value of the lease liability is \$11,109. The County is required to make quarterly fixed payments of \$1,400. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$16,633 with accumulated amortization of \$5,544 is included with equipment on the lease class activities table found below.

On July 1, 2021, The County entered into a 54-month lease as lessee for the use of Unit# 23MQ6Z. An initial lease liability was recorded in the amount of \$35,431. As of June 30, 2022, the value of the lease liability is \$27,678. The County is required to make monthly fixed payments of \$672. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2022, of \$35,431 with accumulated amortization of \$7,874 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,762.

On July 1, 2021, The County entered into a 54-month lease as lessee for the use of Unit# 23MQ74. An initial lease liability was recorded in the amount of \$35,618. As of June 30, 2022, the value of the lease liability is \$27,824. The County is required to make monthly fixed payments of \$675. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2022, of \$35,618 with accumulated amortization of \$7,915 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,782.

On July 1, 2021, The County entered into a 54-month lease as lessee for the use of Unit# 23MQ6X. An initial lease liability was recorded in the amount of \$35,431. As of June 30, 2022, the value of the lease liability is \$27,678. The County is required to make monthly fixed payments of \$672. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2022,

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of \$35,431 with accumulated amortization of \$7,874 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,762.

On July 1, 2021, The County entered into a 54-month lease as lessee for the use of Unit# 23MQ6R. An initial lease liability was recorded in the amount of \$35,431. As of June 30, 2022, the value of the lease liability is \$27,678. The County is required to make monthly fixed payments of \$672. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2022 of \$35,431 with accumulated amortization of \$7,874 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,762.

On July 1, 2021, The County entered into a 55-month lease as lessee for the use of Unit# 23MQ6P. An initial lease liability was recorded in the amount of \$36,052. As of June 30, 2022, the value of the lease liability is \$28,310. The County is required to make monthly fixed payments of \$671. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2022, of \$36,052 with accumulated amortization of \$7,866 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,762.

On July 1, 2021, The County entered into a 55-month lease as lessee for the use of Unit# 23MQ6J. An initial lease liability was recorded in the amount of \$36,052. As of June 30, 2022, the value of the lease liability is \$28,310. The County is required to make monthly fixed payments of \$671. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2022 of \$36,052 with accumulated amortization of \$7,866 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,762.

On July 1, 2021, The County entered into a 55-month lease as lessee for the use of Unit# 23MQ6F. An initial lease liability was recorded in the amount of \$36,052. As of June 30, 2022, the value of the lease liability is \$28,310. The County is required to make monthly fixed payments of \$671. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2022 of \$36,052 with accumulated amortization of \$7,866 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,762.

On July 1, 2021, The County entered into a 54-month lease as lessee for the use of Unit# 23MQ6B. An initial lease liability was recorded in the amount of \$35,431. As of June 30, 2022, the value of the lease liability is \$27,678. The County is required to make monthly fixed payments of \$672. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2022 of \$35,431 with accumulated amortization of \$7,874 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,762.

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On July 1, 2021, The County entered into a 55-month lease as lessee for the use of Unit# 23MQ67. An initial lease liability was recorded in the amount of \$36,052. As of June 30, 2022, the value of the lease liability is \$28,310. The County is required to make monthly fixed payments of \$672. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2022 of \$36,052 with accumulated amortization of \$7,866 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,762.

On July 1, 2021, The County entered into a 55-month lease as lessee for the use of Unit# 23MQ65. An initial lease liability was recorded in the amount of \$36,052. As of June 30, 2022, the value of the lease liability is \$28,310. The County is required to make monthly fixed payments of \$671. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2022, of \$36,052 with accumulated amortization of \$7,866 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,762.

On July 1, 2021, The County entered into a 55-month lease as lessee for the use of Unit# 23MQ5Z. An initial lease liability was recorded in the amount of \$36,052. As of June 30, 2022, the value of the lease liability is \$28,310. The County is required to make monthly fixed payments of \$671. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2022, of \$36,052 with accumulated amortization of \$7,866 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,762.

On July 1, 2021, The County entered into a 48-month lease as lessee for the use of Unit# 23L7ZX. An initial lease liability was recorded in the amount of \$12,910. As of June 30, 2022, the value of the lease liability is \$9,718. The County is required to make monthly fixed payments of \$274. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022 of \$12,910 with accumulated amortization of \$3,227 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$1,350.

On July 1, 2021, The County entered into a 51-month lease as lessee for the use of Unit# 23JSXG. An initial lease liability was recorded in the amount of \$26,447. As of June 30, 2022, the value of the lease liability is \$20,299. The County is required to make monthly fixed payments of \$528. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022 of \$26,447 with accumulated amortization of \$6,223 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$8,410.

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On July 1, 2021, The County entered into a 50-month lease as lessee for the use of Unit# 23JSXD. An initial lease liability was recorded in the amount of \$21,652. As of June 30, 2022, the value of the lease liability is \$16,516. The County is required to make monthly fixed payments of \$441. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022, of \$21,652 with accumulated amortization of \$5,196 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,956.

On July 1, 2021, The County entered into a 49-month lease as lessee for the use of Unit# 23JSXC. An initial lease liability was recorded in the amount of \$21,515. As of June 30, 2022, the value of the lease liability is \$16,306. The County is required to make monthly fixed payments of \$447. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022 of \$21,515 with accumulated amortization of \$5,269 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,956.

On July 1, 2021, The County entered into a 45-month lease as lessee for the use of Unit# 23HM3F. An initial lease liability was recorded in the amount of \$35,002. As of June 30, 2022, the value of the lease liability is \$25,763. The County is required to make monthly fixed payments of \$791. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022 of \$35,002 with accumulated amortization of \$9,334 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$12,450.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 238WRB. An initial lease liability was recorded in the amount of \$18,765. As of June 30, 2022, the value of the lease liability is \$12,878. The County is required to make monthly fixed payments of \$499. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$18,765 with accumulated amortization of \$5,926 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$7,856.

On July 1, 2021, The County entered into a 45-month lease as lessee for the use of Unit# 238L85. An initial lease liability was recorded in the amount of \$27,928. As of June 30, 2022, the value of the lease liability is \$20,556. The County is required to make monthly fixed payments of \$631. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022, of \$27,928 with accumulated amortization of \$7,447 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$7,077.

On July 1, 2021, The County entered into a 45-month lease as lessee for the use of Unit# 238L7Z. An initial lease liability was recorded in the amount of \$27,928. As of June 30, 2022, the value of the lease liability is \$20,556. The County is required to make monthly fixed payments of \$631. The lease has an

**STOKES COUNTY, NORTH CAROLINA**  
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interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022, of \$27,928 with accumulated amortization of \$7,447 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$7,077.

On July 1, 2021, The County entered into a 41-month lease as lessee for the use of Unit# 2389RR. An initial lease liability was recorded in the amount of \$11,055. As of June 30, 2022, the value of the lease liability is \$7,843. The County is required to make monthly fixed payments of \$273. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$11,055 with accumulated amortization of \$3,236 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$2,983.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 235RPX. An initial lease liability was recorded in the amount of \$20,903. As of June 30, 2022, the value of the lease liability is \$14,345. The County is required to make monthly fixed payments of \$556. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$20,903 with accumulated amortization of \$6,601 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,027.

On July 1, 2021, The County entered into a 40-month lease as lessee for the use of Unit# 235P8Z. An initial lease liability was recorded in the amount of \$17,046. As of June 30, 2022, the value of the lease liability is \$11,968. The County is required to make monthly fixed payments of \$431. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$17,046 with accumulated amortization of \$5,114 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$4,772.

On July 1, 2021, The County entered into a 40-month lease as lessee for the use of Unit# 235P8W. An initial lease liability was recorded in the amount of \$17,046. As of June 30, 2022, the value of the lease liability is \$11,968. The County is required to make monthly fixed payments of \$431. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$17,046 with accumulated amortization of \$5,114 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$4,772.

On July 1, 2021, The County entered into a 40-month lease as lessee for the use of Unit # 235B3F. An initial lease liability was recorded in the amount of \$22,097. As of June 30, 2022, the value of the lease liability is \$15,515. The County is required to make monthly fixed payments of \$559. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$22,097 with accumulated amortization of \$6,629 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,182.

**STOKES COUNTY, NORTH CAROLINA**  
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On July 1, 2021, The County entered into a 43-month lease as lessee for the use of Unit# 2359HS. An initial lease liability was recorded in the amount of \$34,620. As of June 30, 2022, the value of the lease liability is \$25,051. The County is required to make monthly fixed payments of \$818. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022 of \$34,620 with accumulated amortization of \$9,661 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$12,562.

On July 1, 2021, The County entered into a 36-month lease as Lessee for the use of Unit# 2353NS. An initial lease liability was recorded in the amount of \$17,439. As of June 30, 2022, the value of the lease liability is \$11,661. The County is required to make monthly fixed payments of \$490. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$17,439 with accumulated amortization of \$5,813 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,316.

On July 1, 2021, The County entered into a 44-month lease as lessee for the use of Unit# 234XQM. An initial lease liability was recorded in the amount of \$29,786. As of June 30, 2022, the value of the lease liability is \$21,743. The County is required to make monthly fixed payments of \$688. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022 of \$29,786 with accumulated amortization of \$8,123 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,743.

On July 1, 2021, The County entered into a 44-month lease as lessee for the use of Unit# 234XQF. An initial lease liability was recorded in the amount of \$29,786. As of June 30, 2022, the value of the lease liability is \$21,743. The County is required to make monthly fixed payments of \$688. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022 of \$29,786 with accumulated amortization of \$8,123 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,743.

On July 1, 2021, The County entered into a 44-month lease as lessee for the use of Unit# 234XQ9. An initial lease liability was recorded in the amount of \$29,786. As of June 30, 2022, the value of the lease liability is \$21,743. The County is required to make monthly fixed payments of \$688. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022, of \$29,786 with accumulated amortization of \$8,123 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,743.

On July 1, 2021, The County entered into a 44-month lease as lessee for the use of Unit# 234XQ6. An initial lease liability was recorded in the amount of \$29,773. As of June 30, 2022, the value of the lease liability is \$21,733. The County is required to make monthly fixed payments of \$688. The lease has an



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interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022 of \$29,773 with accumulated amortization of \$8,120 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,741.

On July 1, 2021, The County entered into a 44-month lease as lessee for the use of Unit# 234XQ3. An initial lease liability was recorded in the amount of \$29,786. As of June 30, 2022, the value of the lease liability is \$21,743. The County is required to make monthly fixed payments of \$688. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022 of \$29,786 with accumulated amortization of \$8,123 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,743.

On July 1, 2021, The County entered into a 44-month lease as lessee for the use of Unit# 234XPW. An initial lease liability was recorded in the amount of \$29,786. As of June 30, 2022, the value of the lease liability is \$21,743. The County is required to make monthly fixed payments of \$688. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022 of \$29,786 with accumulated amortization of \$8,123 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,743.

On July 1, 2021, The County entered into a 44-month lease as lessee for the use of Unit# 234XPS. An initial lease liability was recorded in the amount of \$29,786. As of June 30, 2022, the value of the lease liability is \$21,743. The County is required to make monthly fixed payments of \$688. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022 of \$29,786 with accumulated amortization of \$8,123 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,743.

On July 1, 2021, The County entered into a 44-month lease as lessee for the use of Unit# 234XPN. An initial lease liability was recorded in the amount of \$29,786. As of June 30, 2022, the value of the lease liability is \$21,743. The County is required to make monthly fixed payments of \$688. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022 of \$29,786 with accumulated amortization of \$8,123 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,743.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XPH. An initial lease liability was recorded in the amount of \$11,792. As of June 30, 2022, the value of the lease liability is \$7,992. The County is required to make monthly fixed payments of \$322. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$11,792 with accumulated amortization of \$3,825 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,505.

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On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XP9. An initial lease liability was recorded in the amount of \$16,591. As of June 30, 2022, the value of the lease liability is \$11,386. The County is required to make monthly fixed payments of \$442. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$16,591 with accumulated amortization of \$5,239 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,676.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XNC. An initial lease liability was recorded in the amount of \$17,450. As of June 30, 2022, the value of the lease liability is \$11,826. The County is required to make monthly fixed payments of \$477. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$17,450 with accumulated amortization of \$5,659 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,135.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XN8. An initial lease liability was recorded in the amount of \$17,450. As of June 30, 2022, the value of the lease liability is \$11,826. The County is required to make monthly fixed payments of \$477. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$17,450 with accumulated amortization of \$5,659 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,135.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XMW. An initial lease liability was recorded in the amount of \$17,101. As of June 30, 2022, the value of the lease liability is \$11,736. The County is required to make monthly fixed payments of \$455. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$17,101 with accumulated amortization of \$5,400 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,756.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XMM. An initial lease liability was recorded in the amount of \$11,792. As of June 30, 2022, the value of the lease liability is \$7,992. The County is required to make monthly fixed payments of \$322. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$11,792 with accumulated amortization of \$3,825 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,505.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XM9. An initial lease liability was recorded in the amount of \$11,792. As of June 30, 2022, the value of the lease liability is \$7,992. The County is required to make monthly fixed payments of \$322. The lease has an

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interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$11,792 with accumulated amortization of \$3,825 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,505.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XLZ. An initial lease liability was recorded in the amount of \$16,627. As of June 30, 2022, the value of the lease liability is \$11,411. The County is required to make monthly fixed payments of \$442. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$16,627 with accumulated amortization of \$5,251 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,803.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XLP. An initial lease liability was recorded in the amount of \$16,024. As of June 30, 2022, the value of the lease liability is \$10,997. The County is required to make monthly fixed payments of \$426. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$16,024 with accumulated amortization of \$5,060 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,553.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XLL. An initial lease liability was recorded in the amount of \$16,024. As of June 30, 2022, the value of the lease liability is \$10,997. The County is required to make monthly fixed payments of \$426. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$16,024 with accumulated amortization of \$5,060 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,553.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XLH. An initial lease liability was recorded in the amount of \$15,540. As of June 30, 2022, the value of the lease liability is \$10,532. The County is required to make monthly fixed payments of \$425. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$15,540 with accumulated amortization of \$5,040 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,553.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XL8. An initial lease liability was recorded in the amount of \$16,627. As of June 30, 2022, the value of the lease liability is \$11,411. The County is required to make monthly fixed payments of \$442. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$16,627 with accumulated amortization of \$5,251 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,803.

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On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XKW. An initial lease liability was recorded in the amount of \$16,627. As of June 30, 2022, the value of the lease liability is \$11,411. The County is required to make monthly fixed payments of \$442. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$16,627 with accumulated amortization of \$5,251 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,803.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XKT. An initial lease liability was recorded in the amount of \$16,587. As of June 30, 2022, the value of the lease liability is \$11,242. The County is required to make monthly fixed payments of \$453. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$16,587 with accumulated amortization of \$5,380 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,756.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XKP. An initial lease liability was recorded in the amount of \$16,587. As of June 30, 2022, the value of the lease liability is \$11,242. The County is required to make monthly fixed payments of \$453. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$16,587 with accumulated amortization of \$5,380 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,756.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XKL. An initial lease liability was recorded in the amount of \$16,587. As of June 30, 2022, the value of the lease liability is \$11,242. The County is required to make monthly fixed payments of \$453. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$16,587 with accumulated amortization of \$5,380 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,756.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XKJ. An initial lease liability was recorded in the amount of \$19,525. As of June 30, 2022, the value of the lease liability is \$13,399. The County is required to make monthly fixed payments of \$520. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$19,525 with accumulated amortization of \$6,166 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$7,786.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XKG. An initial lease liability was recorded in the amount of \$15,659. As of June 30, 2022, the value of the lease liability is \$10,746. The County is required to make monthly fixed payments of \$417. The lease has an

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interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$15,659 with accumulated amortization of \$4,945 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$4,540.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XK5. An initial lease liability was recorded in the amount of \$18,403. As of June 30, 2022, the value of the lease liability is \$12,472. The County is required to make monthly fixed payments of \$503. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$18,403 with accumulated amortization of \$5,968 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$7,539.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XK4. An initial lease liability was recorded in the amount of \$15,813. As of June 30, 2022, the value of the lease liability is \$10,852. The County is required to make monthly fixed payments of \$421. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$15,813 with accumulated amortization of \$4,994 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,466.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XJW. An initial lease liability was recorded in the amount of \$15,207. As of June 30, 2022, the value of the lease liability is \$10,306. The County is required to make monthly fixed payments of \$415. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$15,207 with accumulated amortization of \$4,932 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$4,544.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XJV. An initial lease liability was recorded in the amount of \$11,607. As of June 30, 2022, the value of the lease liability is \$7,965. The County is required to make monthly fixed payments of \$309. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$11,607 with accumulated amortization of \$3,665 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$4,633.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XJR. An initial lease liability was recorded in the amount of \$12,211. As of June 30, 2022, the value of the lease liability is \$8,380. The County is required to make monthly fixed payments of \$325. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$12,211 with accumulated amortization of \$3,856 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,522.

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On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XH3. An initial lease liability was recorded in the amount of \$16,587. As of June 30, 2022, the value of the lease liability is \$11,242. The County is required to make monthly fixed payments of \$453. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$16,587 with accumulated amortization of \$5,380 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,756.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XGV. An initial lease liability was recorded in the amount of \$17,795. As of June 30, 2022, the value of the lease liability is \$12,060. The County is required to make monthly fixed payments of \$486. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$17,795 with accumulated amortization of \$5,771 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,309.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XGP. An initial lease liability was recorded in the amount of \$11,792. As of June 30, 2022, the value of the lease liability is \$7,992. The County is required to make monthly fixed payments of \$322. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$11,792 with accumulated amortization of \$3,825 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,505.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XGM. An initial lease liability was recorded in the amount of \$19,525. As of June 30, 2022, the value of the lease liability is \$13,399. The County is required to make monthly fixed payments of \$520. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$19,525 with accumulated amortization of \$6,166 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$7,786.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XGC. An initial lease liability was recorded in the amount of \$16,587. As of June 30, 2022, the value of the lease liability is \$11,242. The County is required to make monthly fixed payments of \$453. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$16,587 with accumulated amortization of \$5,380 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,756.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XFZ. An initial lease liability was recorded in the amount of \$17,795. As of June 30, 2022, the value of the lease liability is \$12,060. The County is required to make monthly fixed payments of \$486. The lease has an

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interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$17,795 with accumulated amortization of \$5,771 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,309.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XFK. An initial lease liability was recorded in the amount of \$17,795. As of June 30, 2022, the value of the lease liability is \$12,060. The County is required to make monthly fixed payments of \$486. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$17,795 with accumulated amortization of \$5,771 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,309.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XDQ. An initial lease liability was recorded in the amount of \$12,154. As of June 30, 2022, the value of the lease liability is \$8,341. The County is required to make monthly fixed payments of \$323. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$12,154 with accumulated amortization of \$3,838 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,505.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XDG. An initial lease liability was recorded in the amount of \$12,145. As of June 30, 2022, the value of the lease liability is \$8,335. The County is required to make monthly fixed payments of \$323. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$12,145 with accumulated amortization of \$3,835 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,353.

On July 1, 2021, The County entered into a 39-month lease as lessee for the use of Unit# 234XD8. An initial lease liability was recorded in the amount of \$20,161. As of June 30, 2022, the value of the lease liability is \$14,000. The County is required to make monthly fixed payments of \$523. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$20,161 with accumulated amortization of \$6,203 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,738.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XD6. An initial lease liability was recorded in the amount of \$15,193. As of June 30, 2022, the value of the lease liability is \$10,296. The County is required to make monthly fixed payments of \$415. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$15,193 with accumulated amortization of \$4,927 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$4,540.

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On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XCW. An initial lease liability was recorded in the amount of \$17,795. As of June 30, 2022, the value of the lease liability is \$12,060. The County is required to make monthly fixed payments of \$486. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$17,795 with accumulated amortization of \$5,771 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,309.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234XCQ. An initial lease liability was recorded in the amount of \$18,014. As of June 30, 2022, the value of the lease liability is \$12,209. The County is required to make monthly fixed payments of \$492. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$18,014 with accumulated amortization of \$5,842 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,376.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XCK. An initial lease liability was recorded in the amount of \$16,321. As of June 30, 2022, the value of the lease liability is \$11,200. The County is required to make monthly fixed payments of \$434. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$16,321 with accumulated amortization of \$5,154 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,676.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234XCH. An initial lease liability was recorded in the amount of \$17,700. As of June 30, 2022, the value of the lease liability is \$12,147. The County is required to make monthly fixed payments of \$471. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$17,700 with accumulated amortization of \$5,590 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$7,033.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234X55. An initial lease liability was recorded in the amount of \$17,818. As of June 30, 2022, the value of the lease liability is \$12,075. The County is required to make monthly fixed payments of \$487. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$17,818 with accumulated amortization of \$5,779 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,316.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234X4W. An initial lease liability was recorded in the amount of \$17,172. As of June 30, 2022, the value of the lease liability is \$11,638. The County is required to make monthly fixed payments of \$469. The lease has an



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interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$17,172 with accumulated amortization of \$5,569 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,190.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234X4K. An initial lease liability was recorded in the amount of \$17,382. As of June 30, 2022, the value of the lease liability is \$11,780. The County is required to make monthly fixed payments of \$475. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$17,382 with accumulated amortization of \$5,638 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,184.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234X4C. An initial lease liability was recorded in the amount of \$18,043. As of June 30, 2022, the value of the lease liability is \$12,228. The County is required to make monthly fixed payments of \$493. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$18,043 with accumulated amortization of \$5,852 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,384.

On July 1, 2021, The County entered into a 36-month lease as lessee for the use of Unit# 234X35. An initial lease liability was recorded in the amount of \$17,439. As of June 30, 2022, the value of the lease liability is \$11,661. The County is required to make monthly fixed payments of \$490. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$17,439 with accumulated amortization of \$5,813 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,316.

On July 1, 2021, The County entered into a 36-month lease as lessee for the use of Unit# 234X32. An initial lease liability was recorded in the amount of \$17,439. As of June 30, 2022, the value of the lease liability is \$11,661. The County is required to make monthly fixed payments of \$490. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$17,439 with accumulated amortization of \$5,813 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,316.

On July 1, 2021, The County entered into a 36-month lease as lessee for the use of Unit# 234WZW. An initial lease liability was recorded in the amount of \$17,714. As of June 30, 2022, the value of the lease liability is \$11,845. The County is required to make monthly fixed payments of \$497. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$17,714 with accumulated amortization of \$5,905 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,402.

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On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234WXQ. An initial lease liability was recorded in the amount of \$17,818. As of June 30, 2022, the value of the lease liability is \$12,075. The County is required to make monthly fixed payments of \$487. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$17,818 with accumulated amortization of \$5,779 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,316.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234WXK. An initial lease liability was recorded in the amount of \$18,596. As of June 30, 2022, the value of the lease liability is \$12,762. The County is required to make monthly fixed payments of \$495. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$18,596 with accumulated amortization of \$5,872 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,384.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234WXH. An initial lease liability was recorded in the amount of \$17,818. As of June 30, 2022, the value of the lease liability is \$12,075. The County is required to make monthly fixed payments of \$487. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$17,818 with accumulated amortization of \$5,779 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,316.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234WXC. An initial lease liability was recorded in the amount of \$18,043. As of June 30, 2022, the value of the lease liability is \$12,228. The County is required to make monthly fixed payments of \$493. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$18,043 with accumulated amortization of \$5,852 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,384.

On July 1, 2021, The County entered into a 36-month lease as lessee for the use of Unit# 234WX6. An initial lease liability was recorded in the amount of \$17,659. As of June 30, 2022, the value of the lease liability is \$11,808. The County is required to make monthly fixed payments of \$496. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$17,659 with accumulated amortization of \$5,886 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,384.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234WWZ. An initial lease liability was recorded in the amount of \$17,818. As of June 30, 2022, the value of the lease liability is \$12,075. The County is required to make monthly fixed payments of \$487. The lease has an

**STOKES COUNTY, NORTH CAROLINA**  
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interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$17,818 with accumulated amortization of \$5,779 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,316.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234WWN. An initial lease liability was recorded in the amount of \$17,818. As of June 30, 2022, the value of the lease liability is \$12,075. The County is required to make monthly fixed payments of \$487. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$17,818 with accumulated amortization of \$5,779 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,316.

On July 1, 2021, The County entered into a 36-month lease as lessee for the use of Unit# 234WWJ. An initial lease liability was recorded in the amount of \$17,948. As of June 30, 2022, the value of the lease liability is \$12,002. The County is required to make monthly fixed payments of \$504. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$17,948 with accumulated amortization of \$5,983 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$5,479.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit# 234WWD. An initial lease liability was recorded in the amount of \$12,154. As of June 30, 2022, the value of the lease liability is \$8,341. The County is required to make monthly fixed payments of \$323. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$12,154 with accumulated amortization of \$3,838 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,505.

On July 1, 2021, The County entered into a 37-month lease as lessee for the use of Unit# 234WWV. An initial lease liability was recorded in the amount of \$20,151. As of June 30, 2022, the value of the lease liability is \$13,656. The County is required to make monthly fixed payments of \$551. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$20,151 with accumulated amortization of \$6,535 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,048.

On July 1, 2021, The County entered into a 44-month lease as lessee for the use of Unit# 234WVS. An initial lease liability was recorded in the amount of \$29,786. As of June 30, 2022, the value of the lease liability is \$21,743. The County is required to make monthly fixed payments of \$688. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022, of \$29,786 with accumulated amortization of \$8,123 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,743.

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On July 1, 2021, The County entered into a 47-month lease as lessee for the use of Unit# 234WVQ. An initial lease liability was recorded in the amount of \$31,782. As of June 30, 2022, the value of the lease liability is \$23,755. The County is required to make monthly fixed payments of \$688. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022, of \$31,782 with accumulated amortization of \$8,114 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,743.

On July 1, 2021, The County entered into a 44-month lease as lessee for the use of Unit# 234WVM. An initial lease liability was recorded in the amount of \$29,786. As of June 30, 2022, the value of the lease liability is \$21,743. The County is required to make monthly fixed payments of \$688. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022, of \$29,786 with accumulated amortization of \$8,123 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,743.

On July 1, 2021, The County entered into a 38-month lease as lessee for the use of Unit # 234XP4. An initial lease liability was recorded in the amount of \$22,557. As of June 30, 2022, the value of the lease liability is \$15,480. The County is required to make monthly fixed payments of \$600. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022, of \$22,557 with accumulated amortization of \$7,123 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$6,507.

On July 1, 2021, The County entered into a 54-month lease as lessee for the use of Unit# 23MQ78. An initial lease liability was recorded in the amount of \$35,618. As of June 30, 2022, the value of the lease liability is \$27,824. The County is required to make monthly fixed payments of \$675. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2022, of \$35,618 with accumulated amortization of \$7,915 is included with vehicles on the lease class activities table found below. The lease has a guaranteed residual value payment of \$3,782.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

<b>Year Ending</b> <b>June 30</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2023	\$ 791,575	\$ 11,663
2024	620,068	5,992
2025	273,562	1,860
2026	64,891	260
2027	1,583	5
Total	<u>\$ 1,751,679</u>	<u>\$ 19,780</u>

**STOKES COUNTY, NORTH CAROLINA**  
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**b. 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. The amended contract provided for fourteen annual principal payments of \$72,700 at interest rate from 3.79% to 2.79%. \$ 508,900

On September 4, 2015, the County refinanced this installment financing contract for the purpose of the acquisition of portable classroom units. The amended contract provided for nine annual principal payments of \$76,333 for portable classrooms, at interest rate from 4.07% to 2.27%. 152,667

On March 30, 2022, the County received a rate modification for 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, at interest rate from 2.89% to 2.34% and is collateralized by a deed of trust on school building. 7,565,000

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%. 5,741,969

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%. 952,940

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. 5,299,562

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. 61,134

**STOKES COUNTY, NORTH CAROLINA**  
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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%.	1,050,000
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%. The payments are \$218,339 per year including interest.	5,424,524
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 3.50%. The payments are \$43,580 per year including interest.	908,289
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.	84,000
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.	217,299
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.	1,138,500
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%.	482,300
In October 2021, the County entered into an installment financing contract for the purpose of purchasing equipment. The financing agreement is for 3 years at 1.16%.	375,500
Total	<u>\$ 29,962,584</u>

The County has outstanding notes from direct placements related to governmental activities totaling \$508,900, 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 \$508,900 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

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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 \$152,667, 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 \$152,667 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.

The County has outstanding notes from direct placements related to governmental activities totaling \$7,565,000, 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 \$7,565,000 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.

The County has outstanding notes from direct placements related to governmental activities totaling \$5,741,969, 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 \$5,741,969 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.

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The County has outstanding notes from direct placements related to governmental activities totaling \$952,940, 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 \$952,940 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.

The County has outstanding notes from direct placements related to governmental activities totaling \$5,299,562, 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 \$5,299,562 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.

The County has outstanding notes from direct placements related to governmental activities totaling \$61,134, 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 \$61,134 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.

The County has outstanding notes from direct placements related to governmental activities totaling \$1,050,000, 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 \$1,050,000 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



**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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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.

The County has outstanding notes from direct placements related to governmental activities totaling \$6,332,813, 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 \$6,332,813 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.

The County has outstanding notes from direct placements related to governmental activities totaling \$84,000. The County's outstanding notes from direct placements related to governmental activities of \$84,000 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.

The County has outstanding notes from direct placements related to governmental activities totaling \$217,299 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 \$217,299 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.

**STOKES COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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The County has outstanding notes from direct placements related to governmental activities totaling \$1,138,500, 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 \$1,138,500 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.

The County has outstanding notes from direct placements related to governmental activities totaling \$482,300. The County's outstanding notes from direct placements related to governmental activities of \$482,300 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.

The County has outstanding notes from direct placements related to governmental activities totaling \$375,500 which are secured by with the financed equipment. The County's outstanding notes from direct placements related to governmental activities of \$375,500 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 borrower's performance of the applicable covenants of the contract or to recover for the breach thereof; (3) as provided in the agreement pay over any balance remaining in the project fund to be applied against outstanding required payments in any manner lender may reasonably deem appropriate; (4) avail itself of all available remedies under the contract, including execution as provided in the financing agreement, and recovery of attorneys' fees and other expenses.

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Debt service requirements to maturity are as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2023	\$ 3,366,570	\$ 1,540,464
2024	3,096,791	1,489,053
2025	2,741,660	1,445,007
2026	2,620,840	1,402,671
2027	2,625,994	1,362,418
2028-2032	6,068,232	2,408,206
2033-2037	1,309,808	1,103,187
2038-2060	8,132,689	2,534,006
<b>Total</b>	<b>\$ 29,962,584</b>	<b>\$ 13,285,012</b>

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2022:

	<b>Balance July 1, 2021</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balances June 30, 2022</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
Notes from direct placements	\$ 25,262,968	\$ 375,500	\$ 2,370,793	\$ 23,267,675	\$ 2,250,751
Notes from direct placements					
Schools QSCB	6,698,964	-	956,995	5,741,969	956,995
Notes from direct placements					
Schools QZAB	1,111,764	-	158,824	952,940	158,824
Lease liabilities issued	-	2,549,708	798,029	1,751,679	791,575
Vacation, holiday, and compensatory time	1,423,418	1,201,817	1,284,055	1,341,180	1,341,180
Total Law Enforcement Special Separation					
Allow ance Pension Liability	1,377,777	120,217	-	1,497,994	-
Net pension liability (LGERS)	6,459,325	-	3,214,543	3,244,782	-
Total OPEB liability	7,099,952	782,538	-	7,882,490	-
<b>Total governmental activities</b>	<b>\$ 49,434,168</b>	<b>\$ 5,029,780</b>	<b>\$ 8,783,239</b>	<b>\$ 45,680,709</b>	<b>\$ 5,499,325</b>

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

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**C. Interfund Balances and Activity**

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

From the General Fund to the Capital Reserve Fund for the acquisition of various general government, public safety, and education assets in the current year.	\$ 41,075
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From the General Fund to the E911 Fund to balance the E911 report	108,697
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From the Capital Reserve Fund to the General Fund to accumulate resources for the acquisition or construction of various general government, public safety, and others.	373,302
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From the General Fund to Capital Projects Fund for Pinnacle Landfill Site Expenses	16,500
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From Stokes Reynolds Memorial Hospital Fund to Capital Reserve Fund for capital outlay per lease agreement	10,000
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**Intrafund transfers:**

From Dedicated Debt Service Fund to the General Fund for debt payment	2,910,698
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From the Schools Current Expense Fund to the General Fund for school fund balance	392,880
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From the General Fund to Health Department Title XIX Fund for Health Department operations	285,291
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From the General Fund to the Dedicated Debt Service Fund for debt payments per financial model	911,820
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From the General Fund to Mental Health MOE Fund for mental health expenses	398,820
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From Dedicated Debt Service Fund to School Current Expense Fund for Poplar Spring School operations	<u>89,200</u>
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Total	<u><u>\$ 5,538,283</u></u>
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**III. 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.

**IV. 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.

**V. 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, 2022. 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, 2022. 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, 2022. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$556,884 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.

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**VI. 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 \$9,798 to the Council during the fiscal year ended June 30, 2022. The County was the subrecipient of various federal and state grants totaling approximately \$425,968 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.

**VII. 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.

**VIII. Change in Accounting Principle**

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

**VIII. Stewardship, Compliance, and Accountability**

**Significant Violations of Finance-Related Legal and Contractual Provisions**

**Non-Compliance with North Carolina General Statutes**

N.C. General Statute 159-34 requires the County to have an audit as soon as possible after the close of each fiscal year. The 2022 audit was significantly delayed due to significant turnover in key financial personnel. See corrective action plan at finding #2022-03.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

- Law Enforcement Officers' Special Separation Allowance Schedule of Changes 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 Governmental Employees' Retirement System Proportionate Share of Net Pension Liability (Asset)
- Schedule of Local Governmental 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

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

<b>Law Enforcement Officers' Special Separation Allowance</b>			
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Beginning balance	\$ 1,377,777	\$ 906,437	\$ 882,782
Service cost	99,112	55,839	44,330
Interest on the total pension liability	25,559	28,090	30,930
Difference between expected and actual experience	141,574	73,209	(8,479)
Changes of assumptions or other inputs	(39,087)	403,735	22,978
Benefit payments	(106,941)	(89,533)	(66,104)
Ending balance of the total pension liability	<u>\$ 1,497,994</u>	<u>\$ 1,377,777</u>	<u>\$ 906,437</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**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**Last Six Fiscal Years**

<b>Law Enforcement Officers' Special Separation Allowance</b>			
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 869,998	\$ 837,336	\$ 833,251
Service cost	43,791	35,323	37,951
Interest on the total pension liability	26,664	31,408	28,938
Difference between expected and actual experience	22,691	(32,317)	-
Changes of assumptions or other inputs	(27,951)	45,552	(17,462)
Benefit payments	(52,411)	(47,304)	(45,342)
Ending balance of the total pension liability	<u>\$ 882,782</u>	<u>\$ 869,998</u>	<u>\$ 837,336</u>

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

<b>Law Enforcement Officers' Special Separation Allowance</b>			
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Total pension liability	\$ 1,497,994	\$ 1,377,777	\$ 906,437
Covered-employee payroll	\$ 2,633,812	\$ 2,257,201	\$ 2,050,859
Total pension liability as a percentage of covered-employee payroll	56.88%	61.04%	44.20%

**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**  
**SCHEDULE OF TOTAL PENSION LIABILITY AS A**  
**PERCENTAGE OF COVERED-EMPLOYEE PAYROLL**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**Last Six Fiscal Years**

<b>Law Enforcement Officers' Special Separation Allowance</b>			
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 882,782	\$ 869,998	\$ 837,336
Covered-employee payroll	\$ 1,879,935	\$ 1,696,875	\$ 1,659,202
Total pension liability as a percentage of covered-employee payroll	46.96%	51.27%	50.47%

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

<b>Other Post-Employment Benefits</b>					
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 390,511	\$ 281,560	\$ 227,787	\$ 236,763	\$ 258,164
Interest	162,700	216,368	204,844	183,496	155,381
Differences between expected and actual experience	(425,690)	(32,324)	240,074	(1,741)	4,291
Changes of assumptions or other inputs	913,341	832,487	125,365	(174,854)	(295,224)
Benefit payments	(258,324)	(195,390)	(132,186)	(132,186)	(128,783)
Net change in total OPEB liability	782,538	1,102,701	665,884	111,478	(6,171)
Total OPEB liability - beginning	7,099,952	5,997,251	5,331,367	5,219,889	5,226,060
Total OPEB liability - ending	<u>\$ 7,882,490</u>	<u>\$ 7,099,952</u>	<u>\$ 5,997,251</u>	<u>\$ 5,331,367</u>	<u>\$ 5,219,889</u>
Covered-employee payroll	\$ 13,391,720	\$ 11,607,813	\$ 11,607,813	\$ 9,662,244	\$ 9,662,244
Total OPEB liability as a percentage of covered-employee payroll	58.86%	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:

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

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

There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits.

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

<b>Local Governmental Employees' Retirement System</b>					
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Stokes County's proportion of the net pension liability (asset) (%)	0.21158%	0.18076%	0.16550%	0.16239%	0.16022%
Stokes County's proportion of the net pension liability (asset) (\$)	\$ 3,244,782	\$ 6,459,325	\$ 4,519,676	\$ 3,852,446	\$ 2,447,718
Stokes County's covered payroll	\$ 14,652,320	\$ 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	22.15%	48.05%	37.89%	34.72%	23.41%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%

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

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

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

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

<b>Local Governmental Employees' Retirement System</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
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 Nine Fiscal Years**

<b>Local Governmental Employees' Retirement System</b>					
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 1,791,271	\$ 1,501,795	\$ 1,223,029	\$ 944,615	\$ 849,702
Contributions in relation to the contractually required contribution	<u>1,791,271</u>	<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>	<u>\$ -</u>
Stokes County's covered payroll	\$ 15,667,372	\$ 14,652,320	\$ 13,441,905	\$ 11,929,769	\$ 11,097,231
Contributions as a percentage of covered payroll	11.43%	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 Nine Fiscal Years**

<b>Local Governmental Employees' Retirement System</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
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 Nine Fiscal Years\***

<b>Register of Deeds' Supplemental Pension Fund</b>					
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Stokes County's proportion of the net pension liability (asset) (%)	0.34225%	0.34803%	0.31526%	0.36289%	0.38162%
Stokes County's proportion of the net pension liability (asset) (\$)	\$ (65,756)	\$ (79,762)	\$ (62,239)	\$ (60,105)	\$ (65,139)
Plan fiduciary net position as a percentage of the total pension liability**	156.53%	173.62%	164.11%	153.31%	153.77%

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

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

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

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

<b>Register of Deeds' Supplemental Pension Fund</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
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)
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**  
**LIABILITY (ASSET)**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Last Nine Fiscal Years**

<b>Register of Deeds' Supplemental Pension Fund</b>					
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 4,180	\$ 4,108	\$ 3,332	\$ 2,322	\$ 3,106
Contributions in relation to the contractually required contribution	<u>4,180</u>	<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>	<u>\$ -</u>

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**  
**LIABILITY (ASSET)**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Last Nine Fiscal Years**

<b>Register of Deeds' Supplemental Pension Fund</b>				
	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></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>

**SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**STOKES COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GENERAL FUND CONSOLIDATED**  
**Year Ended June 30, 2022**

	<b>General Fund</b>	<b>School Current Expense Fund</b>	<b>Dedicated Debt Service Fund</b>	<b>Health Department Title XIX Fund</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 14,460,253	\$ 14,560,363	\$ 1,866,708	\$ -
Other taxes and licenses	9,628,619	-	-	-
Intergovernmental	10,915,242	93,156	-	348,837
Permits and fees	630,830	-	-	-
Sales and services	4,636,181	-	-	531,994
Investment earnings	42,089	3,439	4,929	440
Other revenues	402,059	-	-	209,134
Total revenues	<u>40,715,273</u>	<u>14,656,958</u>	<u>1,871,637</u>	<u>1,090,405</u>
<b>Expenditures:</b>				
Current:				
General government	6,324,877	-	-	-
Public safety	13,679,857	-	-	-
Environmental protection	1,656,731	-	-	-
Economic and physical development	1,148,677	-	-	-
Human services	9,765,227	-	-	1,168,840
Culture and recreation	932,063	-	-	-
Special appropriations	577,601	-	-	-
Intergovernmental:				
Education	309,225	14,579,665	-	-
Debt service:				
Principal	4,284,641	-	-	-
Interest and fiscal charges	1,610,342	-	-	-
Total expenditures	<u>40,289,241</u>	<u>14,579,665</u>	<u>-</u>	<u>1,168,840</u>
Excess of revenues over (under) expenditures	<u>426,032</u>	<u>77,293</u>	<u>1,871,637</u>	<u>(78,435)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	3,676,880	89,200	911,820	285,291
Transfers to other funds	(1,762,203)	(392,880)	(2,999,898)	-
Lease liabilities issued	29,284	-	-	-
Debt issued	375,500	-	-	-
Total other financing sources (uses)	<u>2,319,461</u>	<u>(303,680)</u>	<u>(2,088,078)</u>	<u>285,291</u>
Net change in fund balances	2,745,493	(226,387)	(216,441)	206,856
<b>Reconciliation from Budgetary Basis to Modified Accrual Basis:</b>				
Initial implementation of lease standard:				
Lease liability issued	2,520,424	-	-	-
Capital outlay	(2,520,424)	-	-	-
Fund balances at beginning of year	<u>15,133,064</u>	<u>940,453</u>	<u>2,555,192</u>	<u>341,028</u>
Fund balances at end of year	<u>\$ 17,878,557</u>	<u>\$ 714,066</u>	<u>\$ 2,338,751</u>	<u>\$ 547,884</u>

**STOKES COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GENERAL FUND CONSOLIDATED**  
**Year Ended June 30, 2022**

	<b>Mental Health MOE Fund</b>	<b>Eliminations</b>	<b>Total General Fund</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ -	\$ -	\$ 30,887,324
Other taxes and licenses	5,582	-	9,634,201
Intergovernmental	-	-	11,357,235
Permits and fees	-	-	630,830
Sales and services	-	-	5,168,175
Investment earnings	18	-	50,915
Other revenues	-	-	611,193
Total revenues	<u>5,600</u>	<u>-</u>	<u>58,339,873</u>
<b>Expenditures:</b>			
Current:			
General government	-	-	6,324,877
Public safety	-	-	13,679,857
Environmental protection	-	-	1,656,731
Economic and physical development	-	-	1,148,677
Human services	377,768	-	11,311,835
Culture and recreation	-	-	932,063
Special appropriations	-	-	577,601
Intergovernmental:			
Education	-	-	14,888,890
Debt service:			
Principal	-	-	4,284,641
Interest and fiscal charges	-	-	1,610,342
Total expenditures	<u>377,768</u>	<u>-</u>	<u>56,415,514</u>
Excess of revenues over (under) expenditures	<u>(372,168)</u>	<u>-</u>	<u>1,924,359</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	398,820	(4,988,709)	373,302
Transfers to other funds	-	4,988,709	(166,272)
Lease liabilities issued	-	-	29,284
Debt issued	-	-	375,500
Total other financing sources (uses)	<u>398,820</u>	<u>-</u>	<u>611,814</u>
Net change in fund balances	26,652	-	2,536,173
<b>Reconciliation from Budgetary Basis to Modified Accrual Basis:</b>			
Initial implementation of lease standard:			
Lease liability issued	-	-	2,520,424
Capital outlay	-	-	(2,520,424)
Fund balances at beginning of year	<u>40,416</u>	<u>-</u>	<u>19,010,153</u>
Fund balances at end of year	<u>\$ 67,068</u>	<u>\$ -</u>	<u>\$ 21,546,326</u>

**STOKES COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad Valorem Taxes:			
Taxes	\$ 14,325,864	\$ 14,460,253	\$ 134,389
Other Taxes and Licenses:			
Local option sales taxes	7,710,000	9,200,675	1,490,675
White goods disposal tax	21,000	23,474	2,474
Scrap tire disposal tax	62,000	74,356	12,356
Solid waste disposal tax	35,000	36,212	1,212
Electronic Management Program	3,000	5,354	2,354
Real estate transfer taxes	140,000	267,994	127,994
Dog tag licenses	25,800	20,554	(5,246)
Total	<u>7,996,800</u>	<u>9,628,619</u>	<u>1,631,819</u>
Unrestricted Intergovernmental Revenues:			
Medicaid Relief - Hold harmless	1,300,000	1,805,986	505,986
Beer and wine tax	165,000	142,902	(22,098)
ABC net revenue	4,000	9,564	5,564
CATV Time Warner	100,000	87,299	(12,701)
Total	<u>1,569,000</u>	<u>2,045,751</u>	<u>476,751</u>
Restricted Intergovernmental Revenues:			
State grants, including federal pass-through monies	10,244,654	8,330,930	(1,913,724)
Public school capital lottery	450,000	450,000	-
Court costs and facilities fees	98,000	88,561	(9,439)
Total	<u>10,792,654</u>	<u>8,869,491</u>	<u>(1,923,163)</u>
Permits and Fees:			
Building permits and inspection fees	247,033	386,896	139,863
Animal welfare fees	-	3,200	3,200
Register of Deeds	187,500	240,734	53,234
Total	<u>434,533</u>	<u>630,830</u>	<u>196,297</u>
Sales and Services:			
Rents, concessions and fees	2,167,850	2,177,877	10,027
Ambulance fees	2,274,768	2,458,304	183,536
Total	<u>4,442,618</u>	<u>4,636,181</u>	<u>193,563</u>
Investment earnings	<u>5,000</u>	<u>42,089</u>	<u>37,089</u>



**STOKES COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Other General Revenues:			
Sale of materials	15,000	23,861	8,861
Insurance claim refunds	179,112	182,596	3,484
Other	204,641	195,602	(9,039)
Total	<u>398,753</u>	<u>402,059</u>	<u>3,306</u>
Total revenues	<u>39,965,222</u>	<u>40,715,273</u>	<u>750,051</u>
<b>Expenditures:</b>			
Current Operating:			
General Government:			
Governing Body:			
Salaries	67,949	61,022	6,927
Employee benefits	30,490	29,538	952
Operating expenditures	73,611	71,440	2,171
Supplies	500	345	155
Total	<u>172,550</u>	<u>162,345</u>	<u>10,205</u>
Administrative:			
Salaries	192,589	193,221	(632)
Employee benefits	55,783	55,066	717
Operating expenditures	10,389	10,600	(211)
Supplies	1,800	1,674	126
Total	<u>260,561</u>	<u>260,561</u>	<u>-</u>
Human Resources			
Salaries	111,198	111,609	(411)
Employee benefits	38,851	38,739	112
Operating expenditures	16,403	14,184	2,219
Supplies	1,000	965	35
Total	<u>167,452</u>	<u>165,497</u>	<u>1,955</u>
Insurance:			
Medical cost	1,048,800	628,683	420,117
HRA health reimbursement account	175,000	126,344	48,656
Retiree insurance	201,195	200,015	1,180
Total	<u>1,424,995</u>	<u>955,042</u>	<u>469,953</u>

**STOKES COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Elections:			
Salaries	110,989	110,532	457
Employee benefits	37,180	36,306	874
Operating expenditures	8,263	9,839	(1,576)
Supplies	108,100	95,615	12,485
Total	<u>264,532</u>	<u>253,171</u>	<u>11,361</u>
Finance:			
Salaries	259,367	260,085	(718)
Employee benefits	90,230	89,735	495
Operating expenditures	222,867	220,639	2,228
Supplies	4,600	4,219	381
Capital outlay	-	2,343	(2,343)
Total	<u>577,064</u>	<u>577,021</u>	<u>43</u>
Purchasing:			
Salaries	61,972	61,951	21
Employee benefits	22,608	22,298	310
Operating expenditures	7,956	5,413	2,543
Supplies	1,600	1,197	403
Total	<u>94,136</u>	<u>90,859</u>	<u>3,277</u>
Information Systems:			
Salaries	158,734	158,666	68
Employee benefits	50,314	49,837	477
Operating expenditures	62,585	48,286	14,299
Supplies	3,250	1,933	1,317
Capital outlay	7,500	-	7,500
Total	<u>282,383</u>	<u>258,722</u>	<u>23,661</u>
Tax Administration:			
Salaries	438,722	440,188	(1,466)
Employee benefits	164,920	164,825	95
Operating expenditures	315,250	306,007	9,243
Supplies	8,100	7,417	683
Capital outlay	4,300	7,220	(2,920)
Total	<u>931,292</u>	<u>925,657</u>	<u>5,635</u>

**STOKES COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Legal:			
Operating expenditures	104,000	100,398	3,602
Register of Deeds:			
Salaries	167,266	167,813	(547)
Employee benefits	63,835	63,617	218
Operating expenditures	75,826	73,441	2,385
Supplies	5,970	4,833	1,137
Total	<u>312,897</u>	<u>312,632</u>	<u>265</u>
Public Buildings:			
Salaries	381,677	381,928	(251)
Employee benefits	164,365	163,828	537
Operating expenditures	739,961	669,580	70,381
Supplies	74,000	69,541	4,459
Capital outlay	292,995	222,248	70,747
Total	<u>1,652,998</u>	<u>1,507,125</u>	<u>145,873</u>
Superior Court:			
Operating expenditures	114,740	103,364	11,376
Supplies	1,000	987	13
Capital outlay	6,500	5,679	821
Total	<u>122,240</u>	<u>110,030</u>	<u>12,210</u>
Vehicle Maintenance:			
Salaries	110,977	110,538	439
Employee benefits	40,727	40,449	278
Operating expenditures	40,935	28,885	12,050
Supplies	3,024	2,687	337
Capital outlay	5,115	4,603	512
Total	<u>200,778</u>	<u>187,162</u>	<u>13,616</u>
Mapping/GIS:			
Salaries	151,350	152,080	(730)
Employee benefits	55,037	54,969	68
Operating expenditures	27,465	26,657	808
Supplies	1,900	1,216	684
Total	<u>235,752</u>	<u>234,922</u>	<u>830</u>

**STOKES COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revaluation:			
Salaries	160,836	161,407	(571)
Employee benefits	55,291	54,406	885
Operating expenditures	9,300	6,980	2,320
Supplies	3,000	940	2,060
Total	<u>228,427</u>	<u>223,733</u>	<u>4,694</u>
Total general government	<u>7,032,057</u>	<u>6,324,877</u>	<u>707,180</u>
Public Safety:			
Sheriff:			
Salaries	3,062,073	3,027,342	34,731
Employee benefits	1,143,558	1,129,669	13,889
Operating expenditures	315,759	259,928	55,831
Supplies	278,577	247,532	31,045
Capital outlay	67,453	66,232	1,221
Total	<u>4,867,420</u>	<u>4,730,703</u>	<u>136,717</u>
Jail:			
Salaries	1,195,363	1,193,634	1,729
Employee benefits	451,986	447,891	4,095
Operating expenditures	923,395	780,209	143,186
Supplies	13,162	8,874	4,288
Capital outlay	9,538	8,773	765
Total	<u>2,593,444</u>	<u>2,439,381</u>	<u>154,063</u>
Animal Control:			
Salaries	151,770	148,847	2,923
Employee benefits	62,782	61,353	1,429
Operating expenditures	72,875	62,457	10,418
Supplies	26,500	22,241	4,259
Capital outlay	2,500	480	2,020
Total	<u>316,427</u>	<u>295,378</u>	<u>21,049</u>
Emergency Management:			
Salaries	70,633	70,906	(273)
Employee benefits	22,624	22,674	(50)
Operating expenditures	16,297	9,091	7,206
Supplies	2,049	875	1,174
Capital outlay	5,050	5,007	43
Total	<u>116,653</u>	<u>108,553</u>	<u>8,100</u>

**STOKES COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Emergency Medical Services:			
Salaries	2,792,813	2,774,081	18,732
Employee benefits	860,051	857,791	2,260
Operating expenditures	478,774	343,798	134,976
Supplies	383,000	346,769	36,231
Capital outlay	284,727	67,547	217,180
Total	<u>4,799,365</u>	<u>4,389,986</u>	<u>409,379</u>
Emergency Communications:			
Salaries	730,473	719,916	10,557
Employee benefits	246,169	244,152	2,017
Operating expenditures	183,982	138,550	45,432
Supplies	3,950	2,930	1,020
Capital outlay	30	30	-
Total	<u>1,164,604</u>	<u>1,105,578</u>	<u>59,026</u>
Fire Marshal:			
Salaries	202,862	202,488	374
Employee benefits	72,891	72,089	802
Operating expenditures	36,827	26,626	10,201
Supplies	18,500	13,964	4,536
Capital outlay	18,133	16,775	1,358
Total	<u>349,213</u>	<u>331,942</u>	<u>17,271</u>
Medical Examiner:			
Contracted services	68,000	67,800	200
Supplies	2,000	2,200	(200)
Total	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Day Reporting Center:			
Salaries	132,722	133,120	(398)
Employee benefits	48,414	48,171	243
Operating expenditures	18,028	15,252	2,776
Supplies	5,645	5,232	413
Capital outlay	6,565	6,561	4
Total	<u>211,374</u>	<u>208,336</u>	<u>3,038</u>
Total public safety	<u>14,488,500</u>	<u>13,679,857</u>	<u>808,643</u>

**STOKES COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Environmental Protection:			
Solid Waste Collection:			
Salaries	523,225	526,360	(3,135)
Employee benefits	142,717	143,086	(369)
Operating expenditures	740,802	682,468	58,334
Supplies	119,000	113,525	5,475
Capital outlay	235,551	191,292	44,259
Total environmental protection	<u>1,761,295</u>	<u>1,656,731</u>	<u>104,564</u>
Economic and Physical Development:			
Economic Development:			
Salaries	125,881	126,324	(443)
Employee benefits	41,893	42,181	(288)
Operating expenditures	118,646	113,094	5,552
Supplies	2,500	2,151	349
Total	<u>288,920</u>	<u>283,750</u>	<u>5,170</u>
Planning and Community Development:			
Salaries	317,761	318,930	(1,169)
Employee benefits	105,248	105,329	(81)
Operating expenditures	23,857	20,316	3,541
Supplies	12,200	11,062	1,138
Capital outlay	-	1,464	(1,464)
Total	<u>459,066</u>	<u>457,101</u>	<u>1,965</u>
Cooperative Extension:			
Operating expenditures	246,415	239,758	6,657
Supplies	4,300	3,757	543
Capital outlay	3,450	3,450	-
Total	<u>254,165</u>	<u>246,965</u>	<u>7,200</u>
Natural Resources:			
Salaries	96,645	96,937	(292)
Employee benefits	36,275	36,345	(70)
Operating expenditures	140,633	19,726	120,907
Supplies	3,770	3,873	(103)
Capital outlay	4,000	3,980	20
Total	<u>281,323</u>	<u>160,861</u>	<u>120,462</u>
Total economic and physical development	<u>1,283,474</u>	<u>1,148,677</u>	<u>134,797</u>

**STOKES COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Human Services:			
Health:			
Administration:			
Salaries	640,612	536,943	103,669
Employee benefits	211,427	196,059	15,368
Operating expenditures	201,182	76,760	124,422
Supplies	143,058	27,658	115,400
Capital outlay	48,249	10,758	37,491
Total	<u>1,244,528</u>	<u>848,178</u>	<u>396,350</u>
Environmental Health:			
Salaries	243,185	244,007	(822)
Employee benefits	85,720	85,758	(38)
Operating expenditures	20,008	15,432	4,576
Supplies	17,700	20,098	(2,398)
Capital outlay	4,250	5,137	(887)
Total	<u>370,863</u>	<u>370,432</u>	<u>431</u>
Total health	<u>1,615,391</u>	<u>1,218,610</u>	<u>396,781</u>
Social Services:			
Administration:			
Salaries	3,146,414	3,059,475	86,939
Employee benefits	1,238,883	1,204,967	33,916
Operating expenditures	1,101,451	834,595	266,856
Supplies	107,500	94,786	12,714
Capital outlay	168,357	172,187	(3,830)
Total	<u>5,762,605</u>	<u>5,366,010</u>	<u>396,595</u>
General Public Assistance, County share only:			
Adoption assistance	562,683	256,530	306,153
Daycare for children and adults	10,000	720	9,280
Aid to the blind	2,764	2,764	-
Medical assistance - Medicaid	10,000	1,652	8,348
Aid to families with dependent children - WORKFIRST	27,500	3,156	24,344
Foster Home Fund	3,274,058	1,272,056	2,002,002
Crisis intervention	135,176	128,874	6,302
LIEAP	600,830	500,433	100,397
Special assistance	400,000	328,015	71,985
Total	<u>5,023,011</u>	<u>2,494,200</u>	<u>2,528,811</u>

**STOKES COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Senior Citizens:			
Salaries	185,905	183,907	1,998
Employee benefits	69,848	68,861	987
Operating expenditures	419,185	388,628	30,557
Supplies	8,116	4,512	3,604
Capital outlay	2,500	2,146	354
Total	<u>685,554</u>	<u>648,054</u>	<u>37,500</u>
Total social services	<u>11,471,170</u>	<u>8,508,264</u>	<u>2,962,906</u>
Veterans Services:			
Salaries	31,979	32,112	(133)
Employee benefits	6,385	6,421	(36)
Operating expenditures	83	(201)	284
Supplies	380	21	359
Total	<u>38,827</u>	<u>38,353</u>	<u>474</u>
Total human services	<u>13,125,388</u>	<u>9,765,227</u>	<u>3,360,161</u>
Culture and Recreation:			
Recreation			
Operating expenditures	<u>120,595</u>	<u>120,595</u>	<u>-</u>
Arts Council:			
Salaries	132,673	132,676	(3)
Employee benefits	50,574	49,878	696
Total	<u>183,247</u>	<u>182,554</u>	<u>693</u>
Library:			
Library operations	<u>556,884</u>	<u>556,884</u>	<u>-</u>
Parks:			
Salaries	29,945	29,190	755
Employee benefits	8,917	8,470	447
Operating expenditures	34,050	31,696	2,354
Supplies	3,000	2,274	726
Capital outlay	52,400	400	52,000
Total	<u>128,312</u>	<u>72,030</u>	<u>56,282</u>
Total culture and recreation	<u>989,038</u>	<u>932,063</u>	<u>56,975</u>



**STOKES COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Special Appropriations:			
Juvenile services	23,618	20,423	3,195
Yadkin Valley Economic Development	212,485	212,485	-
N.C. Forestry Service	101,000	87,555	13,445
Stokes Friends of Youth	103,374	108,223	(4,849)
Insight Human Services	32,500	32,500	-
Domestic Violence Task Force	5,500	5,500	-
Stokes County Stop Child Abuse Now	36,361	36,361	-
PTRC- MPO	8,070	8,070	-
Stokes County Fire & Rescue Associates	25,460	25,460	-
PTRC	1,500	-	1,500
PTRC - Rural Planning Organization	3,996	3,996	-
King Senior Center	7,262	7,262	-
Insight Human Services - Hanging Rock Circle	2,089	2,089	-
Stokes Teen Court	32,019	20,677	11,342
American Legion Department of NC	7,000	7,000	-
Total special appropriations	<u>602,234</u>	<u>577,601</u>	<u>24,633</u>
Community College:			
Salaries	109,615	109,858	(243)
Employee benefits	49,442	50,917	(1,475)
Operating expenditures	142,731	132,483	10,248
Supplies	19,100	13,658	5,442
Capital outlay	2,310	2,309	1
Total community college	<u>323,198</u>	<u>309,225</u>	<u>13,973</u>
Total education	<u>323,198</u>	<u>309,225</u>	<u>13,973</u>
Debt Service:			
School:			
Principal	2,452,469	2,452,468	1
Interest	1,384,604	1,384,592	12
County Building:			
Principal	1,832,179	1,832,173	6
Interest	225,750	225,750	-
Total debt service	<u>5,895,002</u>	<u>5,894,983</u>	<u>19</u>
Contingency	<u>44,437</u>	<u>-</u>	<u>44,437</u>
Total expenditures	<u>45,544,623</u>	<u>40,289,241</u>	<u>5,255,382</u>

**STOKES COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Excess of revenues over (under) expenditures	<u>(5,579,401)</u>	<u>426,032</u>	<u>6,005,433</u>
<b>Other Financing Sources (Uses):</b>			
Transfers - in (out):			
From Capital Reserve Fund	373,302	373,302	-
From School Current Expense Fund	392,880	392,880	-
From Dedicated Debt Service Fund	2,910,698	2,910,698	-
To Capital Reserve Fund	(41,075)	(41,075)	-
To Health Department Title XIX Fund	(285,291)	(285,291)	-
To Capital Projects Fund	(16,500)	(16,500)	-
To Mental Health MOE	(398,820)	(398,820)	-
To Emergency Telephone System Fund	(108,697)	(108,697)	-
To Dedicated Debt Service Fund	(911,820)	(911,820)	-
Total transfers	<u>1,914,677</u>	<u>1,914,677</u>	<u>-</u>
Proceeds from debt issuance (refunding):			
Lease liabilities issued	-	29,284	29,284
Installment obligations issued	<u>375,500</u>	<u>375,500</u>	<u>-</u>
Total proceeds from debt issuance	<u>375,500</u>	<u>404,784</u>	<u>29,284</u>
Total other financing sources (uses)	<u>2,290,177</u>	<u>2,319,461</u>	<u>29,284</u>
Net change in fund balance	(3,289,224)	2,745,493	6,034,717
Appropriated fund balance	<u>3,289,224</u>	<u>-</u>	<u>(3,289,224)</u>
Net change in fund balance	<u>\$ -</u>	2,745,493	<u>\$ 2,745,493</u>
<b>Reconciliation from Budgetary Basis to Modified Accrual Basis:</b>			
Initial implementation of lease standard:			
Lease liability issued		2,520,424	
Capital outlay		(2,520,424)	
Fund balance, beginning of year		<u>15,133,064</u>	
Fund balance, end of year		<u>\$ 17,878,557</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, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year	\$ 12,344,431	\$ 12,829,067	\$ 484,636
Motor vehicle taxes collected by state	1,351,433	1,507,775	156,342
Penalties & interest	200,000	230,681	30,681
Total	<u>13,895,864</u>	<u>14,567,523</u>	<u>671,659</u>
Less: refunds	<u>-</u>	<u>(7,160)</u>	<u>(7,160)</u>
Net	<u>13,895,864</u>	<u>14,560,363</u>	<u>664,499</u>
Fines & forfeitures	100,000	93,156	(6,844)
Investment earnings	<u>-</u>	<u>3,439</u>	<u>3,439</u>
Total revenues	<u>13,995,864</u>	<u>14,656,958</u>	<u>661,094</u>
<b>Expenditures:</b>			
Schools			
Current expense	14,397,309	14,397,309	-
Poplar Spring operating	89,200	89,200	-
Fines & forfeitures	100,000	93,156	6,844
Total expenditures	<u>14,586,509</u>	<u>14,579,665</u>	<u>6,844</u>
Excess of revenues over (under) expenditures	<u>(590,645)</u>	<u>77,293</u>	<u>667,938</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers - in (out):			
From Dedicated Debt Service Fund	89,200	89,200	-
To General Fund	<u>(392,880)</u>	<u>(392,880)</u>	<u>-</u>
Total other financing sources (uses)	<u>(303,680)</u>	<u>(303,680)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(894,325)</u>	<u>(226,387)</u>	<u>667,938</u>
Appropriated fund balance	<u>894,325</u>	<u>-</u>	<u>(894,325)</u>
Net change in fund balance	<u>\$ -</u>	<u>(226,387)</u>	<u>\$ (226,387)</u>
Fund balance, beginning of year		<u>940,453</u>	
Fund balance, end of year		<u>\$ 714,066</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, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year	\$ 1,592,830	\$ 1,673,040	\$ 80,210
Motor vehicle taxes collected by state	174,378	194,649	20,271
Total	<u>1,767,208</u>	<u>1,867,689</u>	<u>100,481</u>
Less: refunds	<u>-</u>	<u>(981)</u>	<u>(981)</u>
Net	1,767,208	1,866,708	99,500
Investment earnings	<u>-</u>	<u>4,929</u>	<u>4,929</u>
Total revenues	<u>1,767,208</u>	<u>1,871,637</u>	<u>104,429</u>
Excess of revenues over (under) expenditures	<u>1,767,208</u>	<u>1,871,637</u>	<u>104,429</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers - in (out):			
To General Fund	(2,910,698)	(2,910,698)	-
To School Current Expense Fund	(89,200)	(89,200)	-
From General Fund	<u>911,820</u>	<u>911,820</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,088,078)</u>	<u>(2,088,078)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(320,870)	(216,441)	104,429
Appropriated fund balance	<u>320,870</u>	<u>-</u>	<u>(320,870)</u>
Net change in fund balance	<u>\$ -</u>	(216,441)	<u>\$ (216,441)</u>
Fund balance, beginning of year		<u>2,555,192</u>	
Fund balance, end of year		<u>\$ 2,338,751</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, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Restricted Intergovernmental Revenues:			
State grants, including federal pass-through monies	\$ 348,925	\$ 348,837	\$ (88)
Sales and Services:			
Fees	518,000	531,994	13,994
Investment earnings	-	440	440
Other General Revenues:			
Miscellaneous	204,120	209,134	5,014
Total revenues	<u>1,071,045</u>	<u>1,090,405</u>	<u>19,360</u>
<b>Expenditures:</b>			
Current operating:			
Adult Health Program:			
Salaries	198,585	194,480	4,105
Employee benefits	68,865	67,684	1,181
Operating expenditures	40,000	36,206	3,794
Supplies	25,000	16,693	8,307
Total	<u>332,450</u>	<u>315,063</u>	<u>17,387</u>
Child Health Program:			
Salaries	105,793	105,016	777
Employee benefits	38,384	38,021	363
Operating expenditures	200,000	171,503	28,497
Supplies	32,470	20,961	11,509
Total	<u>376,647</u>	<u>335,501</u>	<u>41,146</u>
Family Planning Program:			
Salaries	186,090	184,602	1,488
Employee benefits	66,328	65,442	886
Operating expenditures	75,000	63,380	11,620
Supplies	20,000	5,729	14,271
Total	<u>347,418</u>	<u>319,153</u>	<u>28,265</u>
General:			
Operating expenditures	90,727	61,031	29,696
Supplies	26,500	12,290	14,210
Capital outlay	6,683	6,647	36
Total	<u>123,910</u>	<u>79,968</u>	<u>43,942</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, 2022**

	<u><b>Final Budget</b></u>	<u><b>Actual Amounts</b></u>	<u><b>Variance Positive (Negative)</b></u>
Prenatal Program:			
Salaries	75,512	75,429	83
Employee benefits	28,399	28,216	183
Operating expenditures	70,000	14,721	55,279
Supplies	2,000	789	1,211
Total	<u>175,911</u>	<u>119,155</u>	<u>56,756</u>
 Total expenditures	 <u>1,356,336</u>	 <u>1,168,840</u>	 <u>187,496</u>
 Excess of revenues over (under) expenditures	 (285,291)	 (78,435)	 206,856
<b>Other Financing Sources (Uses):</b>			
Operating transfers - in (out):			
From General Fund	<u>285,291</u>	<u>285,291</u>	<u>-</u>
 Net change in fund balance	 <u>\$ -</u>	 206,856	 <u>\$ 206,856</u>
 Fund balance, beginning of year		<u>341,028</u>	
 Fund balance, end of year		<u>\$ 547,884</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, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Other taxes and licenses:			
ABC bottle tax	\$ 5,800	\$ 5,582	\$ (218)
Investment earnings	-	18	18
Total revenues	<u>5,800</u>	<u>5,600</u>	<u>(200)</u>
<b>Expenditures:</b>			
Current operating:			
Mental Health	120,000	120,000	-
ABC Bottle Tax	5,800	-	5,800
Insight Human Services	66,000	66,000	-
NC211	3,714	3,948	(234)
Sheriff's Office	21,000	21,000	-
DSS Placements/CCS Assists/Psychiatrist	31,606	21,320	10,286
Transportation	5,000	-	5,000
Youth Haven	5,000	5,000	-
Parenting Path	12,000	12,000	-
Community Paramedicine Program	100,000	100,000	-
Med Assist Event	7,500	7,500	-
Stokes Partnership for Children	14,000	14,000	-
Stokes Friends of Youth	12,000	7,000	5,000
Health Department	1,000	-	1,000
Total expenditures	<u>404,620</u>	<u>377,768</u>	<u>26,852</u>
Excess of revenues over (under) expenditures	(398,820)	(372,168)	26,652
<b>Other Financing Sources (Uses):</b>			
Operating transfers - in (out):			
From General Fund	<u>398,820</u>	<u>398,820</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	26,652	<u>\$ 26,652</u>
Fund balance, beginning of year		<u>40,416</u>	
Fund balance, end of year		<u>\$ 67,068</u>	

**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - MAJOR CAPITAL PROJECTS FUND**  
**From Inception and for the Year Ended June 30, 2022**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>					
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)
NC State Capital and Infrastructure Fund	2,250,000	-	-	-	(2,250,000)
Private donation	318,000	318,000	-	318,000	-
Sales tax refund	-	398	-	398	398
Interest on investment	16,143	3,247	1,210	4,457	(11,686)
Total revenues	<u>8,092,743</u>	<u>321,645</u>	<u>1,210</u>	<u>322,855</u>	<u>(7,769,888)</u>
<b>Expenditures:</b>					
Petree Project:					
Construction - Picnic Shelter	334,143	329,285	-	329,285	4,858
Total Petree Project	<u>334,143</u>	<u>329,285</u>	<u>-</u>	<u>329,285</u>	<u>4,858</u>
Meadows Community Water Project					
Construction	5,912,800	107,880	126,145	234,025	5,678,775
Total Meadows Community Water Project	<u>5,912,800</u>	<u>107,880</u>	<u>126,145</u>	<u>234,025</u>	<u>5,678,775</u>
Solid Waste Transfer Station - Walnut Cove					
Construction	252,500	4,300	8,400	12,700	239,800
Total Solid Waste Transfer Station - Walnut Cove	<u>252,500</u>	<u>4,300</u>	<u>8,400</u>	<u>12,700</u>	<u>239,800</u>
Storage/Maintenance Building					
Construction	497,946	431,124	66,822	497,946	-
Total Storage/Maintenance Building	<u>497,946</u>	<u>431,124</u>	<u>66,822</u>	<u>497,946</u>	<u>-</u>
Walnut Cove EMS Station					
Construction	838,064	816,621	16,603	833,224	4,840
Total Walnut Cove EMS Station	<u>838,064</u>	<u>816,621</u>	<u>16,603</u>	<u>833,224</u>	<u>4,840</u>
Solid Waste Building/Scale House					
Construction	125,000	120,017	2,870	122,887	2,113
Total Solid Waste Building/Scale House	<u>125,000</u>	<u>120,017</u>	<u>2,870</u>	<u>122,887</u>	<u>2,113</u>
Solid Waste Transfer Station - Pinnacle					
Construction	300,382	-	10,800	10,800	289,582
Total Solid Waste Transfer Station - Pinnacle	<u>300,382</u>	<u>-</u>	<u>10,800</u>	<u>10,800</u>	<u>289,582</u>
Courthouse Renovations					
Architect fees	2,000,000	-	-	-	2,000,000
Total Courthouse Renovations	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Total expenditures	<u>10,260,835</u>	<u>1,809,227</u>	<u>231,640</u>	<u>2,040,867</u>	<u>8,219,968</u>
Excess of revenues over (under) expenditures	<u>(2,168,092)</u>	<u>(1,487,582)</u>	<u>(230,430)</u>	<u>(1,718,012)</u>	<u>(450,080)</u>



**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - MAJOR CAPITAL PROJECTS FUND**  
**From Inception and for the Year Ended June 30, 2022**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Other Financing Sources (Uses):</b>					
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	16,500	22,510	16,500
Debt issuance - Solid Waste Transfer Station - Walnut Cove	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	406,700	-	-	-	(406,700)
Total other financing sources (uses)	<u>2,168,092</u>	<u>1,461,010</u>	<u>16,500</u>	<u>1,477,510</u>	<u>(690,582)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (26,572)</u>	<u>(213,930)</u>	<u>\$ (240,502)</u>	<u>\$ (240,502)</u>
Fund balance, beginning of year			<u>545,094</u>		
Fund balance, end of year			<u>\$ 331,164</u>		

**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**STOKES COUNTY HOSPITAL MAJOR CAPITAL PROJECT FUND**  
**From Inception and for the Year Ended June 30, 2022**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
State Capital and Infrastructure Funds	\$ 10,000,000	\$ -	\$ -	\$ -	\$ (10,000,000)
Investment earnings	-	-	3,465	3,465	3,465
Total revenues	<u>10,000,000</u>	<u>-</u>	<u>3,465</u>	<u>3,465</u>	<u>(9,996,535)</u>
<b>Expenditures:</b>					
General Government					
Construction	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000,000</u>
Total expenditures	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,465</u>	<u>\$ 3,465</u>	<u>\$ 3,465</u>
Fund balance, beginning of year			<u>-</u>		
Fund balance, end of year			<u>\$ 3,465</u>		

**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL - MAJOR GRANT ARP FUND**  
**From Inception and for the Year Ended June 30, 2022**

	<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	\$ 8,855,517	\$ -	\$ -	\$ -	\$ (8,855,517)
Investment earnings	-	203	9,931	10,134	10,134
Total revenues	<u>8,855,517</u>	<u>203</u>	<u>9,931</u>	<u>10,134</u>	<u>(8,845,383)</u>
Expenditures:					
Current operating					
Public safety					
Operating expenditures	8,855,517	-	-	-	(8,855,517)
Total expenditures	<u>8,855,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,855,517)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 203</u>	9,931	<u>\$ 10,134</u>	<u>\$ 10,134</u>
Fund balance, beginning of year			<u>203</u>		
Fund balance, end of year			<u>\$ 10,134</u>		

**STOKES COUNTY, NORTH CAROLINA**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2022**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 799,938	\$ 2,213,723	\$ 3,013,661
Restricted cash and cash equivalents	154,437	-	154,437
Taxes receivable, net	105,135	-	105,135
Accounts receivable, net	50,484	-	50,484
Due from other governments	<u>132,929</u>	<u>476,632</u>	<u>609,561</u>
Total assets	<u>\$ 1,242,923</u>	<u>\$ 2,690,355</u>	<u>\$ 3,933,278</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 868	\$ -	\$ 868
Advances from grantors	<u>154,437</u>	<u>-</u>	<u>154,437</u>
Total liabilities	<u>155,305</u>	<u>-</u>	<u>155,305</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>105,135</u>	<u>-</u>	<u>105,135</u>
<b>FUND BALANCES:</b>			
Restricted:			
Stabilization by state statute	183,413	476,632	660,045
Restricted, all others	799,070	-	799,070
Committed	<u>-</u>	<u>2,213,723</u>	<u>2,213,723</u>
Total fund balances	<u>982,483</u>	<u>2,690,355</u>	<u>3,672,838</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,242,923</u>	<u>\$ 2,690,355</u>	<u>\$ 3,933,278</u>

**STOKES COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2022

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
Ad valorem taxes, net of refunds	\$ 3,071,165	\$ -	\$ 3,071,165
Other taxes and licenses	960,937	2,654,865	3,615,802
Restricted intergovernmental revenues	151,620	-	151,620
Investment earnings	1,241	3,128	4,369
Total revenues	<u>4,184,963</u>	<u>2,657,993</u>	<u>6,842,956</u>
<b>Expenditures:</b>			
Current operating:			
Public safety	3,981,201	-	3,981,201
Human services	169,116	-	169,116
Schools	-	2,122,600	2,122,600
Total expenditures	<u>4,150,317</u>	<u>2,122,600</u>	<u>6,272,917</u>
Excess of revenues over (under) expenditures	<u>34,646</u>	<u>535,393</u>	<u>570,039</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers - in (out):			
From General Fund	108,697	41,075	149,772
From Stokes Reynolds Memorial Fund	-	10,000	10,000
To General Fund	-	(373,302)	(373,302)
Total other financing sources (uses)	<u>108,697</u>	<u>(322,227)</u>	<u>(213,530)</u>
Net change in fund balance	143,343	213,166	356,509
Fund balances, beginning of year	<u>839,140</u>	<u>2,477,189</u>	<u>3,316,329</u>
Fund balances, end of year	<u>\$ 982,483</u>	<u>\$ 2,690,355</u>	<u>\$ 3,672,838</u>

**STOKES COUNTY, NORTH CAROLINA**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2022**

	<b>Emergency Telephone System</b>	<b>Service District Fire District</b>	<b>Rural Hall Fire District</b>	<b>King Fire District</b>	<b>Walnut Cove Fire District</b>
<b>ASSETS:</b>					
Current assets:					
Cash and cash equivalents	\$ 522,397	\$ 103,601	\$ 18,054	\$ 92,284	\$ 46,355
Restricted cash and cash equivalents	-	-	-	-	-
Taxes receivable, net	-	77,420	2,873	10,465	14,377
Accounts receivable, net	18,662	19,875	962	7,001	3,984
Due from other governments	-	96,268	3,778	19,310	13,573
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 541,059</u>	<u>\$ 297,164</u>	<u>\$ 25,667</u>	<u>\$ 129,060</u>	<u>\$ 78,289</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 833	\$ 23	\$ -	\$ -	\$ 12
Advances from grantors	-	-	-	-	-
Total liabilities	<u>833</u>	<u>23</u>	<u>-</u>	<u>-</u>	<u>12</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>77,420</u>	<u>2,873</u>	<u>10,465</u>	<u>14,377</u>
<b>FUND BALANCES:</b>					
Restricted:					
Stabilization by state statute	18,662	116,143	4,740	26,311	17,557
Restricted, all others	<u>521,564</u>	<u>103,578</u>	<u>18,054</u>	<u>92,284</u>	<u>46,343</u>
Total fund balances	<u>540,226</u>	<u>219,721</u>	<u>22,794</u>	<u>118,595</u>	<u>63,900</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 541,059</u>	<u>\$ 297,164</u>	<u>\$ 25,667</u>	<u>\$ 129,060</u>	<u>\$ 78,289</u>

**STOKES COUNTY, NORTH CAROLINA**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2022**

	<u>Grant Fund</u>	<u>Trust Fund - DSS Clients</u>	<u>Opioid Settlement Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 17,247	\$ -	\$ 799,938
Restricted cash and cash equivalents	-	-	154,437	154,437
Taxes receivable, net	-	-	-	105,135
Accounts receivable, net	-	-	-	50,484
Due from other governments	-	-	-	132,929
	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,929</u>
Total assets	<u>\$ -</u>	<u>\$ 17,247</u>	<u>\$ 154,437</u>	<u>\$ 1,242,923</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 868
Advances from grantors	-	-	154,437	154,437
Total liabilities	<u>-</u>	<u>-</u>	<u>154,437</u>	<u>155,305</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,135</u>
<b>FUND BALANCES:</b>				
Restricted:				
Stabilization by state statute	-	-	-	183,413
Restricted, all others	<u>-</u>	<u>17,247</u>	<u>-</u>	<u>799,070</u>
Total fund balances	<u>-</u>	<u>17,247</u>	<u>-</u>	<u>982,483</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ -</u>	<u>\$ 17,247</u>	<u>\$ 154,437</u>	<u>\$ 1,242,923</u>

**STOKES COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Year Ended June 30, 2022**

	<b>Emergency Telephone System</b>	<b>Service District Fire District</b>	<b>Rural Hall Fire District</b>	<b>King Fire District</b>	<b>Walnut Cove Fire District</b>
<b>Revenues:</b>					
Ad valorem taxes, net of refunds	\$ -	\$ 2,221,618	\$ 86,335	\$ 448,467	\$ 314,745
Other taxes and licenses	223,937	533,743	20,946	107,059	75,252
Restricted intergovernmental revenues	-	-	-	-	-
Investment earnings	395	531	32	181	102
Total revenues	<u>224,332</u>	<u>2,755,892</u>	<u>107,313</u>	<u>555,707</u>	<u>390,099</u>
<b>Expenditures:</b>					
Current operating:					
Public safety	89,417	2,870,975	101,043	519,095	399,540
Human services	-	-	-	-	-
Total expenditures	<u>89,417</u>	<u>2,870,975</u>	<u>101,043</u>	<u>519,095</u>	<u>399,540</u>
Excess of revenues over (under) expenditures	134,915	(115,083)	6,270	36,612	(9,441)
<b>Other Financing Sources (Uses):</b>					
Operating transfers - in (out):					
From General Fund	<u>108,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	243,612	(115,083)	6,270	36,612	(9,441)
Fund balances, beginning of year	<u>296,614</u>	<u>334,804</u>	<u>16,524</u>	<u>81,983</u>	<u>73,341</u>
Fund balances, end of year	<u>\$ 540,226</u>	<u>\$ 219,721</u>	<u>\$ 22,794</u>	<u>\$ 118,595</u>	<u>\$ 63,900</u>



**STOKES COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Year Ended June 30, 2022**

	<b>Grant Fund</b>	<b>Trust Fund - DSS Clients</b>	<b>Opioid Settlement Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Revenues:</b>				
Ad valorem taxes, net of refunds	\$ -	\$ -	\$ -	\$ 3,071,165
Other taxes and licenses	-	-	-	960,937
Restricted intergovernmental revenues	158	151,462	-	151,620
Investment earnings	-	-	-	1,241
Total revenues	<u>158</u>	<u>151,462</u>	<u>-</u>	<u>4,184,963</u>
<b>Expenditures:</b>				
Current operating:				
Public safety	1,131	-	-	3,981,201
Human services	-	169,116	-	169,116
Total expenditures	<u>1,131</u>	<u>169,116</u>	<u>-</u>	<u>4,150,317</u>
Excess of revenues over (under) expenditures	(973)	(17,654)	-	34,646
<b>Other Financing Sources (Uses):</b>				
Operating transfers - in (out):				
From General Fund	-	-	-	108,697
Net change in fund balance	(973)	(17,654)	-	143,343
Fund balances, beginning of year	<u>973</u>	<u>34,901</u>	<u>-</u>	<u>839,140</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 17,247</u>	<u>\$ -</u>	<u>\$ 982,483</u>

**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**EMERGENCY TELEPHONE SYSTEM FUND**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Other taxes and licenses:			
Restricted intergovernmental revenues	\$ 223,938	\$ 223,937	\$ (1)
Investment earnings	300	395	95
Total revenues	<u>224,238</u>	<u>224,332</u>	<u>94</u>
<b>Expenditures:</b>			
Current operating:			
Public safety:			
Telephone and furniture	53,939	53,939	-
Hardware maintenance	261,374	17,856	243,518
Software maintenance	15,106	15,106	-
Training	2,516	2,516	-
Total expenditures	<u>332,935</u>	<u>89,417</u>	<u>243,518</u>
Revenues over (under) expenditures	(108,697)	134,915	243,612
<b>Other Financing Sources (Uses):</b>			
Operating transfers - in (out)			
From General Fund	<u>108,697</u>	<u>108,697</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	243,612	<u>\$ 243,612</u>
Fund balance, beginning of year		<u>296,614</u>	
Fund balance, end of year		<u><u>\$ 540,226</u></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, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year	\$ 1,878,078	\$ 1,971,401	\$ 93,323
Motor vehicle taxes collected by state	187,893	210,428	22,535
prior year	<u>40,663</u>	<u>41,120</u>	<u>457</u>
Total	2,106,634	2,222,949	116,315
 Less: refunds	<u>-</u>	<u>(1,331)</u>	<u>(1,331)</u>
 Net	2,106,634	2,221,618	114,984
 Local option sales tax	442,258	533,743	91,485
Investment earnings	<u>-</u>	<u>531</u>	<u>531</u>
 Total revenues	<u>2,548,892</u>	<u>2,755,892</u>	<u>207,000</u>
 <b>Expenditures:</b>			
Current operating:			
Public safety	<u>2,883,696</u>	<u>2,870,975</u>	<u>12,721</u>
Total expenditures	<u>2,883,696</u>	<u>2,870,975</u>	<u>12,721</u>
 Revenues over (under) expenditures	(334,804)	(115,083)	219,721
 <b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>334,804</u>	<u>-</u>	<u>(334,804)</u>
 Net change in fund balance	<u>\$ -</u>	<u>(115,083)</u>	<u>\$ (115,083)</u>
 Fund balance, beginning of year		<u>334,804</u>	
 Fund balance, end of year		<u><u>\$ 219,721</u></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, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year	\$ 73,190	\$ 73,524	\$ 334
Motor vehicle taxes collected by state	10,103	10,870	767
Prior year	<u>2,750</u>	<u>1,948</u>	<u>(802)</u>
Total	<u>86,043</u>	<u>86,342</u>	<u>299</u>
 Less: refunds	 <u>-</u>	 <u>(7)</u>	 <u>(7)</u>
 Net	 86,043	 86,335	 292
 Local option sales tax	 15,000	 20,946	 5,946
Investment earnings	<u>-</u>	<u>32</u>	<u>32</u>
 Total revenues	 <u>101,043</u>	 <u>107,313</u>	 <u>6,270</u>
 <b>Expenditures:</b>			
Current operating:			
Public safety	<u>101,043</u>	<u>101,043</u>	<u>-</u>
Total expenditures	<u>101,043</u>	<u>101,043</u>	<u>-</u>
 Net change in fund balance	 <u>\$ -</u>	 6,270	 <u>\$ 6,270</u>
 Fund balance, beginning of year		<u>16,524</u>	
 Fund balance, end of year		<u>\$ 22,794</u>	

**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**KING FIRE DISTRICT**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes			
Current year	\$ 376,910	\$ 380,659	\$ 3,749
Motor vehicle taxes collected by state	56,744	62,549	5,805
Prior year	5,000	5,308	308
Total	438,654	448,516	9,862
Less: refunds	-	(49)	(49)
Net	438,654	448,467	9,813
Local option sales tax	80,441	107,059	26,618
Investment earnings	-	181	181
Total revenues	519,095	555,707	36,612
<b>Expenditures:</b>			
Current operating:			
Public safety	519,095	519,095	-
Total expenditures	519,095	519,095	-
Net change in fund balance	<u>\$ -</u>	36,612	<u>\$ 36,612</u>
Fund balance, beginning of year		81,983	
Fund balance, end of year		<u>\$ 118,595</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, 2022**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year	\$ 264,092	\$ 268,788	\$ 4,696
Motor vehicle taxes collected by state	34,885	38,287	3,402
Prior year	<u>8,000</u>	<u>7,719</u>	<u>(281)</u>
Total	306,977	314,794	7,817
 Less: refunds	<u>-</u>	<u>(49)</u>	<u>(49)</u>
 Net	306,977	314,745	7,768
 Local option sales tax	54,500	75,252	20,752
Investment earnings	<u>-</u>	<u>102</u>	<u>102</u>
 Total revenues	<u>361,477</u>	<u>390,099</u>	<u>28,622</u>
 <b>Expenditures:</b>			
Current operating:			
Public safety	<u>399,540</u>	<u>399,540</u>	<u>-</u>
Total expenditures	<u>399,540</u>	<u>399,540</u>	<u>-</u>
 Revenues over (under) expenditures	(38,063)	(9,441)	28,622
 <b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>38,063</u>	<u>-</u>	<u>(38,063)</u>
 Net change in fund balance	<u>\$ -</u>	<u>(9,441)</u>	<u>\$ (9,441)</u>
 Fund balance, beginning of year		<u>73,341</u>	
 Fund balance, end of year		<u>\$ 63,900</u>	

**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL - GRANT FUND**  
**Year Ended June 30, 2022**

	<u><b>Final Budget</b></u>	<u><b>Actual Amounts</b></u>	<u><b>Variance Positive (Negative)</b></u>
<b>Revenues:</b>			
Restricted intergovernmental revenues	\$ 159	\$ 158	\$ (1)
Investment earnings	976	-	(976)
Total revenues	<u>1,135</u>	<u>158</u>	<u>(977)</u>
<b>Expenditures:</b>			
Current operating			
Public Safety			
Operating expenditures	1,135	1,131	4
Total expenditures	<u>1,135</u>	<u>1,131</u>	<u>4</u>
Net change in fund balance	<u>\$ -</u>	(973)	<u>\$ (973)</u>
Fund balance, beginning of year		<u>973</u>	
Fund balance, end of year		<u><u>\$ -</u></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, 2022**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Client revenue account	\$ 175,000	\$ 151,462	\$ (23,538)
Total revenues	<u>175,000</u>	<u>151,462</u>	<u>(23,538)</u>
<b>Expenditures:</b>			
Client expense account	<u>175,000</u>	<u>169,116</u>	<u>5,884</u>
Total expenditures	<u>175,000</u>	<u>169,116</u>	<u>5,884</u>
Net change in fund balance	<u>\$ -</u>	<u>(17,654)</u>	<u>\$ (17,654)</u>
Fund balance, beginning of year		<u>34,901</u>	
Fund balance, end of year		<u>\$ 17,247</u>	



**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**OPIOID SETTLEMENT FUND**  
**From Inception and for the Year Ended June 30, 2022**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>					
Opioid settlement funds	\$ 4,018,361	\$ -	\$ -	\$ -	\$ (4,018,361)
Total revenues	<u>4,018,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,018,361)</u>
<b>Expenditures:</b>					
Health and human services	<u>4,018,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,018,361</u>
Total expenditures	<u>4,018,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,018,361</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>		
Fund balance, end of year			<u>\$ -</u>		

**STOKES COUNTY, NORTH CAROLINA**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**June 30, 2022**

	<u>Schools Capital Outlay/Capital Reserve Fund</u>	<u>Capital Reserve Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 1,502,216	\$ 711,507	\$ 2,213,723
Due from other governments	476,632	-	476,632
Total assets	<u>\$ 1,978,848</u>	<u>\$ 711,507</u>	<u>\$ 2,690,355</u>
<b>FUND BALANCES:</b>			
Restricted:			
Stabilization by state statute	476,632	-	476,632
Committed	1,502,216	711,507	2,213,723
Total fund balances	<u>\$ 1,978,848</u>	<u>\$ 711,507</u>	<u>\$ 2,690,355</u>

**STOKES COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**Year Ended June 30, 2022**

	<b>Schools Capital Outlay/Capital Reserve Fund</b>	<b>Capital Reserve Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>Revenues:</b>			
Other taxes and licenses	\$ 2,654,865	\$ -	\$ 2,654,865
Investment earnings	1,835	1,293	3,128
Total revenues	<u>2,656,700</u>	<u>1,293</u>	<u>2,657,993</u>
<b>Expenditures:</b>			
Current operating:			
Total expenditures	<u>2,122,600</u>	<u>-</u>	<u>2,122,600</u>
Excess of revenues over (under) expenditures	<u>534,100</u>	<u>1,293</u>	<u>535,393</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers - in (out):			
From General Fund	-	41,075	41,075
From Stokes Reynolds Memorial Fund	-	10,000	10,000
To General Fund	<u>-</u>	<u>(373,302)</u>	<u>(373,302)</u>
Total other financing sources (uses)	<u>-</u>	<u>(322,227)</u>	<u>(322,227)</u>
Net change in fund balance	534,100	(320,934)	213,166
Fund balances, beginning of year	<u>1,444,748</u>	<u>1,032,441</u>	<u>2,477,189</u>
Fund balances, end of year	<u>\$ 1,978,848</u>	<u>\$ 711,507</u>	<u>\$ 2,690,355</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, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Other taxes and licenses:			
Local option sales taxes	\$ 1,940,000	\$ 2,654,865	\$ 714,865
Investment earnings	-	1,835	1,835
Total revenues	<u>1,940,000</u>	<u>2,656,700</u>	<u>716,700</u>
<b>Expenditures:</b>			
Schools:			
Capital outlay	<u>2,122,600</u>	<u>2,122,600</u>	-
Total expenditures	<u>2,122,600</u>	<u>2,122,600</u>	-
Revenues over (under) expenditures	(182,600)	534,100	716,700
Appropriated fund balance	<u>182,600</u>	-	<u>(182,600)</u>
Net change in fund balance	<u>\$ -</u>	534,100	<u>\$ 534,100</u>
Fund balance, beginning of year		<u>1,444,748</u>	
Fund balance, end of year		<u>\$ 1,978,848</u>	

**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**CAPITAL RESERVE FUND**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 1,293	\$ 1,293
Total revenues	<u>-</u>	<u>1,293</u>	<u>1,293</u>
Revenues over (under) expenditures	<u>-</u>	<u>1,293</u>	<u>1,293</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers - in (out):			
From General Fund	41,075	41,075	-
From Stokes Reynolds Memorial Hospital Fund	10,000	10,000	-
To General Fund	<u>(1,055,368)</u>	<u>(373,302)</u>	<u>682,066</u>
Total other financing sources (uses)	<u>(1,004,293)</u>	<u>(322,227)</u>	<u>682,066</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(1,004,293)	(320,934)	683,359
Appropriated fund balance	<u>1,004,293</u>	<u>-</u>	<u>(1,004,293)</u>
Net change in fund balance	<u>\$ -</u>	<u>(320,934)</u>	<u>\$ (320,934)</u>
Fund balance, beginning of year		<u>1,032,441</u>	
Fund balance, end of year		<u>\$ 711,507</u>	

**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP) -**  
**STOKES-REYNOLDS MEMORIAL HOSPITAL FUND**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenues:			
Lease income	\$ 10,000	\$ -	\$ (10,000)
Stokes Reynolds Hospital Inc.	1,000	390	(610)
Non-operating revenues:			
Interest income	-	53	53
Total revenues	<u>11,000</u>	<u>443</u>	<u>(10,557)</u>
<b>Expenditures:</b>			
Operating expense	<u>1,000</u>	-	<u>1,000</u>
Total expenditures	<u>1,000</u>	-	<u>1,000</u>
Revenues over (under) expenditures	10,000	443	(9,557)
<b>Other Financing Sources (Uses):</b>			
Operating transfers			
To Capital Reserve Fund	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(9,557)</u>	<u>\$ (9,557)</u>
Change in net position		<u>\$ (9,557)</u>	

**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP) -**  
**REGIONAL SEWER FUND**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenues:			
Sewer fees	\$ 125,830	\$ 147,787	\$ 21,957
Non-operating revenues:			
Interest income	-	327	327
Total revenues	<u>125,830</u>	<u>148,114</u>	<u>22,284</u>
<b>Expenditures:</b>			
Salaries	40,691	41,588	(897)
Fringe	16,236	16,166	70
Operating expenditures	104,812	91,534	13,278
Maint. & repairs equipment	<u>20,000</u>	<u>15,250</u>	<u>4,750</u>
Total expenditures	<u>181,739</u>	<u>164,538</u>	<u>17,201</u>
Revenues over (under) expenditures	(55,909)	(16,424)	39,485
<b>Other Financing Sources (Uses):</b>			
Appropriated net position	<u>55,909</u>	<u>-</u>	<u>(55,909)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	(16,424)	<u>\$ (16,424)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to full accrual:</b>			
Reconciling items:			
Depreciation		<u>(180,273)</u>	
Change in net position		<u>\$ (196,697)</u>	

**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP) -**  
**DANBURY WATER FUND**  
**Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenues:			
Water fees	\$ 132,015	\$ 185,264	\$ 53,249
Non-operating revenues:			
Interest income	-	293	293
Total revenues	<u>132,015</u>	<u>185,557</u>	<u>53,542</u>
<b>Expenditures:</b>			
Salaries	42,693	42,125	568
Fringe	16,640	15,984	656
Operating expenditures	40,475	33,705	6,770
Maintenance and repairs equipment	55,000	45,103	9,897
Capital outlay	<u>38,880</u>	<u>38,879</u>	<u>1</u>
Total expenditures	<u>193,688</u>	<u>175,796</u>	<u>17,892</u>
Revenues over (under) expenditures	(61,673)	9,761	71,434
<b>Other Financing Sources (Uses):</b>			
Appropriated net position	<u>61,673</u>	-	<u>(61,673)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	9,761	<u>\$ 9,761</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Reconciling items:			
Depreciation		(50,071)	
Capital outlay		<u>38,879</u>	
Change in net position		<u>\$ (1,431)</u>	



**STOKES COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2022**

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	<b>CUSTODIAL FUNDS</b>			
	<b>Municipal Tax Fund</b>	<b>Stokes County 4-H Fund</b>	<b>Stokes County Jail</b>	<b>Total Custodial Funds</b>
<b>ASSETS:</b>				
Cash and investments	\$ 45,727	\$ 10,295	\$ 24,831	\$ 80,853
Taxes receivable for other governments, net	<u>113,035</u>	<u>-</u>	<u>-</u>	<u>113,035</u>
Total assets	<u>158,762</u>	<u>10,295</u>	<u>24,831</u>	<u>193,888</u>
<b>LIABILITIES:</b>				
Due to other governments	<u>139,682</u>	<u>-</u>	<u>-</u>	<u>139,682</u>
Total liabilities	<u>139,682</u>	<u>-</u>	<u>-</u>	<u>139,682</u>
<b>NET POSITION:</b>				
Restricted for:				
Individuals, organizations, and other governments	<u>19,080</u>	<u>10,295</u>	<u>24,831</u>	<u>54,206</u>
Total net position	<u>\$ 19,080</u>	<u>\$ 10,295</u>	<u>\$ 24,831</u>	<u>\$ 54,206</u>

**STOKES COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**Year Ended June 30, 2022**

	<b>CUSTODIAL FUNDS</b>			
	<b>Municipal Tax Fund</b>	<b>Stokes County 4-H Fund</b>	<b>Stokes County Jail</b>	<b>Total Custodial Funds</b>
<b>ADDITIONS:</b>				
Ad valorem taxes for other governments	\$ 3,779,585	\$ -	\$ -	\$ 3,779,585
Collections on behalf of others	-	8,969	256,519	265,488
Interest income	-	9	-	9
Total additions	<u>3,779,585</u>	<u>8,978</u>	<u>256,519</u>	<u>4,045,082</u>
<b>DEDUCTIONS:</b>				
Tax distributions to other governments	3,869,724	-	-	3,869,724
Payments on behalf of others	-	7,597	259,802	267,399
Total deductions	<u>3,869,724</u>	<u>7,597</u>	<u>259,802</u>	<u>4,137,123</u>
Net increase (decrease) in fiduciary net position	(90,139)	1,381	(3,283)	(92,041)
Net position, beginning	<u>109,219</u>	<u>8,914</u>	<u>28,114</u>	<u>146,247</u>
Net position, ending	<u>\$ 19,080</u>	<u>\$ 10,295</u>	<u>\$ 24,831</u>	<u>\$ 54,206</u>

**STOKES COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**June 30, 2022**

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2021</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2022</b>
2021-2022	\$ -	\$ 30,713,103	\$ 30,139,081	\$ 574,022
2020-2021	505,353	1,050	267,124	239,279
2019-2020	252,578	118	103,031	149,665
2018-2019	146,976	130	53,190	93,916
2017-2018	105,542	-	33,175	72,367
2016-2017	76,299	-	25,137	51,162
2015-2016	59,243	-	19,950	39,293
2014-2015	42,642	-	12,155	30,487
2013-2014	45,525	-	12,507	33,018
2012-2013	42,841	-	8,264	34,577
2011-2012	34,589	-	34,589	-
<b>Total</b>	<b>\$ 1,311,588</b>	<b>\$ 30,714,401</b>	<b>\$ 30,708,203</b>	<b>1,317,786</b>
Less: Allowance for uncollectible ad valorem taxes receivable: General Fund				(479,177)
Ad valorem taxes receivable, net				<u>\$ 838,609</u>
Reconciliation with revenues:				
Taxes - ad valorem - General Fund				\$ 14,460,253
Taxes - ad valorem - Dedicated Debt Service Fund				1,866,708
Taxes - ad valorem - School Current Expense Fund				14,560,363
Discounts allowed				303,821
Amounts written off for tax year 2010-11 per Statute of Limitations				34,589
Miscellaneous				(286,850)
Subtotal				<u>30,938,884</u>
Less interest and penalties collected				(230,681)
Total				<u>\$ 30,708,203</u>

**STOKES COUNTY, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY**  
**Year Ended June 30, 2022**

	County-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 3,862,148,939	\$ 0.66	\$ 25,490,183	\$ 22,269,937	\$ 3,220,246
Utilities	814,028,229	0.66	5,372,586	5,372,586	-
Penalties	-		16,166	16,166	-
Total	<u>4,676,177,168</u>		<u>30,878,935</u>	<u>27,658,689</u>	<u>3,220,246</u>
<b>Discoveries:</b>					
Current year taxes	<u>24,182,879</u>	0.66	<u>159,607</u>	<u>159,607</u>	<u>-</u>
<b>Abatements</b>					
	<u>(49,308,939)</u>		<u>(325,439)</u>	<u>(325,439)</u>	<u>-</u>
Total property valuation	<u>\$ 4,651,051,108</u>				
Net levy			30,713,103	27,492,857	3,220,246
Uncollected taxes at June 30, 2022			<u>574,022</u>	<u>574,022</u>	<u>-</u>
Current year's taxes collected			<u>\$ 30,139,081</u>	<u>\$ 26,918,835</u>	<u>\$ 3,220,246</u>
Current levy collection percentage			<u>98.13%</u>	<u>97.91%</u>	<u>100.00%</u>
<b>Secondary Market Disclosures</b>					
Assessed valuation:					
Assessment ratio					100%
Real property				\$ 3,152,298,355	
Business property				164,662,925	
Personal property				33,798,302	
Motor vehicle				486,263,296	
Public service companies				<u>814,028,229</u>	
Total assessed valuation				<u>\$ 4,651,051,107</u>	
Tax rate per \$100					0.66
Levy (includes discoveries, releases and abatements)				<u>\$ 30,713,103</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.

<b>Fire Protection Districts</b>	
Service District	\$ 2,029,700
Rural Hall	75,764
King	391,870
Walnut Cove	<u>278,706</u>
Total	<u>\$ 2,776,040</u>

Table 1

**STOKES COUNTY, NORTH CAROLINA**  
**TEN LARGEST TAXPAYERS**  
**Year Ended June 30, 2022**

<b>Name</b>	<b>Product</b>	<b>Value</b>	<b>Levy</b>	<b>Percentage</b>
Duke Power Company	Electric Utility	\$ 796,368,361	\$ 5,256,031	17.11%
Wieland Copper Products	Copper Tubing	72,677,462	479,671	1.56%
R J Reynolds Tobacco Company	Tobacco Company	17,882,951	118,027	0.38%
Lick Creek Solar LLC	Solar Energy	16,031,946	105,811	0.34%
Parkdale America	Elastic	14,968,101	98,789	0.32%
Wal-Mart Real Estate Business Trust	Retail	12,970,185	85,603	0.28%
Energy United EMC	Electric Utility	11,747,145	77,531	0.25%
Surry-Yadkin Electric	Electric Utility	10,942,939	72,223	0.24%
Spectrun Southeast LLC	Cable	8,979,257	59,263	0.19%
River Street Communications of NC Inc.	Internet Provider	7,900,000	<u>52,140</u>	<u>0.17%</u>
Total			<u>\$ 6,405,089</u>	<u>20.84%</u>

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## **COMPLIANCE SECTION**

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

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

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

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

To the Board of County Commissioners  
Stokes County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Stokes County, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 9, 2023. 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 the Stokes County Water and Sewer Authority.

### **Report on 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 the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

### **Report on 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* and which are described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2022-001 and 2022-003.

### **Stokes County's Responses to Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on the County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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  
June 9, 2023

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

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

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

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

To the Board of Commissioners  
Stokes County, North Carolina

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

#### ***Opinion on Each Major Federal Program***

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

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 federal programs for the year ended June 30, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of non-compliance which is required to be reported in accordance with the Uniform Guidance and is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2022-004. Our opinion on each major federal program is not modified with respect to this matter.

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

### **Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2022-004 to be a significant deficiency.

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
June 9, 2023

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

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

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

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

To the Board of Commissioners  
Stokes County, North Carolina

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

#### ***Opinion on Each Major State Program***

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

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 state programs for the year ended June 30, 2022.

#### ***Basis for Opinion on Each Major State Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2022-004. Our opinion on each major state program is not modified with respect to this matter.



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

### **Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2022-004 to be a significant deficiency.

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
June 9, 2023

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# STOKES COUNTY, NORTH CAROLINA

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

### 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? No

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? Yes

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

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

Identification of major federal programs:

<u>Program Name</u>	<u>AL#</u>
Medicaid Cluster	93.778
Community Facilities Loans and Grants Cluster	10.766
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323

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, 2022

### 1. Summary of Auditor's Results (continued)

#### State Awards

Internal control over major state programs:

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

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?	Yes
-----------------------------------------------------------------------------------------------------------------------------	-----

Identification of major state programs:

#### Program Name

Medicaid  
School Nurse Funding Initiative  
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, 2022

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

**2022-001**

##### **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.

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

**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, 2022

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

2022-002

##### Material Weakness

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

**Condition:** A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. The existence of such material adjustments indicates that the County's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments. Subsidiary ledgers were not prepared and balanced to the general ledger in a timely manner during the year.

**Effect:** Errors could occur in financial reporting. Financial reports used for budget monitoring throughout the year may not properly reflect account balances.

**Cause:** There was significant turnover in key financial personnel in the current year.

**Recommendation:** Management should examine the adjustments required as a result of our audit and assess the cost versus benefit of improving the internal control system to prevent the adjustments in the future. Management should put procedures in place to reconcile all subsidiary ledgers to the general ledger on a monthly basis.

**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, 2022

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

**2022-003**

##### **Material Weakness**

##### **Non-Compliance**

**Criteria:** North Carolina General Statute 159-34 requires the County to have an audit as soon as possible after the close of each fiscal year.

**Condition:** The annual audit was delayed due to turnover in financial personnel.

**Effect:** Delays of timely reporting and errors in financial reporting could occur.

**Cause:** The County experienced significant turnover in key financial personnel.

**Recommendation:** The County should cross-train where possible so that vacancies of key personnel do not create significant disruptions in day-to-day operations.

**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, 2022

#### 3. Federal Award Findings and Questioned Costs

##### **U.S. Department of Health and Human Services**

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

Program Name: Medical Assistance Program (Medicaid; Title XIX)

AL #: 93.778

Grant Number: XIX-MAP22

**2022-004**

##### **Significant Deficiency**

##### **Nonmaterial Non-Compliance**

**Criteria:** In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific income standards, and documentation must be maintained to support eligibility determinations. Management should have an adequate system of internal control procedures in place to ensure an applicant is properly determined or re-determined for benefits.

**Condition:** Due to lack of documentation provided to Stokes County DSS regarding ex-parte review, one applicant had been properly terminated in NC Fast following the adequate timeframe, per the Medicaid manual. Upon review in the current fiscal year, it was determined that the applicant's case had been reopened within NC Fast, unbeknownst to the County. Therefore, applicant had been receiving benefits without Stokes County's knowledge.

**Context:** Of the 209,482 benefit payments valued at \$81,600,088, we examined 60 payment records (\$18,825 value) and determined that one applicant's file (2%, valued at \$5) lacked the documentation to support benefit payments received. Upon further review, the client was deemed ineligible to receive benefits, therefore questioned costs were reported.

**Effect:** Applicants could receive benefits for which they are not eligible.

**Cause:** Eligibility was not redetermined.

**Questioned Costs:** In accordance with 2 CFR 200, auditors are required to report known questioned costs when likely questioned costs are greater than \$25,000. Even though the sample results only identified \$5 (federal share \$5 and state share \$0) in questioned costs, if tests were extended to the entire population, questioned costs could exceed \$25,000.

**Recommendation:** Caseworkers should perform ex parte reviews on a timely basis.

**Views of Responsible Officials and Planned Corrective Actions:** The County agrees with this finding, however, many factors not discussed above contribute to the finding. Please refer to the Corrective Action Plan section of this report.



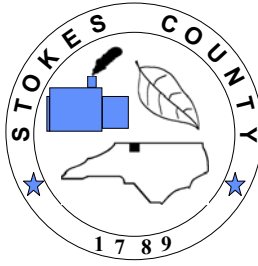
## **STOKES COUNTY, NORTH CAROLINA**

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

#### **4. State Award Findings and Questioned Costs**

**Finding 2022-004** – Management should have an adequate system of internal control procedures in place to ensure that eligibility documents are retained in the applicant’s casefile. See more details at Finding 2022-004 in Section 3 – Federal Award Findings, Responses, and Questioned Costs.

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*Stokes County*

*Finance Department*

P.O. Box 20  
Danbury, NC 27016

Email: [llankford@co.stokes.nc.us](mailto:llankford@co.stokes.nc.us)

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

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### **Corrective Action Plan**

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**Finding:** 2022-001

**Name of Contact Person:**

Lisa Lankford, Finance Director

**Management Response:**

Prior to error discovered in the FY21 audit, payroll had already been processed for several months in FY22. Corrective measures were implemented immediately upon discovery.

Time keeping system was adjusted to reflect employees accurate overtime hours. Work week for EMS now calculates anything over 40hrs a week will result in those hours being paid at time and half. In order to calculate overtime correctly EMS employees were converted to hourly employee verses salary employee

**Proposed Completion Date:**

Immediately and ongoing.

**Finding:** 2022-002

**Name of Contact Person:**

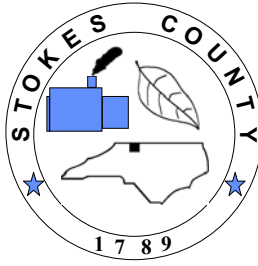
Lisa Lankford, Finance Director

**Management Response:**

Management is in the process of putting a review checklist in place to monitor accounts on a monthly basis and to assist in preventing reoccurrence of adjustments during the auditing period.

**Proposed Completion Date:**

Immediately and ongoing.



*Stokes County*

*Finance Department*

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### Corrective Action Plan

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**Finding:** 2022-003

**Name of Contact Person:** Lisa Lankford, Finance Director

**Management Response:** Management has implemented cross training employees in the Finance department. Also, in the process of a monthly checklist for reviewing and balancing accounts.

**Proposed Completion Date:** Immediately and ongoing.



***Stokes County  
Department of Social Services***

*Post Office Box 30  
Danbury, North Carolina 27016  
[www.co.stokes.nc.us/dss](http://www.co.stokes.nc.us/dss)*

*Stacey S. Elmes  
Director*

*(336)593-2861 • Fax (336)593-2431 • Courier # 09-16-01*

**Corrective Action Plan**

**Finding:** 2022-004

**Contact Person:** Stacey Elmes, DSS Director

**Proposed Completion Date:** Immediately and ongoing

Training was provided to the Adult Medicaid unit on December 15, 2022 regarding exparte reviews for SSI recipients. Income Maintenance case workers were instructed to go back in the case after a task is closed and make sure that the benefit history is pending closure and not on hold. The case workers complete a form on each exparte review and turn it into the supervisor at the end of the month to ensure reviews are complete.

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

**Finding:** 2021-001  
**Status:** Repeated as Finding 2022-001.

**Finding:** 2021-002  
**Status:** Corrected.

**Finding:** 2021-003  
**Status:** Corrected.

**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2022**

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
<b>FEDERAL AWARDS:</b>						
<b><u>U.S. Department of Agriculture</u></b>						
<b><u>Food and Nutrition Service</u></b>						
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	225NC406S2514	\$ 357,709	\$ -	\$ -	\$ 312,424
Total Supplemental Nutrition Assistance Program Cluster			<u>357,709</u>	<u>-</u>	<u>-</u>	<u>312,424</u>
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Administration:						
WIC Special Supplemental Nutrition Program for Women,						
Infants and Children - Administration	10.557	536260403/53260415	<u>172,648</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Supplemental Nutrition Program for Women, Infants &			<u>172,648</u>	<u>-</u>	<u>-</u>	<u>-</u>
Children						
Community Facilities Loans and Grants Cluster						
Direct Program:						
Community Facilities Loans and Grants - Community College	10.766		5,299,562	-	-	-
Community Facilities Loans and Grants - Jail	10.766		<u>6,332,813</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Community Facilities Loans and Grants Cluster			<u>11,632,375</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total U. S. Department of Agriculture			<u>12,162,732</u>	<u>-</u>	<u>-</u>	<u>312,424</u>
<b><u>U.S. Department of Health &amp; Human Services</u></b>						
<b><u>Administration for Community Living</u></b>						
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	47,013	2,765	-	-
Special Programs for the Aging - Title III B, Part B --						
Grants for Supportive Services and Senior Centers	93.044	DOA-735	33,209	1,953	16,019	-
Special Programs for the Aging - Title III B, Part B --						
Grants for Supportive Services and Senior Centers	93.044	DOA-735	13,873	-	5,371	-
CARES Act						
Special Programs for the Aging - Title III C						
Nutrition Services	93.045	DOA-735	105,474	4,616	-	-
Nutrition Services Incentive Program	93.053	DOA-735	<u>28,065</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Aging Cluster			<u>227,634</u>	<u>9,334</u>	<u>21,390</u>	<u>-</u>
Social Services Block Grant (SSBG) - State In-Home Services	93.667	DOA-735	6,557	187	3,072	-
National Family Caregiver Support, Title III, Part E	93.052	DOA-735	<u>20,022</u>	<u>1,335</u>	<u>-</u>	<u>-</u>
<b><u>Administration for Children and Families</u></b>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Social Services:						
<u>Foster Care, Adoption, and Guardianship Assistance Program</u>						
<u>Cluster (Note 3)</u>						
Foster Care Title IV-E-Foster Care	93.658	2201NCFOST	115,231	-	-	-
Foster Care Title IV-E-Title IV-E Foster Care - Administration	93.658	2201NCFOST	514,603	28,747	-	485,294
Foster Care Title IV-E-Foster Care - Direct Benefit Payments	93.658	2201NCFOST	509,209	149,595	-	133,777
Adoption Assistance-Title IV-E Optional Adoption TRN-Admin	93.659	2201NCADPT	<u>4,869</u>	<u>-</u>	<u>-</u>	<u>4,869</u>
Total Foster Care, Adoption, and Guardianship			<u>1,143,912</u>	<u>178,342</u>	<u>-</u>	<u>623,940</u>
Assistance Program Cluster (Note 3)						
Administration:						
Temporary Assistance for Needy Families (TANF) / WorkFirst	93.558	2201NCTANF	520,610	-	-	377,187
Division of Public Health:						
Temporary Assistance for Needy Families	93.558	2201NCTANF	<u>4,220</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Temporary Assistance for Needy Families			<u>524,830</u>	<u>-</u>	<u>-</u>	<u>377,187</u>

**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2022**

<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>
<b>FEDERAL AWARDS (Continued)</b>						
<u>Administration for Children and Families:</u>						
Child Support Enforcement	93.563	2201NCCES	254,736	-	-	130,170
Low-Income Home Energy Assistance:						
Low Income Home Energy Assistance - Administration	93.568	2201NCLIEA	251,468	-	-	-
Low Income Home Energy Assistance Payments	93.568	2201NCLIEA	264,624	-	-	-
Low Income Home Energy Assistance-						
Crisis Intervention Payments	93.568	2201NCLIEA	129,024	-	-	-
Total Low-Income Home Energy Assistance			645,116	-	-	-
Social Services Block Grant - Other Service and Training	93.667	2201NCSOSR	268,023	-	-	50,805
John H. Chafee Foster Care Program for Successful						
Transition to Adulthood	93.674	2201NCC1LP	14,360	3,590	-	-
Admin						
John H. Chafee Foster Care Program for Successful Transition						
to Adulthood						
Direct Benefit Payments	93.674	2201NCC1LP	147,632	-	-	-
Payments to Territories - Adults - Direct Benefit Payments	93.560	WC 302	10,612	-	-	-
<u>Special Children Adoption Fund Cluster (Note 3)</u>						
Stephanie Tubbs Jones Child Welfare Service Program	93.645	2201NCCWSS	7,827	-	-	2,609
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2201NCFPSS	36,896	-	-	-
Total Special Children Adoption Fund Cluster (Note 3)			44,723	-	-	2,609
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	2201NCCCDF	78,293	-	-	-
Total Child Care Development Fund Cluster/Subsidized						
Child Care Program Cluster (Note 3)			78,293	-	-	-
<u>Centers for Medicare and Medicaid Services:</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Health Benefits:						
Division of Social Services:						
<u>Medicaid Cluster:</u>						
Medical Assistance Program - Administration	93.778	XIX-MAP22	968,391	2,720	-	418,337
Total Medicaid Cluster			968,391	2,720	-	418,337
Division of Health Benefits:						
Division of Social Services:						
Children's Health Insurance Program - N.C. Health Choice -						
Administration	93.767	CHIP22	16,957	1,090	-	2,716
<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	11,434	-	-	-
Epidemiology and Laboratory Capacity for						
Infectious Diseases (ELC)	93.323	536260543	266,804	-	-	-
Preventive Health and Health Services Block Grant	93.991	536260886	13,622	-	-	-
Immunization Cooperative Agreements	93.268	536260715	14,616	-	-	-
COVID-19 - Immunization Cooperative Agreements	93.268	536260716	96,907	-	-	-
Cancer Prevention and Control Programs for State,						
Territorial and Tribal Organizations	93.898	536260452	3,900	-	-	-
<u>Office of Assistant Secretary for Health:</u>						
Passed through N.C. Department of Health and Human Services:						
Division of Public Health:						
Office of Assistant Secretary for Health:						
Family Planning Services	93.217	536260151	39,142	-	-	-



**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2022**

<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>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 States	93.994	536260151/536260318	26,304	10,373	-	-
<u>Administration for Community Living (ACL):</u>						
Passed through N.C. Department of Insurance						
Division of SHIP						
State Health Insurance Assistance Program	93.324	091515-4046	7,649	-	-	-
Total U.S. Department of Health and Human Services			4,852,176	206,971	24,462	1,605,764
<u>U.S. Department of Homeland Security</u>						
Passed-through the North Carolina Department of Public Safety Management						
Division of Emergency Management						
Emergency Management Performance Grants	97.042	EMA-2020-EP-00016-2025085	21,057	-	-	-
Emergency Management Performance Grants	97.042	EMA-2020-EP-00016-2025085	18,230	-	-	-
Emergency Management Performance Grants	97.042	EMA-2020-EP-00016-2025085	11,067	-	-	-
Total U. S. Department of Homeland Security			50,354	-	-	-
<b>Total Federal Awards</b>			<b>17,065,262</b>	<b>206,971</b>	<b>24,462</b>	<b>1,918,188</b>
<b>STATE AWARDS:</b>						
<u>N. C. Department of Health and Human Services</u>						
Division of Social Services:						
Direct Benefit Payments:						
SFHF Maximization		WC302	-	72,506	-	66,446
State Foster Home		WC302	-	43,870	-	34,957
IV-B EFT Shaf Independ Living		WC302	-	-	-	-
Administration:						
DCD Smart Start		WC302	-	227	-	-
Family First Prevention Service Act		WC302	-	7,411	-	-
Adoption Asst COVID ACEO		WC302	-	2,476	-	-
Hold Harmless FC Brd Inc.-FPEO		WC302	-	1,579	-	-
Hold Harmless FC Brd Inc.-FPSO		WC302	-	1,331	-	-
Hold Harmless AA/GA Rate		WC302	-	9,149	-	-
Food & Nutrition ARPA		WC302	-	22,642	-	-
Passed through the Stokes County Partnership for Children:						
St Child Welfare/CPS CS LD		WC302	-	139,931	-	-
Division of Public Health:						
Other Receipts / State Supported Expenditures:						
Healthy Communities		1261550300	-	3,746	-	-
Aid to Counties		536260110	-	83,689	-	-
Food and Lodging Fees		536560874	-	6,642	-	-
General Communicable Disease Control		536260510	-	10,382	-	-
Breast and Cervical Cancer Program		536260452	-	3,575	-	-
Women's Health Service Fund		536260151	-	7,184	-	-
TB Control		536260551	-	405	-	-
Family Planning (State)		536260151	-	40,018	-	-
School Nurse Funding Initiative		536260803	-	150,000	-	-
Total N.C. Department of Health and Human Services			-	606,763	-	101,403
<u>N. C. Department of Administration</u>						
Veterans Service						
Total N.C. Department of Administration			-	2,109	-	-

**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2022**

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
<b><u>N. C. Department of Transportation</u></b>						
Rural Operating Assistance Program Cluster:						
ROAP Elderly and Disabled Transportation Assistance Program		36220.10.10.1	-	70,065	-	-
ROAP Rural General Public Program		36228.22.10.1	-	74,135	-	-
ROAP Work First Transitional - Employment Transportation Assistance Program		36236.11.9.1	-	13,285	-	-
Total Rural Operating Assistance Program Cluster			-	157,485	-	-
Total N.C. Department of Transportation			-	157,485	-	-
<b><u>N. C. Department of Public Safety</u></b>						
Division of Juvenile Justice and Delinquency Prevention			-	170,677	-	-
Juvenile Justice and Delinquency Prevention			-		-	-
Division of Emergency Management			-	1,000	-	-
NC Tier II Grant		2170041	-	171,677	-	-
Total N. C. Department of Public Safety			-	171,677	-	-
<b>STATE AWARDS (Continued):</b>						
<b><u>N.C. Department of Public Instruction</u></b>						
Public School Capital Building Fund - Lottery			-	450,000	-	-
Total N.C. Department of Public Instruction			-	450,000	-	-
<b><u>Piedmont Triad Regional Council</u></b>						
In-Home Services - State Funds		DOA-735	-	50,079	22,814	-
State Appropriation - Access		DOA-735	-	13,984	-	-
State Appropriation		DOA-735	-	133,084	102	-
Fan Heat Relief		DOA-735	-	352	-	-
General Purpose (Senior Center Development)		DOA-735	-	14,257	3,564	-
Total Piedmont Triad Regional Council			-	211,756	26,480	-
<b>Total State Awards</b>			-	1,599,790	26,480	101,403
<b>Total Federal and State Awards</b>			\$ 17,065,262	\$ 1,806,761	\$ 50,942	\$ 2,019,591

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, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of 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 Program 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.

**5. Loans Outstanding**

Stokes County had the following loan balances outstanding at June 30, 2022 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2022 consists of:

Program Title	AL Number	Pass-through Grantor's Number	Amount Outstanding
Community Facilities Loans and Grants Cluster	10.766	N/A	\$ 11,632,375

**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2022**

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
<b>FEDERAL AWARDS:</b>						
<b><u>U.S. Department of Agriculture</u></b>						
<b><u>Food and Nutrition Service</u></b>						
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	225NC406S2514	\$ 357,709	\$ -	\$ -	\$ 312,424
Total Supplemental Nutrition Assistance Program Cluster			<u>357,709</u>	<u>-</u>	<u>-</u>	<u>312,424</u>
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Administration:						
WIC Special Supplemental Nutrition Program for Women,						
Infants and Children - Administration	10.557	536260403/53260415	<u>172,648</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Supplemental Nutrition Program for Women, Infants &			<u>172,648</u>	<u>-</u>	<u>-</u>	<u>-</u>
Children						
Community Facilities Loans and Grants Cluster						
Direct Program:						
Community Facilities Loans and Grants - Community College	10.766		5,299,562	-	-	-
Community Facilities Loans and Grants - Jail	10.766		<u>6,332,813</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Community Facilities Loans and Grants Cluster			<u>11,632,375</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total U. S. Department of Agriculture			<u>12,162,732</u>	<u>-</u>	<u>-</u>	<u>312,424</u>
<b><u>U.S. Department of Health &amp; Human Services</u></b>						
<b><u>Administration for Community Living</u></b>						
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	47,013	2,765	-	-
Special Programs for the Aging - Title III B, Part B --						
Grants for Supportive Services and Senior Centers	93.044	DOA-735	33,209	1,953	16,019	-
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CARES Act						
Special Programs for the Aging - Title III C						
Nutrition Services	93.045	DOA-735	105,474	4,616	-	-
Nutrition Services Incentive Program	93.053	DOA-735	<u>28,065</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Aging Cluster			<u>227,634</u>	<u>9,334</u>	<u>21,390</u>	<u>-</u>
Social Services Block Grant (SSBG) - State In-Home Services	93.667	DOA-735	6,557	187	3,072	-
National Family Caregiver Support, Title III, Part E	93.052	DOA-735	<u>20,022</u>	<u>1,335</u>	<u>-</u>	<u>-</u>
<b><u>Administration for Children and Families</u></b>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Social Services:						
<u>Foster Care, Adoption, and Guardianship Assistance Program</u>						
<u>Cluster (Note 3)</u>						
Foster Care Title IV-E-Foster Care	93.658	2201NCFOST	115,231	-	-	-
Foster Care Title IV-E-Title IV-E Foster Care - Administration	93.658	2201NCFOST	514,603	28,747	-	485,294
Foster Care Title IV-E-Foster Care - Direct Benefit Payments	93.658	2201NCFOST	509,209	149,595	-	133,777
Adoption Assistance-Title IV-E Optional Adoption TRN-Admin	93.659	2201NCADPT	<u>4,869</u>	<u>-</u>	<u>-</u>	<u>4,869</u>
Total Foster Care, Adoption, and Guardianship			<u>1,143,912</u>	<u>178,342</u>	<u>-</u>	<u>623,940</u>
Assistance Program Cluster (Note 3)						
Administration:						
Temporary Assistance for Needy Families (TANF) / WorkFirst	93.558	2201NCTANF	520,610	-	-	377,187
Division of Public Health:						
Temporary Assistance for Needy Families	93.558	2201NCTANF	<u>4,220</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Temporary Assistance for Needy Families			<u>524,830</u>	<u>-</u>	<u>-</u>	<u>377,187</u>

**STOKES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2022**

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
<b>FEDERAL AWARDS (Continued)</b>						
<u>Administration for Children and Families:</u>						
Child Support Enforcement	93.563	2201NCCES	254,736	-	-	130,170
Low-Income Home Energy Assistance:						
Low Income Home Energy Assistance - Administration	93.568	2201NCLIEA	251,468	-	-	-
Low Income Home Energy Assistance Payments	93.568	2201NCLIEA	264,624	-	-	-
Low Income Home Energy Assistance-						
Crisis Intervention Payments	93.568	2201NCLIEA	129,024	-	-	-
Total Low-Income Home Energy Assistance			645,116	-	-	-
Social Services Block Grant - Other Service and Training	93.667	2201NCSOSR	268,023	-	-	50,805
John H. Chafee Foster Care Program for Successful						
Transition to Adulthood	93.674	2201NCC1LP	14,360	3,590	-	-
Admin						
John H. Chafee Foster Care Program for Successful Transition						
to Adulthood						
Direct Benefit Payments	93.674	2201NCC1LP	147,632	-	-	-
Payments to Territories - Adults - Direct Benefit Payments	93.560	WC 302	10,612	-	-	-
<u>Special Children Adoption Fund Cluster (Note 3)</u>						
Stephanie Tubbs Jones Child Welfare Service Program	93.645	2201NCCWSS	7,827	-	-	2,609
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2201NCFPSS	36,896	-	-	-
Total Special Children Adoption Fund Cluster (Note 3)			44,723	-	-	2,609
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	2201NCCCDF	78,293	-	-	-
Total Child Care Development Fund Cluster/Subsidized						
Child Care Program Cluster (Note 3)			78,293	-	-	-
<u>Centers for Medicare and Medicaid Services:</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Health Benefits:						
Division of Social Services:						
<u>Medicaid Cluster:</u>						
Medical Assistance Program - Administration	93.778	XIX-MAP22	968,391	2,720	-	418,337
Total Medicaid Cluster			968,391	2,720	-	418,337
Division of Health Benefits:						
Division of Social Services:						
Children's Health Insurance Program - N.C. Health Choice -						
Administration	93.767	CHIP22	16,957	1,090	-	2,716
<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	11,434	-	-	-
Epidemiology and Laboratory Capacity for						
Infectious Diseases (ELC)	93.323	536260543	266,804	-	-	-
Preventive Health and Health Services Block Grant	93.991	536260886	13,622	-	-	-
Immunization Cooperative Agreements	93.268	536260715	14,616	-	-	-
COVID-19 - Immunization Cooperative Agreements	93.268	536260716	96,907	-	-	-
Cancer Prevention and Control Programs for State,						
Territorial and Tribal Organizations	93.898	536260452	3,900	-	-	-
<u>Office of Assistant Secretary for Health:</u>						
Passed through N.C. Department of Health and Human Services:						
Division of Public Health:						
Office of Assistant Secretary for Health:						
Family Planning Services	93.217	536260151	39,142	-	-	-