

PENDER COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2015

PENDER COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICERS
June 30, 2015

BOARD OF COUNTY COMMISSIONERS

David Williams, Jr - Chairman
George Brown - Vice-Chairman

Demetrice Keith
Fred McCoy
David Piepmeyer

COUNTY MANAGER

Randell Woodruff

FINANCE OFFICER

Kathy Brafford

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Pender County
Burgaw, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pender County, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise Pender County basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presents component units, each major fund, and the aggregate remaining fund information of Pender County, North Carolina as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 4 through 13 and 61 through 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Pender County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act* are presented for purpose of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015 on our consideration of Pender County internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose the report is 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 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 Pender County's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
December 3, 2015

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Pender County, we offer readers of Pender County's financial statements this narrative overview and analysis of the financial activities of Pender County for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

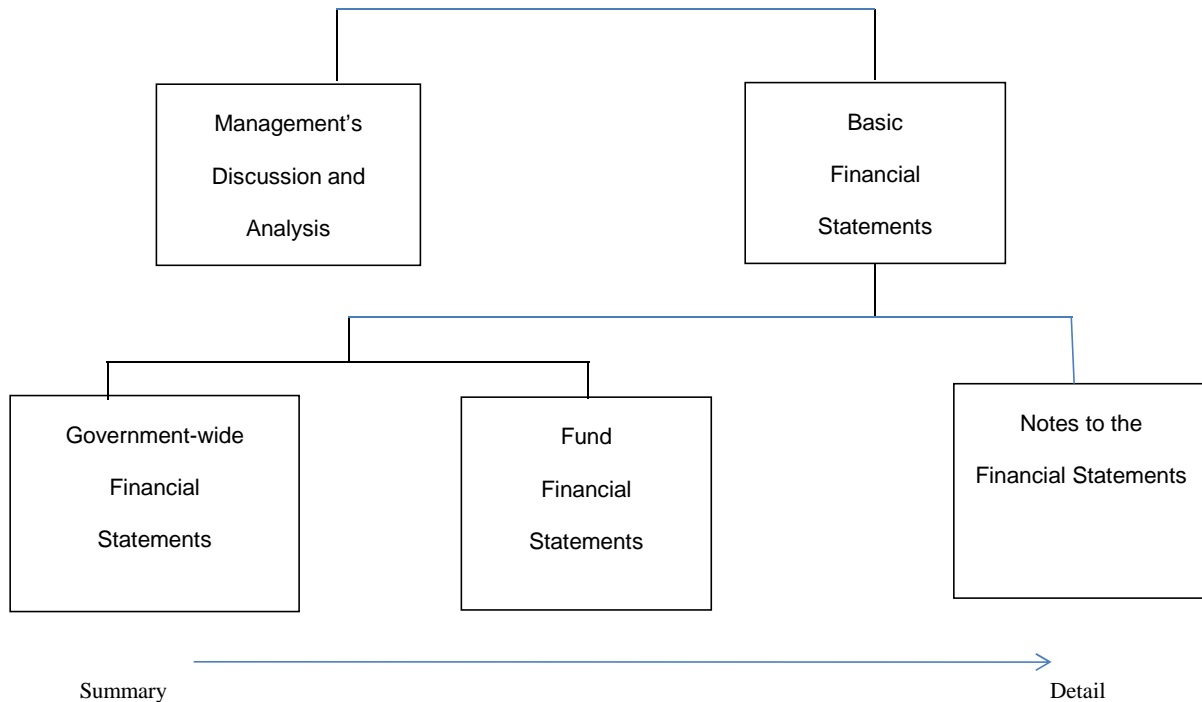
- The assets and deferred outflows of resources of Pender County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$28,080,753 (net position).
- The government's total net position decreased by \$442,738 during the fiscal year. This included an increase of \$106,314 from governmental sources, and business-type funds produced a decrease of \$549,052.
- As of the close of the current fiscal year, Pender County's governmental funds reported combined ending fund balances of \$33,753,641, an increase of \$462,780 in comparison with the prior year. Approximately 32.30% of this total amount, or \$10,902,596, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,576,724, or 20.81% of total general fund expenditures for the fiscal year.
- Pender County's total debt increased \$20,063,826 (16.29%) during the current fiscal year. The key factor of this increase was a result of loan proceeds exceeding debt service payments during the year.
- Pender County received an upgrade of its credit rating by Standard and Poors of AA (from AA-) and an Aa3 rating from Moody's Investors (from Aa2). The North Carolina Municipal Council rating remained unchanged at 83, which is an equivalent to an A rating.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Pender 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 Pender County.

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 9) 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 non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

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

Government-wide Financial Statements

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

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

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Pender County. The final category is the component units. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to 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. Pender 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 Pender 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 more or less financial resources available to finance the County's programs. The relationship between government 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.

Pender 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 – Pender 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. Pender County uses enterprise funds to account for its water and sewer activity and for its landfill operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Pender County has seven fiduciary funds, all of which are agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start after Exhibit 9.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Pender County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning at Exhibit A-1, directly after the notes.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$28,080,753 as of June 30, 2015. The County's net position decreased by \$442,738 for the fiscal year ended June 30, 2015. Net position is reported in three categories: net investment in capital assets, \$56,490,803, restricted net position of \$17,055,630, and unrestricted net position (deficit) of (\$45,465,680).

The invested in capital assets, net of related debt, category is defined as the County's investment in County owned capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Pender County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Pender 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.

Another category of net position is restricted net position. This represents resources that are subject to external restrictions on how they may be used.

The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position (deficit) totaled (\$45,465,680) at June 30, 2015. This deficit is a result of the situation described in the following paragraph.

Under North Carolina law, the County is responsible for providing capital funding for the schools. The County has chosen to meet its obligation to provide the schools capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the schools. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$48.6 million of the outstanding debt on the County's financial statements was related to assets included in the public schools financial statements.

However, since the majority of this schools related debt is general obligation debt, it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate and amount, as may be necessary to pay the debt service on its general obligation bonds.

Pender County's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 39,925,295	\$ 40,039,936	\$ 10,739,890	\$ (3,257,187)	\$ 50,665,185	\$ 36,782,749
Capital assets	30,910,127	28,757,090	81,991,121	77,635,104	112,901,248	106,392,194
Total assets	\$ 70,835,422	\$ 68,797,026	\$ 92,731,011	\$ 74,377,917	\$ 163,566,433	\$ 143,174,943
Total deferred outflows of resources	\$ 3,915,745	\$ 3,197,097	\$ 409,504	\$ 347,038	\$ 4,325,249	\$ 3,544,135
Long-term liabilities	\$ 60,141,885	\$ 57,943,834	\$ 63,792,770	\$ 45,541,538	\$ 123,934,655	\$ 103,485,372
Other liabilities	9,597,283	10,777,333	2,576,565	1,973,439	12,173,848	12,750,772
Total liabilities	\$ 69,739,168	\$ 68,721,167	\$ 66,369,335	\$ 47,514,977	\$ 136,108,503	\$ 116,236,144
Total deferred inflows of resources	\$ 3,446,523	\$ -	\$ 255,903	\$ -	\$ 3,702,426	\$ -
Net Position						
Net investment in capital assets	\$ 24,864,086	\$ 26,700,581	\$ 31,626,717	\$ 33,124,001	\$ 56,490,803	\$ 59,824,582
Restricted	17,055,630	19,326,317	-	166,432	17,055,630	19,492,749
Unrestricted	(40,354,240)	(42,753,942)	(5,111,440)	(6,080,455)	(45,465,680)	(48,834,397)
Total Net Position	\$ 1,565,476	\$ 3,272,956	\$ 26,515,277	\$ 27,209,978	\$ 28,080,753	\$ 30,482,934

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Several particular aspects of the County's financial operations influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 98.09%, which is a slight increase over the previous year's rate of 97.41%. This rate is slightly above the statewide average of 97.97%.
- Increased charges for services revenue due to increased use and consumption by customers and citizens.
- Continued low cost of debt due to the County's high bond rating.

Pender County Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,899,239	\$ 1,772,018	\$ 9,355,026	\$ 9,595,169	\$ 11,254,265	\$ 11,367,187
Operating grants and contributions	9,719,827	11,200,109	1,400,743	1,506,317	11,120,570	12,706,426
Capital grants and contributions	-	-	-	343,080	-	343,080
General revenues:						
Property taxes	33,583,281	32,972,031	-	-	33,583,281	32,972,031
Other taxes	18,365,113	16,851,150	-	-	18,365,113	16,851,150
Grants and contributions not restricted to specific programs	929,375	691,137	-	-	929,375	691,137
Other	186,787	3,543	946,607	1,008,712	1,133,394	1,012,255
Total revenues	64,683,622	63,489,988	11,702,376	12,453,278	76,385,998	75,943,266
Expenses:						
General government	7,667,772	7,545,437	-	-	7,667,772	7,545,437
Public safety	18,191,534	17,848,652	-	-	18,191,534	17,848,652
Economic and physical development	2,615,560	2,401,856	-	-	2,615,560	2,401,856
Human services	16,185,153	15,663,333	-	-	16,185,153	15,663,333
Cultural and recreation	1,365,484	1,433,556	-	-	1,365,484	1,433,556
Education	15,639,138	15,158,787	-	-	15,639,138	15,158,787
Interest on long-term debt	1,875,045	1,935,119	-	-	1,875,045	1,935,119
Landfill	-	-	4,910,397	4,827,064	4,910,397	4,827,064
Water and sewer	-	-	7,151,157	6,768,525	7,151,157	6,768,525
Section 8 Housing	-	-	1,167,050	1,222,349	1,167,050	1,222,349
Country Court	-	-	60,446	53,462	60,446	53,462
Total expenses	63,539,686	61,986,740	13,289,050	12,871,400	76,828,736	74,858,140
Increase (decrease) in net assets before transfers and special items	1,143,936	1,503,248	(1,586,674)	(418,122)	(442,738)	1,085,126
Transfers	(1,037,622)	-	1,037,622	-	-	-
Increase (decrease) in net position	106,314	1,503,248	(549,052)	(418,122)	(442,738)	1,085,126
Net position, beginning	3,272,956	5,486,257	27,209,978	29,210,433	30,482,934	34,696,690
Prior Period Adjustment	-	(3,716,549)	-	(1,582,333)	-	(5,298,882)
Net position, beginning restated	1,459,162	1,769,708	27,064,329	27,628,100	28,523,491	29,397,808
Net position, ending	\$ 1,565,476	\$ 3,272,956	\$ 26,515,277	\$ 27,209,978	\$ 28,080,753	\$ 30,482,934

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities increased the County's net position by \$106,314. Key elements of this increase are as follows:

- Overall increase in operating revenues over expenditures.

Business-type activities: Business-type activities decreased Pender County's net position by \$549,052, accounting for a decline in the government's net position. Key elements of this decrease are as follows:

- Significant decline in revenues and increase in expenses.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Pender County. At the end of the current fiscal year, Pender County's fund balance available in the General Fund was \$12,499,641, while total fund balance reached \$26,533,196. The Governing Board of Pender County has determined that the county should maintain an available fund balance of 20% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 22% of general fund expenditures, while total fund balance represents 53% of that same amount.

At June 30, 2015, the governmental funds of Pender County reported a combined fund balance of \$33,753,641, a 1.39 percent increase over last year. The primary reason for this increase was from the issuance of limited obligation bonds, which increase fund balance in the governmental funds statements.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$8,942,966.

Proprietary Funds. Pender County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Resource Recovery Fund at the end of the fiscal year was a deficit of \$434,237, those for the Water and Sewer Funds totaled a deficit of \$4,708,283, those for the Section 8 Administration Fund equaled a deficit of \$23,560, and those for the Country Court Apartments equaled surplus of \$54,640. The total growth (decline) in net position for those funds was (\$245,763), (\$102,605), (\$212,160), and \$11,476, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of Pender County's business-type activities.

Capital Asset and Debt Administration

Capital assets. Pender County's capital assets for its governmental and business-type activities as of June 30, 2015, totals \$112,901,248 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Purchase of new equipment and vehicles for governmental activities.
- Continued improvement and expansion of ongoing projects.
- Construction of water and wastewater infrastructure.

**Pender County's Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 10,276,114	\$ 10,276,114	\$ 415,193	\$ 415,193	\$ 10,691,307	\$ 10,691,307
Buildings	13,091,762	13,416,305	35,733,332	36,753,865	48,825,094	50,170,170
Furniture, fixtures and equipment	1,659,305	2,050,766	171,964	246,752	1,831,269	2,297,518
Other	240,728	372,049	721	897	241,449	372,946
Construction in Progress	5,642,218	2,641,856	45,669,911	40,218,397	51,312,129	42,860,253
Total	\$ 30,910,127	\$ 28,757,090	\$ 81,991,121	\$ 77,635,104	\$ 112,901,248	\$ 106,392,194

Long-term Debt. As of June 30, 2015, Pender County had total bonded debt outstanding of \$134,388,000, all of which is debt backed by the full faith and credit of the County.

**Pender County's Outstanding Debt
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 45,525,000	\$ 49,670,000	\$ 38,224,000	\$ 38,825,000	\$ 83,749,000	\$ 88,495,000
Limited Obligation Bonds	6,558,483	-	39,201,517	21,325,000	45,760,000	21,325,000
Revenue Bonds	-	-	4,879,000	4,955,000	4,879,000	4,955,000
Capital Leases	1,274,905	1,799,695	-	-	1,274,905	1,799,695
Installment Purchases	977,604	1,673,698	367,201	471,185	1,344,805	2,144,883
Unamortized Premium	3,053,798	2,751,102	3,168,829	1,695,831	6,222,627	4,446,933
Total	\$ 57,389,790	\$ 55,894,495	\$ 85,840,547	\$ 67,272,016	\$ 143,230,337	\$ 123,166,511

Pender County's total debt increased by \$20,063,826 (16.29%) during the past fiscal year, primarily due to loan proceeds exceeding debt service payments in the fiscal year.

As mentioned in the financial highlights section of this document, Pender County received an upgrade of its credit rating by Standard and Poor's of AA (from AA-) and an upgrade by Moody's Investors of Aa3 (from Aa2). The North Carolina Municipal Council maintained the County's rating of 83, which is equivalent to an A Rating. This bond rating is a clear indication of the sound financial condition of Pender County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits 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 that government's boundaries. The legal debt margin for Pender County is \$410,018,836. The County has \$147,000,000 in bonds authorized but un-issued at June 30, 2015.

Additional information regarding Pender County's long-term debt can be found in the notes to the financial statements under Section B.

Economic Factors and Next Year's Budgets and Rates

Economic Outlook

Pender County has been one of the fastest growing counties in North Carolina during the last decade. The 2014 census population estimate was 56,250, up 7.7% from the 2010 population estimate of 52,217. The County's unemployment rate has held steady. According to the North Carolina Department of Commerce's preliminary statewide and county data for August 2015, the County's unemployment rate was 6.4%, down .1% from 6.5% in September 2014. Pender County remains a Tier 3 County as designated by the NC Department of Commerce, indicating that the county is 1 of the 20 "least distressed" counties within the State. This designation results from the high population growth in the middle of the decade and the assessed value of Topsail Township, and is not indicative of the true county-wide economic picture.

The distressed economy is not unique to Pender County but is common to all counties in the state and nation. The negative impact on the county's budget and its ability to provide services has been significant, while at the same time the demand for services for many county functions (such as public health and social services) increases during economically challenging times.

With the regional economy continuing to strengthen and move forward, Pender County is showing signs of sustained economic recovery with increasing revenue levels and significant growth in the County ad valorem tax base. This growth will potentially lead to a recovery with new investments made and jobs being created to energize the economy. Currently there are several economic development projects with exciting potential for job creation and tax base growth in the County. With the County's close proximity to the ports, ILM Airport, the Wilmington metropolitan area, I-40, US#17, and US#421, the outlook for the County during the next few years continues to be one of optimism, and transition to more urban growth.

Encouraging Business and Industry Development

A vital element for the economic viability of Pender County long term is success with economic development. In simple terms, economic development is the creation of wealth in a county through the creation of jobs and investment. Central to creating jobs and investment is creating a climate that is attractive to new business and industry, and for the expansion of existing industry. As mentioned above, the County's proximity to major transportation corridors is a major asset for economic development.

The Commissioners have been committed to creating industrial product to attract industrial clients, as evidenced by the Pender Commerce Park (PCP). Acme Smoked Fish recently constructed a 100,000 square foot seafood processing facility in PCP, starting production in January 2015. The business is projected to employ approximately 120 workers. Negotiations are currently underway with a second company to locate within PCP.

Additionally, the County, together with Pender Progress Corporation, Four County EMC, Wilmington Industrial Business Development and the Town of Burgaw, constructed an industrial shell building in Pender Progress Industrial Park in Burgaw. This 40,000 square foot building is expandable to 80,000 square feet, and is currently being marketed by Wilmington Business Development.

Pender County is poised to reap significant economic benefits over the next five years due to the investment made by the Board in much-needed infrastructure. The County has moved forward with its economic development efforts, including operation of a new water treatment plant, design and construction of a new wastewater plant, creation of two additional water/sewer districts, and renovation of the Hampstead Annex, which provides new office space for County agencies as well as a beautiful new community meeting place.

Sixty percent of the County's workforce commutes out of the county to work, and we have to reverse that ratio. Economic development is a process, and the County Commissioners will continue to devote time, effort and resources, along with its economic development partners, to attract and recruit industrial development, jobs and investment in Pender County.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities: The County Commissioners approved a \$53,527,517 General Fund Budget on June 22, 2015, which was included within a total budget ordinance of \$109,595,702, adopted on the same date.

The FY 15-16 General Fund Budget decreased about 1.83% as compared to the FY 14-15 Adopted Budget. There was a combination of increases and decreases over the prior year's budget that resulted in a net decrease of \$995,810.

The FY 15-16 General Fund Budget of \$53,527,517 is in balance with a tax rate of \$.685 per 100 of assessed valuation. The County-wide tax rate increased from last year's tax rate by \$.173. This increase was due primarily to the need for a \$75 million school bond referendum for school construction and renovation projects. Other funds are also in balance. The initial appropriation from the Fund Balance of the General Fund was \$0.

Business-type Activities: Expanding water and sewer infrastructure has been a priority for many years; however, the availability of water and sewer capacity has been a limiting factor. To remedy this, the County is undertaking numerous infrastructure related projects.

The vision and priority of expanding water and sewer infrastructure within the County has been many years in development and implementation. Subsequently, numerous infrastructure related projects have now come to fruition or are near completion.

The Surface Water Treatment Plant was dedicated and officially went online in November 2012. This plant provides all of the drinking water for the Rocky Point/Topsail and Scotts Hill Water & Sewer Districts. The plant is designed to upgrade to 6 mgd with little additional investment and will operate to serve the current and future water districts with safe drinking water supply for the next 10 to 15 years.

Planning, design and permitting activities are underway for the installation of water mains and services to the Moores Creek and Central Pender Water & Sewer Districts. The seven-year General Obligation Bonds authorized in 2006 by the citizens of these two districts have been expended for an additional 3 years to 2016. As sufficient water supply wasn't available to extend waterlines into these districts until the same year as the bond authorizations would have expired (2013), we were approved by the citizens and the LGC to extend the bond authorizations until November 2016. Construction is currently underway and is expected to be completed in August 2016. The County is anticipating an additional 1,200 to 1,500 water customers upon completion of this project.

Construction of the US Highway 421 Pender Commerce Park infrastructure was completed in December 2014. Those improvements included water distribution, sewer collection, storm water management, street lighting, sidewalks, street trees, and over a mile of roadway construction which serve the entire Commerce Park.

In order to provide wastewater treatment and disposal for development of the Commerce Park, a new state-of-the-art wastewater treatment facility went under construction in March 2014. The project was divided into two phases. Phase I, which has been completed, consisted of the influent plant pump station and an equalization basin that will be incorporated as part of a pump and haul operation. Phase II of the project includes the remaining wastewater treatment facilities and processes that are being constructed semi-concurrently with Phase I. The final facility will have a treatment capacity of 500,000 gallons per day and will utilize an NPDES permit that was acquired via inter-local agreement with the Cape Fear Public Utility Authority in New Hanover County. The NPDES provides for a point discharge to the Cape Fear River of up to 4 million gallons per day; however, permit provisions allow for construction in incremental capacities as demand increases. Final completion of the facility is scheduled for August 2016.

To accommodate the anticipated high-strength waste stream and provide a unique and sustainable facility, the process has been designed as an Adaptive Eco-System utilizing hydroponics (plants) and moving bed bioreactors (MBBR). The "Adaptive Ecosystem" Wastewater Treatment Plant is estimated to cost approximately \$9.7 million to construct. To date, Pender County Utilities has received preliminary approval for \$3,925,000 in grant funding for the project from both state and federal economic development agencies. The project is now formally known as the "Melinda K. Knoerzer Adaptive Ecosystem Reclamation Facility."

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, Pender County, 805 S. Walker Street, P.O. Box 1578, Burgaw, North Carolina 28425. You can also call (910) 259-1407, visit our website at www.pendercountync.gov or send an email to kbrafford@pendercountync.gov.

BASIC FINANCIAL STATEMENTS

Pender County, North Carolina
Statement of Net Position
June 30, 2015

	Primary Government			Component Unit	Total Reporting Unit
	Governmental Activities	Business-type Activities	Total	Pender County ABC Board	
ASSETS					
Cash and cash equivalents	\$ 21,796,135	\$ 3,570,100	\$ 25,366,235	\$ 675,700	\$ 26,041,935
Receivables (net)	5,170,100	1,236,386	6,406,486	245	6,406,731
Internal Balances	8,720,526	(8,720,526)	-	-	-
Inventories	22,002	-	22,002	614,675	636,677
Prepaid items	-	-	-	13,902	13,902
Restricted cash and cash equivalents	2,661,921	14,549,728	17,211,649	-	17,211,649
Net pension asset	1,554,611	104,202	1,658,813	27,306	1,686,119
Capital assets:					
Land, improvements, and construction in progress	15,918,332	46,013,404	61,931,736	6,500	61,938,236
Other capital assets, net of depreciation	14,991,795	35,977,717	50,969,512	71,995	51,041,507
Total assets	<u>70,835,422</u>	<u>92,731,011</u>	<u>163,566,433</u>	<u>1,410,323</u>	<u>164,976,756</u>
DEFERRED OUTFLOWS OF RESOURCES					
Contributions to pension plan in current fiscal year	1,001,694	74,034	1,075,728	36,008	1,111,736
Charge on refunding	2,914,051	335,470	3,249,521	-	3,249,521
Total deferred outflows of resources	<u>3,915,745</u>	<u>409,504</u>	<u>4,325,249</u>	<u>36,008</u>	<u>4,361,257</u>
LIABILITIES					
Accounts payable and accrued expenses	3,068,463	885,484	3,953,947	583,750	4,537,697
Accrued interest payable	586,840	135,287	722,127	-	722,127
Customer deposits	-	32,378	32,378	-	32,378
Unearned revenue	121,607	-	121,607	-	121,607
Long-term liabilities:					
Due within one year	5,820,373	1,523,416	7,343,789	-	7,343,789
Due in more than one year	60,141,885	63,792,770	123,934,655	-	123,934,655
Total liabilities	<u>69,739,168</u>	<u>66,369,335</u>	<u>136,108,503</u>	<u>583,750</u>	<u>136,692,253</u>
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	3,446,523	255,903	3,702,426	66,550	3,768,976
Total deferred inflows of resources	<u>3,446,523</u>	<u>255,903</u>	<u>3,702,426</u>	<u>66,550</u>	<u>3,768,976</u>
NET POSITION					
Net investment in capital assets	24,864,086	31,626,717	56,490,803	78,495	56,569,298
Restricted					
Stabilization by State statute	13,105,718	-	13,105,718	-	13,105,718
Economic Development	14,441	-	14,441	-	14,441
Health Department Escrow	618,257	-	618,257	-	618,257
Sheriff's Seizures	309,580	-	309,580	-	309,580
Public Safety	143,730	-	143,730	-	143,730
School Capital Projects	2,863,904	-	2,863,904	-	2,863,904
Working Capital	-	-	-	166,863	166,863
Unrestricted (deficit)	(40,354,240)	(5,111,440)	(45,465,680)	550,673	(44,915,007)
Total net position	<u>\$ 1,565,476</u>	<u>\$ 26,515,277</u>	<u>\$ 28,080,753</u>	<u>\$ 796,031</u>	<u>\$ 28,876,784</u>

The notes to the financial statements are an integral part of this statement.

**Pender County, North Carolina
Statement of Activities
For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component	
					Governmental Activities	Business-type Activities	Total	Pender County ABC Board	Total Reporting Unit
Primary government:									
Governmental activities:									
General government	\$ 7,667,772	\$ 545,099	\$ -	\$ -	\$ (7,122,673)	\$ -	\$ (7,122,673)	\$ -	\$ (7,122,673)
Public safety	18,191,534	955,164	412,579	-	(16,823,791)	-	(16,823,791)	-	(16,823,791)
Economic and physical development	2,615,560	-	28,611	-	(2,586,949)	-	(2,586,949)	-	(2,586,949)
Human services	16,185,153	367,114	9,173,381	-	(6,644,658)	-	(6,644,658)	-	(6,644,658)
Cultural and recreation	1,365,484	31,862	105,256	-	(1,228,366)	-	(1,228,366)	-	(1,228,366)
Education	15,639,138	-	-	-	(15,639,138)	-	(15,639,138)	-	(15,639,138)
Interest on long-term debt	1,875,045	-	-	-	(1,875,045)	-	(1,875,045)	-	(1,875,045)
Total governmental activities	<u>63,539,686</u>	<u>1,899,239</u>	<u>9,719,827</u>	<u>-</u>	<u>(51,920,620)</u>	<u>-</u>	<u>(51,920,620)</u>	<u>-</u>	<u>(51,920,620)</u>
Business-type activities:									
Resource Recovery Fund	4,910,397	4,180,491	484,143	-	-	(245,763)	(245,763)	-	(245,763)
Water Districts	4,108,126	4,031,093	-	-	-	(77,033)	(77,033)	-	(77,033)
Water Treatment Plant	1,787,509	258,784	-	-	-	(1,528,725)	(1,528,725)	-	(1,528,725)
Water Fund	906,925	-	-	-	-	(906,925)	(906,925)	-	(906,925)
Sewer Fund	6,283	812,793	-	-	-	806,510	806,510	-	806,510
Section 8 Housing	1,167,050	-	916,600	-	-	(250,450)	(250,450)	-	(250,450)
Country Court Apartments	60,446	71,865	-	-	-	11,419	11,419	-	11,419
Waste Water Treatment Plant	342,314	-	-	-	-	(342,314)	(342,314)	-	(342,314)
Total business-type activities	<u>13,289,050</u>	<u>9,355,026</u>	<u>1,400,743</u>	<u>-</u>	<u>-</u>	<u>(2,533,281)</u>	<u>(2,533,281)</u>	<u>-</u>	<u>(2,533,281)</u>
Total primary government	<u>76,828,736</u>	<u>11,254,265</u>	<u>11,120,570</u>	<u>-</u>	<u>(51,920,620)</u>	<u>(2,533,281)</u>	<u>(54,453,901)</u>	<u>-</u>	<u>(54,453,901)</u>
Component units:									
Pender County ABC Board	<u>\$ 5,606,782</u>	<u>\$ 5,632,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,992</u>	<u>25,992</u>
General revenues:									
Taxes:									
Property taxes, levied for general purpose					33,583,281	-	33,583,281	-	33,583,281
Local option sales tax					9,169,469	-	9,169,469	-	9,169,469
Other taxes and licenses					9,195,644	-	9,195,644	-	9,195,644
Grants and contributions not restricted to specific programs					929,375	-	929,375	-	929,375
Investment earnings, unrestricted					31,026	908,360	939,386	268	939,654
Gain (loss) on retirement of assets					(6,124)	-	(6,124)	-	(6,124)
Miscellaneous, unrestricted					161,885	38,247	200,132	-	200,132
Transfers					(1,037,622)	1,037,622	-	-	-
Total general revenues, special items, and transfers					<u>52,026,934</u>	<u>1,984,229</u>	<u>54,011,163</u>	<u>268</u>	<u>54,011,431</u>
Change in net position					106,314	(549,052)	(442,738)	26,260	(416,478)
Net position, beginning					3,272,956	27,209,978	30,482,934	797,187	31,280,121
Restatement					(1,813,794)	(145,649)	(1,959,443)	(27,416)	
Net position, beginning, restated					1,459,162	27,064,329	28,523,491	769,771	29,293,262
Net position, ending					<u>\$ 1,565,476</u>	<u>\$ 26,515,277</u>	<u>\$ 28,080,753</u>	<u>\$ 796,031</u>	<u>\$ 28,876,784</u>

**Pender County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2015**

	Major Funds		Non-Major Funds	Total Governmental Funds
	General	School Capital Project Fund	Other Governmental Funds	
ASSETS				
Cash and cash equivalents	\$ 15,064,824	\$ 2,002,407	\$ 4,000,141	\$ 21,067,372
Receivables, net	1,182,459	-	282,462	1,464,921
Advance funding of projects	5,305,666	-	-	5,305,666
Due from other governments	2,669,898	861,497	55,465	3,586,860
Due from other funds	4,470,421	-	-	4,470,421
Inventory	22,002	-	-	22,002
Restricted Cash	1,210,495	-	1,451,426	2,661,921
Total assets	<u>\$ 29,925,765</u>	<u>\$ 2,863,904</u>	<u>\$ 5,789,494</u>	<u>\$ 38,579,163</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,330,337	\$ -	\$ 118,567	\$ 2,448,904
Advance funding of projects	-	-	1,055,561	1,055,561
Due to other funds	-	-	-	-
Unearned revenue	121,607	-	-	121,607
Total liabilities	<u>2,451,944</u>	<u>-</u>	<u>1,174,128</u>	<u>3,626,072</u>
DEFERRED INFLOWS OF RESOURCES	<u>940,625</u>	<u>-</u>	<u>258,825</u>	<u>1,199,450</u>
Fund balances:				
Nonspendable:				
Inventory	22,002	-	-	22,002
Restricted:				
Stabilization by State statute	13,105,718	-	-	13,105,718
Economic Development	-	-	14,441	14,441
Health Department Escrow	618,257	-	-	618,257
Sheriff's Seizures	309,580	-	-	309,580
Public Safety	-	-	143,730	143,730
School Capital Projects	-	2,863,904	-	2,863,904
Committed:				
Tax Revaluation	509,251	-	-	509,251
Automation Enhancement and Preservation	391,664	-	-	391,664
Capital Outlay and Improvements	-	-	4,872,498	4,872,498
Assigned:				
Subsequent Year's expenditures	-	-	-	-
Unassigned:	<u>11,576,724</u>	<u>-</u>	<u>(674,128)</u>	<u>10,902,596</u>
Total fund balances	<u>26,533,196</u>	<u>2,863,904</u>	<u>4,356,541</u>	<u>33,753,641</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 29,925,765</u>	<u>\$ 2,863,904</u>	<u>\$ 5,789,494</u>	<u>\$ 38,579,163</u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Ending fund balance - governmental funds	\$	33,753,641
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		50,815,093
Less accumulated depreciation		<u>(19,904,966)</u>
Net capital assets		30,910,127
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements		118,319
Deferred charges related to advance refunding bond issued - included on government-wide statement of net position but are not current financial resources		2,914,051
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.		109,204
Net pension asset		1,554,611
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position		1,001,694
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide.		1,199,450
Pension related deferrals		(3,446,523)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:		
Bonds, leases, and installment financing		(54,335,992)
Compensated absences		(1,668,128)
Separation allowance		(621,700)
Other Postemployment Benefits		(6,282,640)
Unamortized Bond Premium		(3,053,798)
Accrued interest payable		<u>(586,840)</u>
		<u>(66,549,098)</u>
Net position of governmental activities	\$	<u><u>1,565,476</u></u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

	<u>Major Fund</u>		<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>School Capital Project Fund</u>	<u>Other Governmental Funds</u>	
REVENUES				
Ad valorem taxes	\$ 33,989,781	\$ -	\$ 8,550,738	\$ 42,540,519
Other taxes and licenses	336,721	3,059,994	-	3,396,715
Unrestricted intergovernmental	7,056,190	-	308,185	7,364,375
Restricted intergovernmental	9,673,279	-	28,611	9,701,890
Permits and fees	735,753	-	-	735,753
Sales and services	1,164,083	-	-	1,164,083
Investment earnings	31,020	-	6	31,026
Miscellaneous	161,885	-	-	161,885
Total revenues	<u>53,148,712</u>	<u>3,059,994</u>	<u>8,887,540</u>	<u>65,096,246</u>
EXPENDITURES				
Current:				
General government	6,989,527	-	-	6,989,527
Public safety	8,217,605	-	9,512,418	17,730,023
Economic and physical development	2,416,600	-	(25)	2,416,575
Human services	15,924,594	-	-	15,924,594
Cultural and recreational	1,360,555	-	-	1,360,555
Education	13,964,739	1,605,000	14,850	15,584,589
Capital outlay	-	-	3,126,600	3,126,600
Debt service:				
Principal	894,606	4,145,000	326,277	5,365,883
Bond Issuance Cost	4,472	-	41,113	45,585
Interest and other charges	17,675	1,767,660	-	1,785,335
Total expenditures	<u>49,790,373</u>	<u>7,517,660</u>	<u>13,021,233</u>	<u>70,329,266</u>
Excess (deficiency) of revenues over expenditures	<u>3,358,339</u>	<u>(4,457,666)</u>	<u>(4,133,693)</u>	<u>(5,233,020)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	7,265,500	808,429	8,073,929
Transfers to other funds	(6,479,845)	-	(3,006,706)	(9,486,551)
Premium on LOBs	53,799	-	496,140	549,939
Limited Obligation Bonds	643,364	-	5,915,119	6,558,483
Total other financing sources and uses	<u>(5,782,682)</u>	<u>7,265,500</u>	<u>4,212,982</u>	<u>5,695,800</u>
Net change in fund balance	(2,424,343)	2,807,834	79,289	462,780
Fund balances—beginning	<u>28,957,539</u>	<u>56,070</u>	<u>4,277,252</u>	<u>33,290,861</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances—ending	<u>\$ 26,533,196</u>	<u>\$ 2,863,904</u>	<u>\$ 4,356,541</u>	<u>\$ 33,753,641</u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	\$ 462,780
Capital Outlay Expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	3,711,336
Cost of disposed capital asset not recorded in fund statements	(6,124)
Depreciation Expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(1,552,175)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,000,297
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities -- it affects only the government-wide statement of net position.	(6,558,483)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	5,365,883
The County issued limited obligation bonds during that were issued at a premium which will be expensed over the remaining life of the loan: Unamortized Premiums	(549,939)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(8,322)
Amortization of deferred charges resulted in an increase to interest expense of \$283,046, while amortization of bond premiums of \$247,243 resulted in a decrease to interest expense.	(35,803)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(82,567)
Increase in Separation Allowance	(74,088)
Expenses for Other Postemployment Benefits are recorded on the government-wide statements but not recorded on the fund statements.	(753,347)
County's portion of collective pension expense	(76,720)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Increase (decrease) in deferred inflows of resources - taxes receivable - at end of year	(444,299)
Increase (decrease) in accrued taxes receivable at end of year	37,799
Net Revenue of Internal service funds determined to be governmental-type.	<u>(329,914)</u>
Change in net position of governmental activities	\$ <u>106,314</u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2015

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 32,608,582	\$ 33,084,905	\$ 33,989,781	\$ 904,876
Other taxes and licenses	240,000	300,000	336,721	36,721
Unrestricted intergovernmental	5,225,000	6,249,906	7,056,190	806,284
Restricted intergovernmental	8,293,490	10,609,669	9,673,279	(936,390)
Permits and fees	459,000	640,300	735,753	95,453
Sales and services	920,643	1,309,810	1,164,083	(145,727)
Investment earnings	10,000	20,200	31,020	10,820
Miscellaneous	14,000	46,271	161,885	115,614
Total revenues	<u>47,770,715</u>	<u>52,261,061</u>	<u>53,148,712</u>	<u>887,651</u>
Expenditures				
Current:				
General government	7,657,694	8,498,141	6,989,527	1,508,614
Public safety	7,747,274	8,974,440	8,217,605	756,835
Economic and physical development	1,902,384	2,466,329	2,416,600	49,729
Human services	14,523,576	17,391,391	15,924,594	1,466,797
Cultural and recreational	1,240,715	1,398,139	1,360,555	37,584
Intergovernmental:				
Education	13,678,105	13,972,464	13,964,739	7,725
Debt service:				
Principal retirement	80,000	888,656	894,606	(5,950)
Interest and other charges	6,480	23,627	17,675	5,952
Bond issuance cost	-	-	4,472	(4,472)
Total expenditures	<u>46,836,228</u>	<u>53,613,187</u>	<u>49,790,373</u>	<u>3,822,814</u>
Revenues over (under) expenditures	<u>934,487</u>	<u>(1,352,126)</u>	<u>3,358,339</u>	<u>4,710,465</u>
Other financing sources (uses):				
Lease purchase proceeds	-	1,616,573	-	(1,616,573)
Limited Obligation Bonds	-	684,223	643,364	(40,859)
Premium on LOBs	-	8,468	53,799	45,331
Transfers to other funds	(4,781,936)	(6,947,943)	(6,604,845)	343,098
Transfers from other funds	-	-	-	-
Fund balance appropriated	3,847,449	5,990,805	-	(5,990,805)
Total other financing sources (uses)	<u>(934,487)</u>	<u>1,352,126</u>	<u>(5,907,682)</u>	<u>(7,259,808)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,549,343)</u>	<u>\$ (2,549,343)</u>
Fund balance, beginning			28,573,288	
Fund balance, ending			<u>\$ 26,023,945</u>	
A legally budgeted Tax Reassessment Fund is consolidated into the General Fund for reporting purposes:				
Investment Earnings			-	
Transfer from General Fund			125,000	
Expenditures			-	
Fund Balance, beginning of year			<u>384,251</u>	
Fund Balance, end of year (Exhibit 4)			<u>\$ 26,533,196</u>	

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2015

	Enterprise Funds							Internal Service Fund
	Major				PCP Wastewater Treatment Plant	Non-Major		
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Water Fund		Total Non- Major Enterprise Funds	Total	
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 100	\$ 1,886,967	\$ -	\$ -	\$ -	\$ 1,683,033	\$ 3,570,100	\$ 728,763
Receivables, net	490,573	551,498	79,223	-	-	114,892	1,236,186	-
Due from other governments	-	-	-	-	-	200	200	-
Due from other funds	-	678,906	-	-	-	-	678,906	-
Prepaid expense	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	1,041,508	-	-	13,504,927	3,293	14,549,728	-
Due from Districts - Current LOBs	-	-	-	375,000	-	-	375,000	-
Total current assets	<u>490,673</u>	<u>4,158,879</u>	<u>79,223</u>	<u>375,000</u>	<u>13,504,927</u>	<u>1,801,418</u>	<u>20,410,120</u>	<u>728,763</u>
Noncurrent assets:								
Net pension asset	15,444	50,090	24,887	-	-	13,781	104,202	-
Land and Construction In Progress	5,589	353,921	34,257,739	-	7,458,845	3,937,310	46,013,404	-
Other Capital Assets (Net)	1,328,794	23,242,050	992,367	-	-	10,414,506	35,977,717	-
Due from Districts - Non-current LOBs	-	-	-	20,585,000	-	-	20,585,000	-
Total noncurrent assets	<u>1,349,827</u>	<u>23,646,061</u>	<u>35,274,993</u>	<u>20,585,000</u>	<u>7,458,845</u>	<u>14,365,597</u>	<u>102,680,323</u>	<u>-</u>
Total assets	<u>1,840,500</u>	<u>27,804,940</u>	<u>35,354,216</u>	<u>20,960,000</u>	<u>20,963,772</u>	<u>16,167,015</u>	<u>123,090,443</u>	<u>728,763</u>
DEFERRED OUTFLOWS OF RESOURCES								
Contributions to pension plan in current fiscal year	10,973	35,588	17,682	-	-	9,791	74,034	-
Deferred charge on refunding	-	293,480	-	-	-	41,990	335,470	-
Total deferred outflows of resources	<u>10,973</u>	<u>329,068</u>	<u>17,682</u>	<u>-</u>	<u>-</u>	<u>51,781</u>	<u>409,504</u>	<u>-</u>
LIABILITIES								
Current liabilities:								
Advanced Funding of Projects	446,328	-	3,125,540	-	-	678,237	4,250,105	-
Accounts payable and accrued liabilities	385,504	67,639	9,005	-	310,510	112,826	885,484	619,559
Customer deposits	-	30,292	-	-	-	2,086	32,378	-
Accrued interest payable	-	65,277	60,919	-	-	9,091	135,287	-
Deferred Revenue	-	-	-	-	-	-	-	-
Due to other funds	-	-	1,577,179	-	-	3,572,148	5,149,327	-
Due to County - Current portion of LOBs	-	310,000	-	-	772,322	65,000	1,147,322	-
General obligation bonds payable	-	-	369,382	375,000	-	6,712	751,094	-
Total current liabilities	<u>831,832</u>	<u>473,208</u>	<u>5,142,025</u>	<u>375,000</u>	<u>1,082,832</u>	<u>4,446,100</u>	<u>12,350,997</u>	<u>619,559</u>
Noncurrent liabilities:								
Compensated absences	11,779	36,209	12,341	-	-	11,602	71,931	-
OPEB Payable	69,788	185,464	43,561	-	-	64,895	363,708	-
Due to County - Noncurrent portion of LC	-	18,050,000	-	-	17,469,195	2,535,000	38,054,195	-
Unamortized bond premium	-	1,426,970	-	-	1,529,526	212,333	3,168,829	-
General obligation bonds payable	-	-	22,025,389	20,585,000	-	108,718	42,719,107	-
Total noncurrent liabilities	<u>81,567</u>	<u>19,698,643</u>	<u>22,081,291</u>	<u>20,585,000</u>	<u>18,998,721</u>	<u>2,932,548</u>	<u>84,377,770</u>	<u>-</u>
Total liabilities	<u>913,399</u>	<u>20,171,851</u>	<u>27,223,316</u>	<u>20,960,000</u>	<u>20,081,553</u>	<u>7,378,648</u>	<u>96,728,767</u>	<u>619,559</u>
DEFERRED INFLOWS OF RESOURCE	<u>37,928</u>	<u>123,011</u>	<u>61,119</u>	<u>-</u>	<u>-</u>	<u>33,845</u>	<u>255,903</u>	<u>-</u>
NET POSITION								
Net investment in capital assets	1,334,383	4,820,217	12,855,335	-	1,192,729	11,424,053	31,626,717	-
Restricted	-	-	-	-	-	-	-	-
Unrestricted	(434,237)	3,018,929	(4,767,872)	-	(310,510)	(2,617,750)	(5,111,440)	109,204
Total net position	<u>\$ 900,146</u>	<u>\$ 7,839,146</u>	<u>\$ 8,087,463</u>	<u>\$ -</u>	<u>\$ 882,219</u>	<u>\$ 8,806,303</u>	<u>\$ 26,515,277</u>	<u>\$ 109,204</u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Funds							Total	Internal Service Fund
	Major				Non-Major		Total		
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Water Fund	PCP Wastewater Treatment Plant	Total Non-Major Enterprise Funds			
OPERATING REVENUES									
Charges for services	\$ 4,178,676	\$ 3,589,798	\$ 179,561	\$ -	\$ -	\$ 1,252,275	\$ 9,200,310	\$ -	
Dwelling rental	-	-	-	-	-	61,276	61,276	-	
Other operating revenue	1,815	-	79,223	-	-	12,402	93,440	-	
Sales tax refund	-	-	-	-	-	-	-	-	
Premiums received	-	-	-	-	-	-	-	3,513,474	
Total operating revenues	<u>4,180,491</u>	<u>3,589,798</u>	<u>258,784</u>	<u>-</u>	<u>-</u>	<u>1,325,953</u>	<u>9,355,026</u>	<u>3,513,474</u>	
OPERATING EXPENSES									
Personnel	222,004	651,911	318,746	-	-	199,991	1,392,652	-	
Contracted services	312,998	279,454	92,697	-	266,709	26,682	978,540	-	
Water purchases	-	493,049	-	-	-	61,878	554,927	-	
System maintenance	4,320,933	672,486	665,925	-	-	110,772	5,770,116	-	
Administration and housing assistance	-	-	-	-	-	1,030,679	1,030,679	-	
Depreciation	47,022	718,799	14,591	-	-	315,087	1,095,499	-	
Other Equipment	7,440	-	-	-	-	-	7,440	4,218,388	
Total operating expenses	<u>4,910,397</u>	<u>2,815,699</u>	<u>1,091,959</u>	<u>-</u>	<u>266,709</u>	<u>1,745,089</u>	<u>10,829,853</u>	<u>4,218,388</u>	
Operating income (loss)	<u>(729,906)</u>	<u>774,099</u>	<u>(833,175)</u>	<u>-</u>	<u>(266,709)</u>	<u>(419,136)</u>	<u>(1,474,827)</u>	<u>(704,914)</u>	
NONOPERATING REVENUES (EXPENSES)									
Interest revenue (expense)	-	(750,851)	(694,847)	-	-	(105,139)	(1,550,837)	-	
Bond issuance cost	-	-	-	-	-	-	-	-	
Operating Subsidy - HUD	-	-	-	-	-	916,600	916,600	-	
Miscellaneous Revenue	-	-	-	-	-	38,247	38,247	-	
Total nonoperating revenue (expenses)	<u>-</u>	<u>(750,851)</u>	<u>(694,847)</u>	<u>-</u>	<u>-</u>	<u>849,708</u>	<u>(595,990)</u>	<u>-</u>	
Income (loss) before contributions and transfers	<u>(729,906)</u>	<u>23,248</u>	<u>(1,528,022)</u>	<u>-</u>	<u>(266,709)</u>	<u>430,572</u>	<u>(2,070,817)</u>	<u>(704,914)</u>	
Other Financing Sources (Uses)									
Capital Contributions	112,359	-	-	-	-	-	112,359	-	
Reimbursements from school	371,784	-	-	-	-	-	371,784	-	
Loan Proceeds	-	-	-	-	-	-	-	-	
Premiums	-	-	-	-	-	-	-	-	
Transfers in (out)	-	-	2,630,594	-	1,148,928	(2,741,900)	1,037,622	375,000	
Total other financing sources (uses)	<u>484,143</u>	<u>-</u>	<u>2,630,594</u>	<u>-</u>	<u>1,148,928</u>	<u>(2,741,900)</u>	<u>1,521,765</u>	<u>375,000</u>	
Change in net position	(245,763)	23,248	1,102,572	-	882,219	(2,311,328)	(549,052)	(329,914)	
Total net position - beginning	<u>1,167,496</u>	<u>7,885,911</u>	<u>7,019,678</u>	<u>-</u>	<u>-</u>	<u>11,136,893</u>	<u>27,209,978</u>	<u>439,118</u>	
Restatement	(21,587)	(70,013)	(34,787)	-	-	(19,262)	(145,649)	-	
Total net position - ending	<u>\$ 900,146</u>	<u>\$ 7,839,146</u>	<u>\$ 8,087,463</u>	<u>\$ -</u>	<u>\$ 882,219</u>	<u>\$ 8,806,303</u>	<u>\$ 26,515,277</u>	<u>\$ 109,204</u>	

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2015

	Enterprise Funds							Internal Service Fund
	MAJOR				NON-MAJOR		Total	
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Water Fund	PCP Wastewater Treatment Plant	Total Non- Major Enterprise Funds		
Cash flows from operating activities:								
Cash received from customers	\$ 4,154,995	\$ 3,522,305	\$ 179,561	\$ -	\$ -	\$ 1,308,500	\$ 9,165,361	\$ 3,513,474
Cash paid for goods and services	(4,651,451)	(1,510,039)	(899,530)	-	43,801	(1,247,651)	(8,264,870)	(4,197,895)
Cash paid to employees for services	(221,543)	(660,012)	(319,995)	-	-	(198,956)	(1,400,506)	-
Customer deposits received	-	-	-	-	-	450	450	-
Other operating revenue	1,815	-	-	-	-	13,482	15,297	-
Net cash provided (used) by operating activities	(716,184)	1,352,254	(1,039,964)	-	43,801	(124,175)	(484,268)	(684,421)
Cash flows from noncapital financing								
Transfers in (out)	-	-	2,630,594	-	1,148,928	(2,741,900)	1,037,622	375,000
Due to/from	-	-	-	-	-	3	3	-
General Fund Advance to cover expenses	237,730	-	(493,512)	-	(1,242,226)	(590,750)	(2,088,758)	-
Operating Subsidy	-	-	-	-	-	916,600	916,600	-
Miscellaneous Revenue	-	-	-	-	-	38,247	38,247	-
Net cash provided (used) by capital and related financing activities	237,730	-	2,137,082	-	(93,298)	(2,377,800)	(96,286)	375,000
Cash flows from capital and related financing activities:								
Acquisition and construction of capital assets	(5,589)	-	7,920	-	(6,216,619)	559,112	(5,655,176)	-
Proceeds from Grants, Loans and Debt	484,143	-	-	-	19,771,043	-	20,255,186	-
Principal paid on bond maturities and equipment contracts	-	(305,000)	(409,338)	-	-	(66,646)	(780,984)	-
Interest paid on bond maturities and equipment contracts	-	(790,628)	(696,403)	(906,925)	-	(111,663)	(2,505,619)	-
Net cash provided (used) by capital and related financing activities	478,554	(1,095,628)	(1,097,821)	(906,925)	13,554,424	380,803	11,313,407	-
Cash flows from investing activities:								
Interest on investments	-	183	703	906,925	-	549	908,360	-
Net increase (decrease) in cash and cash equivalents	100	256,809	-	-	13,504,927	(2,120,623)	11,641,213	(309,421)
Cash and cash equivalents, July 1	-	2,671,666	-	-	-	3,806,949	6,478,615	1,038,184
Cash and cash equivalents, June 30	\$ 100	\$ 2,928,475	\$ -	\$ -	\$ 13,504,927	\$ 1,686,326	\$ 18,119,828	\$ 728,763

(continued)

Pender County, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2015

	Enterprise Funds							Internal Service Fund
	Major				NON-MAJOR		Total	
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Water Fund	PCP Wastewater Treatment Plant	Total Non- Major Enterprise Funds		
Reconciliation of operating income to net cash provided by operating activities:								
Operating income (loss)	\$ (729,906)	\$ 774,099	\$ (833,175)	\$ -	\$ (266,709)	\$ (419,136)	\$ (1,474,827)	\$ (704,914)
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation	47,022	718,799	14,591	-	-	315,087	1,095,499	-
Pension expense	896	2,907	1,445	-	-	800	6,048	-
Changes in assets and liabilities:								
(Increase) Decrease in accounts receivable	(23,681)	(62,224)	(79,223)	-	-	2,222	(162,906)	-
Increase (decrease) in accounts payable and accrued liabilities	(10,080)	(65,050)	(140,908)	-	310,510	(17,640)	76,832	20,493
(Decrease) in deferred revenues	-	-	-	-	-	(4,023)	(4,023)	-
(Decrease) in customer deposits	-	(5,269)	-	-	-	(1,720)	(6,989)	-
(Increase) decrease in deferred outflows of resources for pensions	(10,973)	(35,588)	(17,682)	-	-	(9,791)	(74,034)	-
Increase in accrued OPEB liability	9,500	25,157	13,119	-	-	8,355	56,131	-
Increase (decrease) in accrued vacation pay	1,038	(577)	1,869	-	-	1,671	4,001	-
Total adjustments	13,722	578,155	(206,789)	-	310,510	294,961	990,559	20,493
Net cash provided (used) by operating activities	\$ (716,184)	\$ 1,352,254	\$ (1,039,964)	\$ -	\$ 43,801	\$ (124,175)	\$ (484,268)	\$ (684,421)

(concluded)

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 43,326
Accounts receivable	275,712
Total assets	<u>319,038</u>
Liabilities	
Accounts payable	319,038
Due to other funds	-
Total liabilities	<u>319,038</u>
Net Position	
Held in trust (Fiduciary net position)	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

PENDER COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of Pender County and its component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Description of the Reporting Entity

Pender County is located in the southeastern part of the State in the Coastal Region and has a population of approximately 55,334. 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 153 A-10. As required by generally accepted accounting principles, these financial statements present the County and its component unit, a legally separate entity for which the County is financially accountable.

Blended Component Units – The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method.

The Pender County Housing Authority, a separate legal entity governed by the County Commissioners, exists to provide low and moderate income residents alternatives for affordable housing. Its primary revenues are rental payments and subsidies paid by the federal government. The Authority's operations are reported in two enterprise funds: the Section 8 Administration and Country Court Apartments Fund. Separate financial statements are not issued for the Authority.

The Maple Hill Water District (the District) was established by the Pender County Board of Commissioners on February 21, 1989. It includes a section of Northeast Pender County near the Onslow and Duplin County lines. Approximately 450 potential customers (households and businesses) are within the District. The District provides potable water to the customers in the District. Under State law [NCGS 162A-89], the Pender County Board of Commissioners also serve as the governing board of the District. This District is reported as an enterprise fund. Separate financial statements are not issued for the district.

The Rocky Point / Topsail Water / Sewer District was established by the Pender County Board of Commissioners. The District provides potable water and access to sewer services to the customers inside the District. Under State law [NCGS 162A-89], the Pender County Board of Commissioners also serve as the governing board of the District. The District is reported as an enterprise fund. Separate financial statements are not issued for the district.

The Scott's Hill Water and Sewer District (the District) was established by the Pender County Board of Commissioners on February 20, 2006. It includes a section of Southeast Pender County near the New Hanover County line. Approximately 650 potential customers (households and businesses) are within the District. The District began the provision of potable water to the customers in the District in November 2011. Under State law [NCGS 162A-89], the Pender County Board of Commissioners also serve as the governing board of the District. This District is reported as an enterprise fund. Separate financial statements are not issued for the district.

The Moore's Creek Water and Sewer District (the District) in Pender County was established by the Pender County Board of Commissioners on February 20, 2006. It includes a section of Southwest Pender County near the New Hanover County line on US 421. Approximately 700 potential water customers (households and businesses) are within the District. The citizens within the Moore's Creek Water and Sewer District approved a General Obligation Bond Referendum on November 7, 2006 to fund the future construction of a water distribution system to serve the District. The GO Bond Referendum, which took effect upon its approval by the qualified voters in the District on November 7, 2006, was extended from seven to ten years after the date such bond order took effect. Construction of the Moore's Creek Water Distribution system is expected to occur in 2016.

The Central Pender Water and Sewer District (the District) in Pender County was established by the Pender County Board of Commissioners on February 20, 2006. It includes a section of Southwest and Central Pender County in the vicinity of the Town of Burgaw. Approximately 850 potential water customers (households and businesses) are within the District. The citizens within the Central Pender Water and Sewer District approved a General Obligation Bond Referendum on November 7, 2006 to fund the future construction of a water distribution system to serve the District. The GO Bond Referendum, which took effect upon its approval by the qualified voters in the District on November 7, 2006, was extended from seven to ten years after the date such bond order took effect. Construction of the Central Pender Water Distribution system is expected to occur in 2016.

Discretely Presented Component Units – Discretely presented component units are presented as if they are separate proprietary funds of the County.

The discretely presented component unit presented below is reported in a separate column in the County's combined financial statements in order to emphasize that it is legally separate from the County.

Pender County ABC Board

The members of the Alcoholic Beverage Control Board's governing board are appointed by the County Commissioners. The ABC Board is required by state statute to distribute its surpluses to the General Fund of the County. The Board, as provided by North Carolina Alcoholic Beverage Control Laws, operates four retail liquor stores. The Alcoholic Beverage Control Board, which has a June 30 year-end, is presented as if it were a proprietary fund.

Complete financial statements for the discretely presented component units may be obtained at the administrative offices of those entities, which are as follows:

Pender County ABC Board
207 US 117 Bypass
Burgaw, North Carolina 28425

Other Component Unit

The County's Board of Commissioners are responsible for appointing the members of the board of the Industrial Facilities and Pollution Control Financing Authority (Industrial Authority), and the County can remove any member of the Board with or without cause. The Industrial Authority exists to issue and service revenue bond debt for private businesses to aid in the financing of the industrial manufacturing facilities for the purpose of providing employment and raising below average manufacturing wages and for established industries that are in need of modernization in order to meet the pollution control requirements of the federal government, state, county and city. The Industrial Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Industrial Authority does not issue separate financial statements.

B. Basis of Presentation – Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

General Fund - This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

School Capital Project Fund – This fund is used to track revenue and expenditures for school capital outlay.

The County reports the following major enterprise funds:

Resource Recovery Fund – This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

Rocky Point – Topsail Water and Sewer Fund – This fund is used to account for the operations of the water and sewer district within Rocky Point and Topsail.

Water Treatment Plant - This fund is used to account for the construction of the Water Treatment Plant.

Water Fund - This fund is used to account for the Limited Obligation Bonds issued by the County to cover the Water District General Obligation Bonds.

PCP Waste Water Treatment Plant - This fund is used to account for the construction of the PCP Waste Water Treatment Plant.

The County reports the following fund type:

Agency Funds - Agency Funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains six agency funds: the Ad Valorem and Vehicle Tax Agency Fund; the 4 – H Fund; Extension Education Fund; the Sea Oats Travel Fund; a Pesticide Recycling Grant; the Tourism Development Authority Fund. The Ad Valorem and Vehicle Tax Agency Fund accounts for ad valorem registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County.

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, and Fiduciary Fund Financial Statements – The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County 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 nonoperating 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 90 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 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 and certain intergovernmental revenues, such as 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Emergency Telephone, Fire District, and Revaluation Special Revenue Funds, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for Capital Reserve Special Revenue Fund, the Capital Projects funds, and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. During the year, several material amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

The County and the ABC Board's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The County pools moneys 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 ABC Board considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

The unexpended bond proceeds of the District's Bonds are classified as restricted assets within the Water and Sewer Districts because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Tax Reassessment Fund is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Projects Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22.

Pender County Restricted Cash

Governmental Activities

General Fund	Tax revaluation	\$ 509,251
General Fund	AE&P Funds	391,664
General Fund	Sheriff - Federal and State Drug Seizure	309,580
Capital Projects Fund	Unexpended Loan Proceeds	<u>1,451,426</u>
Total Governmental Activities		<u>\$ 2,661,921</u>

Business-Type Activities

Rocky Point / Topsail Water	Customer Deposits	\$ 30,292
Rocky Point / Topsail Water	Unexpended bond/grant proceeds	1,011,216
Maple Hill	Customer Deposits	993
Country Court Apartments	Customer Deposits	2,300
PCP Water Treatment Plant	Unexpended bond/grant proceeds	<u>13,504,927</u>
Total Business-Type Activities		<u>\$ 14,549,728</u>

Total Restricted Cash \$ 17,211,649

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, 2014. As allowed by State law, the County has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

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

6. Inventories and Prepaid Items

The inventories of the ABC Board are valued at cost (first-in, first-out), which approximates market. The inventory of the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory is recorded as an expense as it is consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines and other plant and distribution systems, \$5,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$10,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

	<u>Years</u>
Buildings	50
Improvements	25
Furniture and equipment	10
Vehicles	6
Computer equipment	3

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Years</u>
Property	15 - 50
Equipment	5-10
Vehicles	5

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that meets this criterion - contributions made to the pension plan in the 2015 fiscal year and unamortized charge on refunding. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meets this criterion - prepaid taxes, property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

10. Compensated Absences

The vacation policy of the County generally provides for the accumulation of up to 240 hours earned vacation leave with such leave being fully vested when earned. Effective July 1, 1994, the County has elected to pay, upon satisfactory separation of service from the County with over five years of service to the County, 25% of the accumulated sick leave value to the separating employee. Accumulated earned leave pay at June 30, 2015, amounted to \$1,740,060 in total, \$1,668,128 of which represents the liability of the governmental funds and is recorded in the government-wide statements and \$71,932 is recorded in the Enterprise Funds. The 75% remaining unused sick leave accumulated at the time of retirement may also be used in the determination of length of service for retirement benefit purposes. Since no termination payment is involved, no accrual for this part of the sick leave is provided by the County.

ABC Board employees may accumulate up to two hundred forty hours earned vacation, and such leave is fully vested when earned. Accumulated earned vacation amounted to approximately \$21,190 at June 30, 2015. Employees can accumulate an unlimited amount of sick leave. Sick leave does not vest, but unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balance as follows:

Nonspendable 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.

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 of State Statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

 Restricted for Public Safety - portion of fund balance that is restricted by revenue source for fire protection, emergency services, and emergency telephone purposes.

 Restricted for Economic Development - portion of fund balance that is restricted by revenue source for economic development purposes.

 Restricted for Health Department Escrow - portion of fund balance that is restricted by revenue source for the health department.

 Restricted for Sheriff's Seizures - portion of fund balance that is restricted by revenue source for Sheriff Seizures.

 Restricted for School Capital Projects - portion of fund balance that is restricted for School Capital Projects.

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

 Tax Reassessment - portion of fund balance that is committed for tax revaluation.

 Automation Enhancement and Preservation - portion of fund balance that is committed for automation enhancement projects.

 Capital Outlay and Improvements - portion of fund balance that is committed for Capital Outlay and Improvements.

Assigned Fund Balance - portion of fund balance that the Pender County governing board has budgeted.

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

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

Pender County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer 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 Officer has the authority to deviate from this policy if it's in the best interest of the County.

Pender County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 30% of current fiscal year expenditures. However, effective October 2013, the County changed that policy to state that the unassigned fund balance should be equal to or greater than 20% of current fiscal year expenditures. Any portion of the General Fund balance in excess of 20% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

12. Defined Benefit Pension Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

NOTE 2: Stewardship, Compliance and Accountability

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

1. Noncompliance with North Carolina General Statutes

There were several funds that were still open in the ledger that have been closed out for several years. In addition, there are several projects that should be closed out but are still open on the books. A significant amount of time needs to be spent cleaning up the ledger to close out funds that do not exist anymore, and to close out projects.

2. Deficit Fund Balance or Net Position of Individual Funds

The County reported deficit fund balances in the following accounts:

Fire Service District	\$	118,526
Rescue District	\$	665,754
Vehicle Replacement Fund	\$	215,879
Section 8 Housing	\$	19,134

These deficit balances were primarily a result of timing differences between collecting the revenue and spending the money. The County will monitor these more closely in the future.

3. Revenue Bond Covenants

As discussed in the Revenue Bond note under the Long-Term Liability section, the County failed to meet covenants related to the Revenue Bond. Noncompliance is related to not meeting the debt coverage ratio. Transfers were made from the General Fund and Capital Reserve Fund to cover debt payments and expenditures, but the County is not properly charging for the services of the Water Treatment Plant, so they are not showing sufficient operating revenues. The Board is currently reviewing the covenants to make sure that they remedy any violations of the covenants.

NOTE 3: Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's and the ABC Board'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 or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposit 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 the ABC Board, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County and the ABC Board under the Pooling Method, the potential exists for the under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County and the ABC Board rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2015, the County's deposits had a carrying amount of \$18,738,284 and a bank balance of \$19,231,967. Of the bank balance, \$751,356 was covered by federal depository insurance and the remaining \$18,480,611 was covered by collateral held under the Pooling Method. Of this amount, \$1,742 was cash on hand.

At June 30, 2015, the carrying amount of deposits for Pender County ABC Board was \$674,899 and the bank balance was \$700,320. At June 30, 2015, the Board has a concentration of credit risk in that deposits with a carrying amount of \$561,339 and bank balances of \$589,909 were on deposit in one financial institution. These exceeded the FDIC deposit limit of \$250,000 for interest bearing accounts. Both First Citizens Bank and Trust Company and Bank of America have selected the Pooling Method to secure public deposits. Cash on hand totaled \$800.

2. Investments

As of June 30, 2015, the County's investments consisted of \$23,882,926 in the North Carolina Capital Management Trust's cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The County has no policy on credit risk.

3. Receivables

Receivables at the government-wide level at June 30, 2015 were as follows:

	Accounts	Taxes and Related Accrued Interest	Sales Tax	Due from Other Governments	Other	Total
Governmental Activities:						
General	\$ 241,836	\$ 2,060,899	\$ 191,051	\$ 2,478,847	\$ -	\$ 4,972,633
Other Governmental	23,631	448,656	-	916,962	-	1,389,249
Total Receivables	265,467	2,509,555	191,051	3,395,809	-	6,361,882
Allowance for Doubtful Accounts	-	(1,191,782)	-	-	-	(1,191,782)
Total Governmental Activities	\$ 265,467	\$ 1,317,773	\$ 191,051	\$ 3,395,809	\$ -	\$ 5,170,100
Business Type Activities:						
Maple Hill Water Fund	\$ 51,310	\$ -	\$ -	\$ -	\$ -	\$ 51,310
Sewer Fund	-	-	-	-	42,339	42,339
Resource Recovery	171,606	500,746	-	-	-	672,352
Section 8 Administration	64	-	-	-	-	64
Country Court	-	-	-	-	-	-
Rocky Point Water & Sewer	1,058,088	-	-	-	-	1,058,088
Water Treatment Plant	79,223	-	-	-	-	79,223
Scott's Hill Water & Sewer	68,924	-	-	-	-	68,924
Total Receivables	1,429,215	500,746	-	-	42,339	1,972,300
Allowance for doubtful accounts	(571,770)	(164,345)	-	-	-	(736,115)
Total Business-Type Activities	\$ 857,445	\$ 336,401	\$ -	\$ -	\$ 42,339	\$ 1,236,185

The due from other governments that is owed to the County consists of the following:

Local Option Sales Tax	\$2,507,750
Franchise Tax	73,150
Option 4 Redistribution	1,059
DMV - Vehicle Tax	271,542
Health Grants	112,622
DSS Grants	429,686
Total	\$3,395,809

4. Receivables - Allowances for Doubtful Accounts:

The amounts reported for County receivables are net of the following allowances for doubtful accounts:

Governmental Activities:	
General:	
Ad Valorem Taxes	\$ 1,001,957
Special Revenue:	
Ad Valorem Taxes	189,825
Total Governmental Activities	\$ 1,191,782
Business-type Activities:	
Maple Hill Water Fund:	
Allowance	\$ 20,690
Resource Recovery	
Allowance	17,435
Special District	164,345
Rocky Point Water and Sewer Fund:	
Allowance	506,590
Scott's Hill Water and Sewer Fund:	
Allowance	27,055
Total Business-type Activities	\$ 736,115

5. Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

Governmental Activities	Beginning Balances				Ending Balances
	July 1, 2014	Additions	Retirements	Transfers	June 30, 2015
Capital assets not being depreciated:					
Land	\$ 10,276,114	\$ -	\$ -	\$ -	\$ 10,276,114
Construction in Progress	2,641,856	3,340,310	339,948	-	5,642,218
Total capital assets not being depreciated	12,917,970	3,340,310	339,948	-	15,918,332
Other capital assets:					
Buildings & Improvements	25,245,001	401,329	-	-	25,646,330
Intangibles	1,497,986	-	-	-	1,497,986
Equipment	2,902,226	22,918	15,491	-	2,909,653
Vehicles	4,556,065	286,727	-	-	4,842,792
Total capital assets being depreciated	34,201,278	710,974	15,491	-	34,896,761
Less accumulated depreciation for:					
Buildings & Improvements	11,828,696	725,872	-	-	12,554,568
Intangibles	1,125,937	131,321	-	-	1,257,258
Equipment	2,356,060	115,901	9,367	-	2,462,594
Vehicles	3,051,465	579,081	-	-	3,630,546
Total accumulated depreciation	18,362,158	1,552,175	9,367	-	19,904,966
Total capital assets being depreciated, net	15,839,120	\$ (841,201)	\$ 6,124	\$ -	14,991,795
Governmental activities capital assets, net	\$ 28,757,090				\$ 30,910,127

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

Governmental activities	
General governmental	\$ 543,261
Public Safety	597,765
Human Services	258,417
Education	58,478
Economic and physical development	31,229
Cultural and Recreational	63,025
Total depreciation expense	\$ 1,552,175

Business-type activities

	Beginning Balances	Increases	Decreases	Ending Balances
SEWER FUND				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	256,544	-	-	256,544
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	16,295	-	-	16,295
Total capital assets being depreciated	272,839	-	-	272,839
Less accumulated depreciation for:				
Buildings and improvements	152,879	6,283	-	159,162
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	16,295	-	-	16,295
Total accumulated depreciation	169,174	\$ 6,283	\$ -	175,457
Sewer capital assets, net	\$ 103,665			\$ 97,382
	Beginning Balances	Increases	Decreases	Ending Balances
Maple Hill				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ 4,930	\$ -	\$ -	\$ 4,930
Construction in progress	126,900	-	-	126,900
Total capital assets not being depreciated	131,830	-	-	131,830
Capital assets being depreciated:				
Buildings and improvements	5,628,999	-	-	5,628,999
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total capital assets being depreciated	5,628,999	-	-	5,628,999
Less accumulated depreciation for:				
Buildings and improvements	762,635	140,282	-	902,917
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	762,635	\$ 140,282	\$ -	902,917
Maple Hill capital assets, net	\$ 4,998,194			\$ 4,857,912

Business-type activities (continued):

	Beginning Balances	Increases	Decreases	Ending Balances
RP/T Water				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ 343,493	\$ -	\$ -	\$ 343,493
Construction in progress	10,428	-	-	10,428
Total capital assets not being depreciated	<u>353,921</u>	<u>-</u>	<u>-</u>	<u>353,921</u>
Capital assets being depreciated:				
Buildings and improvements	26,288,387	-	-	26,288,387
Intangibles	9,485	-	-	9,485
Vehicles	470,686	-	-	470,686
Equipment	33,907	-	-	33,907
Total capital assets being depreciated	<u>26,802,465</u>	<u>-</u>	<u>-</u>	<u>26,802,465</u>
Less accumulated depreciation for:				
Buildings and improvements	2,494,028	665,030	-	3,159,058
Intangibles	8,766	-	-	8,766
Vehicles	321,604	53,768	-	375,372
Equipment	17,219	-	-	17,219
Total accumulated depreciation	<u>2,841,617</u>	<u>\$ 718,798</u>	<u>\$ -</u>	<u>3,560,415</u>
RP/T capital assets, net	<u>\$ 24,314,769</u>			<u>\$ 23,595,971</u>
Section 8				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	-
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated:				
Buildings and improvements	-	-	-	-
Intangibles	9,383	-	-	9,383
Vehicles	15,615	-	-	15,615
Equipment	-	-	-	-
Total capital assets being depreciated	<u>24,998</u>	<u>-</u>	<u>-</u>	<u>24,998</u>
Less accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Intangibles	9,225	156	-	9,381
Vehicles	8,068	3,123	-	11,191
Equipment	-	-	-	-
Total accumulated depreciation	<u>17,293</u>	<u>\$ 3,279</u>	<u>\$ -</u>	<u>20,572</u>
Section 8 capital assets, net	<u>\$ 7,705</u>			<u>\$ 4,426</u>

	Beginning			Ending
	Balances	Increases	Decreases	Balances
Country Court				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	333,617	-	-	333,617
Intangibles	1,200	-	-	1,200
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total capital assets being depreciated	334,817	-	-	334,817
Less accumulated depreciation for:				
Buildings and improvements	163,465	7,590	-	171,055
Intangibles	1,180	20	-	1,200
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	164,645	\$ 7,610	\$ -	172,255
Country Court capital assets, net	\$ 170,172			\$ 162,562

Business-type activities (continued):

	Beginning			Ending
	Balances	Increases	Decreases	Balances
Solid Waste				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ 66,770	\$ -	\$ -	\$ 66,770
Construction in progress	-	5,589	-	5,589
Total capital assets not being depreciated	66,770	5,589	-	72,359
Capital assets being depreciated:				
Buildings and improvements	1,857,726	-	-	1,857,726
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	47,795	-	-	47,795
Total capital assets being depreciated	1,905,521	-	-	1,905,521
Less accumulated depreciation for:				
Buildings and improvements	548,589	47,021	-	595,610
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	47,887	-	-	47,887
Total accumulated depreciation	596,476	\$ 47,021	\$ -	643,497
Solid Waste capital assets, net	\$ 1,375,815			\$ 1,334,383

	Beginning			Ending
	Balances	Increases	Decreases	Balances
Scott's Hill Water & Sewer				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 27,980	\$ -	\$ 27,980
Total capital assets not being depreciated	-	27,980	-	27,980
Capital assets being depreciated:				
Buildings and improvements	3,110,091	-	-	3,110,091
Intangibles	-	-	-	-
Vehicles	21,377	-	-	21,377
Equipment	-	-	-	-
Total capital assets being depreciated	3,131,468	-	-	3,131,468
Less accumulated depreciation for:				
Buildings and improvements	265,096	77,752	-	342,848
Intangibles	-	-	-	-
Vehicles	11,400	4,276	-	15,676
Equipment	-	-	-	-
Total accumulated depreciation	276,496	\$ 82,028	\$ -	358,524
Scott's Hill Water & Sewer capital assets, net	\$ 2,854,972			\$ 2,800,924
	Beginning			Ending
	Balances	Increases	Decreases	Balances
Water Treatment Plant				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 34,265,659	\$ (7,920)	\$ -	\$ 34,257,739
Total capital assets not being depreciated	34,265,659	(7,920)	-	34,257,739
Capital assets being depreciated:				
Buildings and improvements	944,782	-	-	944,782
Intangibles	-	-	-	-
Vehicles	68,691	-	-	68,691
Equipment	22,720	-	-	22,720
Total capital assets being depreciated	1,036,193	-	-	1,036,193
Less accumulated depreciation for:				
Buildings and improvements	1,374	970	-	2,344
Intangibles	-	-	-	-
Vehicles	23,565	11,349	-	34,914
Equipment	4,296	2,272	-	6,568
Total accumulated depreciation	29,235	\$ 14,591	\$ -	43,826
Water Treatment Plant capital assets, net	\$ 35,272,617			\$ 35,250,106

	Beginning Balances	Increases	Decreases	Ending Balances
Waste Water Treatment Plant				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 4,360,626	\$ 4,138,688	\$ 5,521,302	\$ 2,978,012
Total capital assets not being depreciated	4,360,626	4,138,688	5,521,302	2,978,012
Capital assets being depreciated:				
Buildings and improvements	3,024,206	-	-	3,024,206
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total capital assets being depreciated	3,024,206	-	-	3,024,206
Less accumulated depreciation for:				
Buildings and improvements	302,421	75,605	-	378,026
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	302,421	75,605	-	378,026
Waste Water Treatment Plant capital assets, net	\$ 7,082,411			\$ 5,624,192

	Beginning Balances	Increases	Decreases	Ending Balances
PCP Wastewater Treatment Plant				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 1,242,226	\$ 6,216,619	\$ -	\$ 7,458,845
Total capital assets not being depreciated	1,242,226	6,216,619	-	7,458,845
PCP Waste Water Treatment Plant capital assets, net	\$ 1,242,226			\$ 7,458,845

	Beginning Balances	Increases	Decreases	Ending Balances
Moore's Creek Water District				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 106,732	\$ 182,292	\$ -	\$ 289,024
Total capital assets not being depreciated	106,732	182,292	-	289,024
Moore's Creek Water District capital assets, net	\$ 106,732			\$ 289,024

	Beginning Balances	Increases	Decreases	Ending Balances
Central Pender Water District				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 105,826	\$ 409,568	\$ -	\$ 515,394
Total capital assets not being depreciated	105,826	409,568	-	515,394
Central Pender Water District capital assets, net	\$ 105,826			\$ 515,394

Business-type activities capital assets, net \$ 77,635,104 \$ 81,991,121

Construction Commitments

The County has numerous active construction projects underway. At June 30, 2015, the government's commitments with contractors were as follows:

Project	Spent-to-date	Remaining Commitment
Hampstead Annex	\$ 4,958,213	\$ 435
Pender Commerce Park	3,134,312	105,971
Commerce Park WWTP (Phase I)	10,704,886	9,624,084
Solid Waste Transfer Station	5,589	474,117
Total	<u>\$ 18,803,000</u>	<u>\$ 10,204,607</u>

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 6,500	\$ -	\$ -	\$ 6,500
Total capital assets not being depreciated	6,500	-	-	6,500
Capital assets being depreciated:				
Buildings	17,147	-	-	17,147
Building addition	96,564	-	-	96,564
Land improvements	-	13,313	-	13,313
Roof Replacement	29,695	-	-	29,695
Equipment	246,913	5,734	-	252,647
Vehicle	20,622	-	-	20,622
Total capital assets being depreciated	410,941	19,047	-	429,988
Less accumulated depreciation for:				
Buildings	17,147	-	-	17,147
Building addition	68,805	1,931	-	70,736
Roof Replacement	23,921	666	-	24,587
Equipment	209,613	1,980	-	211,593
Vehicle	20,622	13,309	-	33,931
Total accumulated depreciation	340,108	17,886	-	357,994
ABC capital assets, net	\$ 77,333			\$ 78,494

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2015, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental Activities:					
General	\$ 1,435,106	\$ 895,231	\$ 586,840	\$ -	\$ 2,917,177
Other Governmental	118,190	377	-	-	118,567
Internal Service	-	619,559	-	-	619,559
Total Governmental Activities	\$ 1,553,296	\$ 1,515,167	\$ 586,840	\$ -	\$ 3,655,303
Business-type Activities					
Maple Hill Water Fund	\$ 436	\$ -	\$ 634	\$ -	\$ 1,070
Sewer Fund	-	4,035	-	-	4,035
Resource Recovery	383,608	1,896	-	-	385,504
Section 8 Administration	14,233	1,673	-	-	15,906
Country Court Apts	64	-	-	-	64
Scott's Hill Water & Sewer	158	681	8,457	-	9,296
Water Treatment Plant	4,545	4,460	60,919	-	69,924
Rocky Point Water & Sewer	60,526	7,113	65,277	-	132,916
Wastewater Treatment Plant	-	-	-	-	-
Moore's Creek Water District	26,712	-	-	-	26,712
Central Pender Water District	64,834	-	-	-	64,834
PCP Wastewater Treatment Plant	310,510	-	-	-	310,510
Total Business-Type Activities	\$ 865,626	\$ 19,858	\$ 135,287	\$ -	\$ 1,020,771

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System of North Carolina

Plan Description. The County is a participating employer in the statewide 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% 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 \$1,070,401 for the year ended June 30, 2015.

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, 2015, the County reported an asset of \$1,506,566, or its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset 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, 2014, the County's proportion was 0.255%, which was an increase of 0.005% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$87,447. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 164,618
Net difference between projected and actual earnings on pension plan investments	-	3,507,251
Changes in proportion and differences between County Contributions and proportionate share of contributions	-	27,957
County contributions subsequent to the measurement date	1,070,401	-
Total	<u>\$ 1,070,401</u>	<u>\$ 3,699,826</u>

\$1,070,401 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 ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2016	\$ (925,077)
2017	(925,077)
2018	(925,077)
2019	(924,595)
2020	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 Percent
Salary Increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment Rate of Return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. 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 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 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	5,113,936	(1,506,565)	(7,080,814)

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description:

Pender 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. For reporting purposes, the Separation Allowance is presented as a pension trust fund; however, it does not meet the criteria for trust funds outlined in GASB Statement 68.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	63
Total	<u>63</u>

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies:

Basis of Accounting - Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value. Short-term debt money market debt instruments, deposits, repurchase agreements, and the North Carolina Capital Management Trust investments are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

3. 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. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contributions for the fiscal year ended June 30, 2015 was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 – 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected pay on a closed basis. The remaining amortization period at December 31, 2014 was 16 years.

Annual Pension Cost and Net Pension Obligation - The County's annual pension cost and net pension obligation to the Separation Allowance for the current year was as follows:

Annual Required Contribution	\$ 94,231
Interest on Net Pension Obligation	27,381
Adjustments to Annual Required Contributions	(46,260)
Annual Pension Cost	\$ 75,352
Contributions Made	(1,264)
Increase (Decrease) in Net Pension Obligation	\$ 74,088
Net Pension Obligation Beginning of Year	547,612
Net Pension Obligation End of Year	\$ 621,700

3-Year Trend Information

<u>Year Ended</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Obligation</u>
6-30-13	67,049	14.07%	491,159
6-30-14	61,930	162.89%	547,612
6-30-15	75,352	1.68%	621,700

4. Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$608,536, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$608,536. The covered payroll (annual payroll of active employees covered by the plan) was \$2,386,736, and the ratio of the UAAL to the covered payroll was 25.50%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 the 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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. Contributions for the year ended June 30, 2015 were \$148,167, which consisted of \$125,144 from the County and \$23,023 from the law enforcement officers.

d. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The County has complied with changes in the laws which govern the County's Deferred Compensation Plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. Formerly, the undistributed amounts that had been deferred by the plan participants were required to be reported as assets of the County. Effective for the current fiscal year and in accordance with GASB Statement 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, " the County's Deferred Compensation Plan is no longer reported within the County's Agency Funds.

e. Register of Deeds' Supplemental Pension Fund

Plan Description. also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. ROSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. 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 3,931 for the year ended June 30, 2015.

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

At June 30, 2015, the County reported an asset of 152,245 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset 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 ROSPF employers, actuarially determined. At June 30, 2014, the County's proportion was 0.672%, which was an increase of 0.012% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$4,679. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,397	\$ -
Net difference between projected and actual earnings on pension plan investments	-	819
Changes in proportion and differences between County Contributions and proportionate	-	1,780
County contributions subsequent to the measurement date	3,931	-
Total	<u>\$ 5,328</u>	<u>\$ 2,599</u>

\$3,931 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 ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2016	\$	(379)
2017		(379)
2018		(240)
2019		(205)
2020		-
Thereafter		-

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 Percent
Salary Increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment Rate of Return	5.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The 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, 2014 is 2.5%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 5.75%. 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 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 5.75 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 (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	(136,709)	(152,245)	(165,598)

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

f. Other Post-employment Benefits

Plan Description. According to a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of creditable service with the County. The County pays the full cost of coverage for these benefits through private insurers. Also, retirees can purchase coverage for their dependents at the County's group rates. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan

Membership of the HCB Plan consisted of the following at December 31, 2014, the date of latest actuarial valuation

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	14	1
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	334	62
Total	348	63

Funding Policy. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the Board of Commissioners. The County's members can purchase coverage for their dependents at the County's group rates. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 6.54% of annual covered payroll. For the current year, the County contributed \$68,186 or 4.65% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a Board resolution, for employees not engaged in law enforcement and for law enforcement officers represented 6.01% and .5.86% of covered payroll, respectively. There were no contributions made by employees. The County's obligation to contribute to HCB Plan is established and may be amended by the Board of Commissioners.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the current year, the amount actually contributed to the plan, and changed in the County's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 867,230
Interest on net OPEB obligation	233,475
Adjustment to annual required contribution	(223,041)
Annual OPEB cost (expense)	877,664
Contributions made	(68,186)
Increase (decrease) in net OPEB obligation	809,478
Net OPEB obligation, beginning of year	5,836,870
Net OPEB obligation, end of year	\$ 6,646,348

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 913,065	5.70%	\$ 4,981,219
2014	\$ 913,065	6.29%	\$ 5,836,870
2015	\$ 877,664	6.00%	\$ 6,646,348

Funded Status and Funding Progress . As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial liability (UAAL) was \$10,014,665. The covered payroll (annual payroll of active employees covered by the plan) was \$14,667,853, and the ratio of UAAL to the covered payroll was 68.3 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions . Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included a 3.00 percent inflation assumption. The medical cost trend rate varied between 7.50 to 5.00 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected unit credit on a level percent of pay, open basis. The remaining amortization period at December 31, 2014, was 30 years.

g. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (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 a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 3,249,521	\$ -
Pension - difference between expected and actual experience		
LGERS	-	164,618
Register of Deeds	1,396	-
Pensions - difference between projected and actual investment earnings	-	3,508,070
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	-	29,737
Contributions to pension plan in 2014-2015 fiscal year	1,074,332	-
Taxes Receivable, net (General)	-	940,630
Taxes Receivable, net (Special Revenue)	-	258,825
Total	<u>\$ 4,325,249</u>	<u>\$ 4,901,880</u>

4. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a participant in one insurance pool administered by the North Carolina Association of County Commissioners (NCACC) Liability and Property Pool, which provides property and liability coverage.

The County obtains general, auto, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and property coverage equal to replacement cost values of owned property. The pools are audited annually by certified public accountants and the audited financial statements are available to the County upon request.

Beginning July 1, 2005, the County became partially self-insured for group medical and prescription drug coverage and self-insured for group dental coverage. The County contracted with Employers Direct Health beginning in 2007 to administer the program. The contract provides for stop-loss reinsurance protection on an aggregate and specific basis. Aggregate stop-loss insures cumulative covered claims above the annual attachment point during any contract period. Specific stop-loss insures covered claims above \$75,000 for any one participant after the County has satisfied an additional \$100,000 aggregating specific deductible in any contract period. The group dental coverage has limited ability due to plan design and no stop-loss reinsurance is purchased.

Effective January 1, 2016, the County has been accepted into the North Carolina State Health Plan (SHP) and will be moving from the current insurance vendor to the SHP. The State Health Plan's network is through Blue Cross Blue Shield of North Carolina. The County anticipates substantial savings with this change.

For workers compensation claims, the County contracts with the NCACC to administer its workers compensation program.

The liability of unpaid claims of the County as of June 30, 2015 is as follows

	Fiscal Year Ended June 30,	
	2015	2014
Unpaid claims at July 1	\$ 599,066	\$ 262,033
Incurred claims and judgments for current and prior year events where the County has retained risk of loss	3,806,179	3,288,889
Payments on claims for current and prior year events where the County has retained risk of loss	3,785,691	2,951,856
Unpaid claims at June 30	<u>\$ 619,554</u>	<u>\$ 599,066</u>

In accordance with G.S. § 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance and the County Manager are individually bonded for \$100,000. The Tax Collector, Director of Utilities, and Register of Deeds are each individually bonded for \$50,000. The Deputy Tax Collector and Deputy Finance Director are each individually bonded for \$30,000. The Housing Director is bonded for \$25,000.

The County carries flood insurance through the NCACC, with a deductible of \$25,000 per occurrence. Flood coverage is excluded on property located in the 100 year flood zone as designated by the Federal Emergency Management Agency.

The County continues to carry 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

5. Contingent Liabilities

The County is a defendant in various lawsuits. Management of the County and its respective legal counsel feels that these claims can be successfully defended and intend to resist the allegations of these matters in every way and do not plan to seek out-of-court settlements. In the event that judgments adverse to the interest of the County should be rendered, management and its legal counsel feel any liability will be covered by existing insurance policies.

6. Long Term Debt

Capital Leases

The County has entered into various lease agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed on December 15, 2012 to lease vehicles for the public works department and requires 3 annual lease payments of \$139,758.	\$	138,529
The second agreement was also executed on December 15, 2012 to lease vehicles for various county department vehicles and requires 5 annual payments of \$109,822.		322,249
The third agreement was executed on February 20, 2014 to lease vehicles for various county department vehicles and requires 3 annual payments of \$137,837.		272,192
The fourth agreement was also executed on February 20, 2014 to lease computer system and software equipment and requires 4 annual payments of \$37,503.		110,161
The fifth agreement was also executed on February 20, 2014 to lease vehicles for various county department vehicles and requires 5 annual payments of \$111,433.		431,774
		<hr/>
Total Capital Leases	\$	<u>1,274,905</u>

The following is an analysis of the assets recorded under capital leases at June 30, 2015:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles	\$ 1,265,232	\$ 557,570	\$ 707,662

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>For Year Ending</u>	
<u>June 30</u>	
2016	\$ 536,354
2017	396,596
2018	258,758
2019	111,433
2020	-
Total minimum lease payments	\$ 1,303,141
Less: amount representing interest	28,236
Present value of the minimum lease payments	<u>\$ 1,274,905</u>

There is \$520,665 recorded in cash escrow accounts that is related to the above capital leases. As of June 30, 2014, these amounts are still sitting in an escrow account, so there is no related capital asset to offset the lease payable.

Mortgage Notes

Pender County Housing Authority (Country Court Enterprise Fund) has outstanding two notes aggregating \$115,430 due to the Farmer's Home Administration. The notes are collateralized by an apartment complex and bear interest at 1%.

Limited Obligation Bonds

On October 10, 2012, the County Water Districts issued individual refunding bonds in the amount of \$22,330,000 for each of the USDA Bonds being refinanced. The County then issued Limited Obligation Bonds ("LOBs") to purchase these bonds; the County (and bondholders) have a security interest in the Water District's refunding bonds. When debt service is due, each water district will remit the debt service payments for their respective bonds to the County, who will then remit it to the bondholders. If a district does not pay, the County has the bonds (and the District's ad valorem taxing power for the general obligation bonds) as collateral. The Limited Obligation Bonds are appropriation-backed and require the Board to budget for the debt service annually. The payments will consist of an annual principal payment and bi-annual interest payments with a 3.73% average interest rate over the life of the term. As of June 30, 2015, the balance of the bonds was \$20,960,000. The reader should note that this debt issuance is entirely offset by the Water District's Refunding 2012 Bonds as detailed below under the General Obligation Indebtedness section.

The Water Districts are a blended component unit of the County. On the fund statements, the amounts owed to the County to make the payments for the LOBs are classified as "Due to the County" in the Water District Funds, and as "Due from the Districts" in the Water Fund. On the government-wide statements, these amounts are eliminated. Therefore, when Exhibit 1 debt totals are compared to the total debt in the notes, the amount will differ by the amount eliminated for this LOB debt.

On May 27, 2015, the County issued limited obligation bonds to finance various projects throughout the County. When debt service is due, each respective fund will remit the debt service payments for their portion of the bonds to the County, who will then remit it to the bondholders. If a district does not pay, the County has the bonds (and the District's ad valorem taxing power for the general obligation bonds) as collateral. The Limited Obligation Bonds are appropriation-backed and require the Board to budget for the debt service annually. The payments will consist of an annual principal payment and bi-annual interest payments with a 3.47% average interest rate over the life of the term. As of June 30, 2015, the balance of the bonds was \$24,800,000.

The minimum payments for the Limited Obligation Bonds as of June 30, 2015 are as follows:

Year Ending	Government-Wide Activities		Business-Type Activities		Total	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30</u>						
2016	\$ 277,678	\$ 244,318	\$ 1,147,322	\$ 1,571,961	\$ 1,425,000	\$ 1,816,279
2017	264,455	283,770	1,120,545	1,670,441	1,385,000	1,954,211
2018	264,455	270,548	1,165,545	1,618,265	1,430,000	1,888,813
2019	269,744	257,324	1,195,256	1,568,589	1,465,000	1,825,913
2020	277,678	243,838	1,232,322	2,017,725	1,510,000	2,261,563
2021-2025	1,499,460	1,003,724	6,895,541	6,676,691	8,395,001	7,680,415
2026-2030	1,718,958	634,040	8,291,043	4,913,921	10,010,001	5,547,961
2031-2035	1,986,057	230,960	9,688,943	3,078,680	11,675,000	3,309,640
2036-2040	-	-	4,965,000	1,471,688	4,965,000	1,471,688
2041-2045	-	-	3,500,000	378,225	3,500,000	378,225
2046-2050	-	-	-	-	-	-
Total	<u>\$ 6,558,485</u>	<u>\$ 3,168,522</u>	<u>\$ 39,201,517</u>	<u>\$ 24,966,186</u>	<u>\$ 45,760,002</u>	<u>\$ 28,134,708</u>

General Obligation Bonds

The general obligation bonds serviced by the General Fund are collateralized by the full faith, credit and taxing power of the County. The general obligation bonds serviced by the Water Fund, and Sewer Fund are collateralized by the full faith, credit and taxing power of the Maple Hill Water District, the Rocky Point – Topsail Water and Sewer District, and the Scott's Hill Water and Sewer District. The following individual issues are outstanding at June 30, 2015:

Serviced by the General Fund:

General Obligation Refunding Bonds, Series 2012 \$2,040,000,000 due in annual payments ranging from \$385,000 to \$465,000, plus semi-annual interest payments at 1.96% through June 2017, serviced by the Special Revenue Fund.	\$ 800,000
General Obligation Refunding Bonds, Series 2010 \$4,985,000 due in annual payments ranging from \$10,000 to \$460,000, plus semi-annual interest payments ranging from 4.40% to 4.70% through 2022, serviced by the Special Revenue Fund.	2,880,000
General Obligation Refunding Bonds, Series 2004 \$9,815,000 due in annual payments ranging from \$460,000 to \$1,125,000, plus interest ranging from 2.50% to 4.00% through 2016, serviced by the General Fund and the Special Revenue Fund.	700,000
General Obligation School Bonds, Series 2005 \$35,000,000 due in annual payments ranging from \$1,000,000 to \$3,000,000, plus interest ranging from 3.00% to 4.75% through 2025, serviced by the School Capital Project Fund.	1,400,000
General Obligation School Bonds, Series 2007 \$20,875,000 due in annual payments ranging from \$900,000 to \$1,875,000, plus interest ranging from 4.00% to 6.00% through 2028, serviced by the School Capital Project Fund.	14,575,000
Refunded-General Obligation School Bonds, Series 2012 \$25,860,000 due in annual installments ranging from \$155,000 to \$3,010,000 plus interest at 2% through 2026, serviced by the School Capital Project Fund.	<u>25,170,000</u>
Total General Obligation Bonds (Governmental Activities)	<u>\$ 45,525,000</u>

Serviced by Water and Sewer Districts:

\$9,500,000 Water Treatment Plant Bonds, Water Series, 2012A to USDA Rural Development, due in annual payments ranging from \$125,000 to \$430,000, plus interest at 3.50% through June 2052.	\$ 9,375,000
\$7,000,000 Water Treatment Plant Bonds, Water Series, 2012B to USDA Rural Development, due in annual payments ranging from \$87,000 to \$325,000, plus interest at 3.50% through June 2052.	6,905,000
\$1,000,000 Water Treatment Plant Bonds, Water Series, 2012D to USDA Rural Development, due in annual payments ranging from \$16,000 to \$41,000, plus interest at 2.75%.	984,000
\$220,000 Maple Hill Water District Refunding Bond, Series 2012 due in annual payments ranging from \$10,000 to \$15,000, plus interest ranging from 2 to 5%, through June 2031	185,000
\$2,575,000 Scott's Hill Water & Sewer District Refunding Bond, Series 2012, due in annual payments ranging from \$55,000 to \$150,000, plus interest ranging from 2 to 5% through June 2041.	2,415,000
\$19,535,000 Rocky Point - Topsail Water & Sewer District Refunding Bond, Series 2012 due in annual payments ranging from \$295,000 to \$925,000, plus interest ranging from 2 to 5% through June 2044.	<u>18,360,000</u>
Total General Obligation Bonds (Business-type Activities)	<u>\$ 38,224,000</u>
Total General Obligation Bonds	<u><u>\$ 83,749,000</u></u>

Other Indebtedness

Installment Purchase

Serviced by the General Fund:

\$655,250 note to North Carolina Department of Commerce to finance Industrial Shell Building. Interest only payments due first two years, with first payment due July 1, 2011 and principal will amortize thereafter on July 1, 2013 until the loan is paid in full.	\$ 222,756
\$500,000 note to Four County EMC to finance the Industrial Shell Building. Principal payments will be repaid in 84 equal monthly installments, with the first installment being due July 31, 2014. Interest rate is 0%.	428,571
\$1,631,386 note to BASF Corporation to finance the purchase of land. Principal payments will be repaid in 5 equal annual installments of \$326,277, with the first installment being due on December 7, 2011. Interest rate is 0%.	<u>326,277</u>
Total - Governmental Activities	<u>\$ 977,604</u>

Serviced by Enterprise Funds

\$935,082 note to Lower Cape Fear Water and Sewer Authority to finance the purchase of water capacity for the water treatment plant. Principal payments will be repaid in 20 equal semi-annual installments.. The interest rate was 5.25%, but changed to 4.09% effective January 2007.	<u>\$ 251,771</u>
Total - Business-Type Activities	<u>\$ 251,771</u>
Total Installment Purchases	<u><u>\$ 1,229,375</u></u>

Annual maturity requirements on all long-term debt (except accrued compensated absences and unfunded pension obligations, which have no definite maturities, and capital lease obligations, which are presented elsewhere) with no related interest as of June 30, 2015, are as follows:

Year Ending June 30	General Obligation Bonds		Installment Note		Mortgage Notes		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 4,742,000	\$ 3,103,465	\$ 669,844	\$ 6,910	\$ 6,712	\$ 1,124	\$ 8,530,055
2017	4,705,000	2,933,751	121,292	1,973	6,780	1,056	7,769,852
2018	4,659,000	2,794,055	121,778	1,487	6,848	988	7,584,156
2019	4,608,000	2,670,618	122,269	996	6,917	919	7,409,719
2020	4,593,000	2,510,315	122,764	501	6,986	850	7,234,416
2021-2025	23,603,000	9,655,343	71,428	-	35,998	3,182	33,368,951
2026-2030	11,602,000	6,037,125	-	-	32,838	1,195	17,673,158
2031-2035	6,325,000	4,472,263	-	-	12,351	139	10,809,753
2036-2040	7,524,000	3,107,745	-	-	-	-	10,631,745
2041-2045	6,532,000	1,540,240	-	-	-	-	8,072,240
2046-2050	3,596,000	599,793	-	-	-	-	4,195,793
2051-2055	1,260,000	59,643	-	-	-	-	1,319,643
Total	<u>\$ 83,749,000</u>	<u>\$ 39,484,356</u>	<u>\$ 1,229,375</u>	<u>\$ 11,867</u>	<u>\$ 115,430</u>	<u>\$ 9,453</u>	<u>\$ 124,599,481</u>

*General Obligation Bonds above in the annual maturity schedule includes Bond Anticipation Notes as well as General Obligation Bonds.

Revenue Bond

\$4,955,000 Water Revenue Bond, 2012C to USDA Rural Development, due in annual payments ranging from \$75,000 to \$205,000, plus interest at 2.75% through June 2052.

\$ 4,879,000

The future payments of the revenue bond are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 78,000	\$ 134,173
2017	80,000	132,028
2018	82,000	129,828
2019	84,000	127,572
2020	87,000	125,262
2021-2025	469,000	589,242
2026-2030	540,000	520,987
2031-2035	617,000	442,585
2036-2040	706,000	352,990
2041-2045	809,000	250,443
2046-2050	922,000	133,045
2051-2054	<u>405,000</u>	<u>16,775</u>
Total	<u>\$ 4,879,000</u>	<u>\$ 2,954,930</u>

The County is not in compliance with the covenants as to rates, fees, rentals and charges in Article III of the Bond Order, authorizing the issuance of the Water Revenue Bond, Series 2012C. They obtained revenues by transferring reserve balances from other funds (not from service revenues). Section 3.04 of the Bond Order requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2015, is as follows:

Operating revenues	\$ 258,784
Operating expenses*	1,093,605
Operating income	<u>(834,821)</u>
Nonoperating revenues (expenses)**	(558,584)
Income available for debt service	<u>(1,393,405)</u>
Debt service, principal and interest paid (Revenue Bond only)	\$ 212,263
Debt service coverage ratio	-656.45%

* Per rate covenants, this does not include the depreciation expense of \$14,591.

** Per rate covenant, this does not include revenue bond interest paid of \$136,263.

Advance Refundings

On September 14, 2010, the County issued \$4,985,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$5,000,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$296,911. This amount is being netted against the new debt and amortized over the life of the refunded debt, which has the same maturity as the old debt. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$557,585, and resulted in an economic gain of \$260,674.

On June 12, 2012, the County issued \$25,860,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$25,000,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$860,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which has the same maturity as the old debt. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$1,594,144, and resulted in an economic gain of \$1,390,811.

On October 10, 2012, the County issued \$22,330,000 of Water District Refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$23,462,000. This debt was issued at a premium of \$1,808,886, which is included in the net debt service and is being amortized over the term of the debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$369,941. This amount is netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 31 years by \$4,593,729 and resulted in an economic gain of \$2,154,577.

Debt Related to Capital Activities - Of the total Governmental Activities debt listed, only \$2,252,509 relates to assets the County holds title. There was no unspent restricted cash associated with the governmental activities debt.

Long-Term Obligation Activity:

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2015:

	Balance 7/1/2014	Additions	Retirements	Balance 6/30/2015	Current Portion of Balance
Governmental Activities:					
General Obligation Bonds	\$ 49,670,000	\$ -	\$ 4,145,000	\$ 45,525,000	\$ 4,125,000
Limited Obligation Debt	-	6,558,483	-	6,558,483	277,678
Installment Note	1,673,698	-	696,094	977,604	620,462
Capital Leases	1,799,695	-	524,790	1,274,905	522,493
Unamortized Bond Premium	2,751,102	549,939	247,243	3,053,798	274,740
Unfunded Pension Obligation	547,612	74,088	-	621,700	-
Net pension liability (LGERS)	2,912,745	-	2,912,745	-	-
Other Postemployment Benefits	5,529,293	753,347	-	6,282,640	-
Compensated Absences	1,585,561	82,567	-	1,668,128	-
Total	\$ 66,469,706	\$ 8,018,424	\$ 8,525,872	\$ 65,962,258	\$ 5,820,373
Business-type Activities:					
General Obligation Debt	\$ 38,825,000	\$ -	\$ 601,000	\$ 38,224,000	\$ 617,000
Limited Obligation Debt	21,325,000	18,241,517	365,000	39,201,517	1,147,322
Revenue Bond	4,955,000	-	76,000	4,879,000	78,000
Mortgage Note	122,076	-	6,646	115,430	6,712
Installment Note	349,109	-	97,338	251,771	49,382
Unamortized Premium	1,695,831	1,529,527	56,529	3,168,829	133,004
Net pension liability (LGERS)	216,432	-	216,432	-	-
Other Postemployment Benefits	307,577	56,131	-	363,708	-
Compensated Absences	67,930	4,001	-	71,931	-
Total	\$ 67,863,955	\$ 19,831,176	\$ 1,418,945	\$ 86,276,186	\$ 2,031,420

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

Conduit Debt Obligations

The Industrial Authority has issued industrial revenue bonds to provide financial assistance to private business for economic development purposes. These bonds are secured by the properties financed, as well as letters of credit, and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2015, there were no industrial revenue bonds outstanding.

Other

The County's legal debt margin at June 30, 2015, approximates \$410,018,836. Bonds authorized but unissued at June 30, 2015, are as follows:

School Bonds	\$ 75,000,000
Moore's Creek Water & Sewer General Obligation Bonds	45,000,000
Central Pender Water & Sewer District General Obligation Bonds	27,000,000
Total Bonds Authorized but unissued	\$ 147,000,000

C. Interfund Balances and Activity

Interfund Receivables and Payables

Amounts classified on the balance sheet as "Due from other funds" and "Due to other funds" at June 30, 2015, include the following interfund gross receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 9,776,087	\$ -
Fire Service District Fund	-	146,198
Rescue Districts Fund	-	693,484
Vehicle Replacement Fund	-	215,879
Country Court	-	3
Resource Recovery Fund	-	446,328
Moore's Creek Water District	-	231,118
Central Pender Water District	-	427,130
Rocky Point / Topsail Water & Sewer	678,906	-
Scott's Hill Water & Sewer	-	678,906
Water Treatment Plant	-	4,702,719
Waste Water Treatment Plant	-	2,913,228
	<hr/>	<hr/>
Total	\$ <u>10,454,993</u>	\$ <u>10,454,993</u>

The County Board is currently in discussion as to whether the Water Treatment Plant and Waste Water Treatment Plant will be required to pay back the amount recorded as a Due to the General Fund and to Rocky Point / Topsail Water and Sewer District. Money was originally set aside as seed money, and some administrations treated funding as loans. The board will decide the proper treatment and either transfer the money from the General Fund or create a repayment plan based on the Board's decision.

Interfund Transfers

Interfund transfers and transfers from component unit during the year ended June 30, 2015, can be summarized as follows:

From the General fund to the School Special Revenue Fund to fund Debt Service.	\$ 4,258,794
From the General fund to the School Capital Project fund to cover expenditures.	125,000
From the General Fund to the Capital Project fund to fund projects.	650,000
From the General fund to the Worker's Comp fund to pay workers compensation premiums.	375,000
From the General fund to the Reassessment fund to provide resources.	125,000
From the General fund to the Water Treatment Plant fund to provide resources.	1,037,622
From the General fund to the Fire Service District fund to provide resources.	33,429
From the School Capital Project fund to the School Special Revenue Fund to fund debt service.	3,006,706
From the Capital Reserve fund to the Water Treatment Plant capital project fund.	1,592,972
From the Capital Reserve fund to the PCP Waste Water Treatment Plant capital project fund.	1,148,928
	<hr/>
	\$ <u>12,353,451</u>

All interfund receivables and payables resulted from transfers used to supplement other funding sources.

D. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-Type</u>
Capital Assets	\$ 30,910,127	\$ 81,991,121
less: long-term debt	(7,720,257)	(64,880,548)
add: unexpended bond proceeds	1,674,216	14,516,143
	<hr/>	<hr/>
Net investment in capital assets	\$ <u>24,864,086</u>	\$ <u>31,626,716</u>

E. Fund Balance

Pender County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer 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 Officer has the authority to deviate from this policy if it's in the best interest of the County.

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

Total Fund Balance - General Fund	\$ 26,533,196
Less:	
Stabilization by State statute	13,105,718
Health Department Escrow	618,257
Sheriff's Seizures	309,580
Tax Revaluation	509,251
Automation Enhancement and Preservation	391,664
Appropriated Fund Balance in 2015 Budget	-
Working Capital / Fund Balance Policy	11,125,371
Remaining Fund Balance	<u>\$ 473,355</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The General Fund had outstanding encumbrances of \$417,899.

Pender County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 20% of budgeted expenditures, effective October 21, 2013. The County was in compliance with the 20% requirement at June 30, 2015. Per the policy, they have 36 months to reinstate the fund balance to meet the 20% requirement if they fail to obtain the stated amount of available fund balance.

Total Fund Balance - General Fund	\$ 26,533,196
Less: Restricted	<u>(14,033,555)</u>
Available Fund Balance	<u>\$ 12,499,641</u>
General Fund Expenditures	\$ 49,790,373
Transfers Out	6,479,845
Lease Proceeds (recorded in expenditures)	<u>(474,373)</u>
Adjusted General Fund Expenditures	<u>\$ 55,795,845</u>
Available Fund Balance as % General Fund Expenditures	22.40%

NOTE 4: Joint Venture

The County, in conjunction with the State of North Carolina, New Hanover County and the Pender County and New Hanover County Boards of Education, participates in a joint venture to operate Cape Fear Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the Community College. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$357,210 to the Community College operating purposes during the fiscal year ended June 30, 2015. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2015. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 321 North Front Street, Wilmington, North Carolina 28401.

The County, in conjunction with New Hanover and Brunswick Counties, participates in a joint venture to operate Southeastern Center for Mental Health Development Disabilities, and Substance Abuse Services (Center). Each of the Counties appoints three Board members. The Center is not considered a component unit of any other government. The County has ongoing responsibility for the Center or would otherwise have to provide mental health services itself. The County contributed \$156,000 to the Center during the year ended June 30, 2015, and provides the Center use of space at its government complex center in Burgaw. The County has no equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2015. Complete copies of the Center's financial statements may be obtained at the Center's administrative offices on South 17th Street in Wilmington, North Carolina.

NOTE 5: Related Organizations

The County commissioners are responsible for appointing the members of the Industrial Pollution Control and Financing Authority, but the County's accountability for this organization does not extend beyond making these appointments. The Authority exists to aid in the financing of industrial and manufacturing facilities in the area for the general economic benefit of the area. As of June 30, 2014, the Authority has no debt issues outstanding.

NOTE 6: Jointly Governed Organizations

The County, in conjunction with other counties and municipalities, established the Cape Fear 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 \$25,495 to the Council during the fiscal year ended June 30, 2015.

The County, along with the City of Wilmington and four other counties in southeastern North Carolina established the Lower Cape Fear Water and Sewer Authority (Authority). The Authority was formed to help facilitate water and sewer services in southeastern North Carolina. Pender County Commissioners appoint two of thirteen members of the Authority's Board of Directors. The County paid its annual system development charge in the amount of \$103,673 to the Authority during the year ended June 30, 2015. The balance due to the Authority at June 30, 2015 is \$251,771.

NOTE 7: Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations, that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 316,266	\$ -
Medicaid	46,973,059	25,511,804
Health Choice	697,944	220,758
WIC	802,081	-
Energy Assistance	276,300	-
Adult Assistance	-	336,665
Total	<u>\$ 49,065,650</u>	<u>\$ 26,069,227</u>

NOTE 8: Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

NOTE 9: Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$1,813,794 and \$145,649, respectively.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principals.

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separatin Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits
- Schedule of County's Proportionate Share of Net Pension Asset (LGERS)
- Schedule of County Contributions (LGERS)
- Schedule of County's Proportionate Share of Net Pension Asset (ROD)
- Schedule of County Contributions (ROD)

**Pender County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b - a)/c)
12/31/2009	\$ -	\$ 513,679	\$ 513,679	0.00%	\$ 2,135,467	24.05%
12/31/2010	\$ -	\$ 483,372	\$ 483,372	0.00%	\$ 2,071,322	23.34%
12/31/2011	\$ -	\$ 485,848	\$ 485,848	0.00%	\$ 2,309,593	21.04%
12/31/2012	\$ -	\$ 531,578	\$ 531,578	0.00%	\$ 2,347,222	22.65%
12/31/2013	\$ -	\$ 581,037	\$ 581,037	0.00%	\$ 2,382,860	24.38%
12/31/2014	\$ -	\$ 608,536	\$ 608,536	0.00%	\$ 2,386,736	25.50%

**Pender County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contribution	Percentage of APC Contributed	Net Pension Obligation End of Year
2010	\$ 54,183	18.47%	\$ 311,485
2011	\$ 72,403	10.25%	\$ 376,469
2012	\$ 64,219	11.12%	\$ 433,544
2013	\$ 67,049	14.07%	\$ 491,159
2014	\$ 61,930	8.84%	\$ 547,612
2015	\$ 75,352	1.68%	\$ 621,700

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 to 7.85 %
*Includes inflation at	3.00%
Cost-of living adjustments	N/A

**Pender County, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b - a)/c
12/31/2008	\$ -	\$ 9,250,385	\$ 9,250,385	0.00%	\$ 12,737,378	72.62%
12/31/2010	\$ -	\$ 8,009,338	\$ 8,009,338	0.00%	\$ 12,994,710	61.64%
12/31/2012	\$ -	\$ 8,112,003	\$ 8,112,003	0.00%	\$ 13,978,699	58.03%

**Pender County, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contribution	Percentage of APC Contributed	Net Pension Obligation End of Year
2010	1,047,796	3.24%	2,036,287
2011	1,090,728	4.04%	3,082,985
2012	1,090,728	4.94%	4,119,799
2013	913,065	5.70%	4,981,219
2014	913,065	5.70%	5,836,871
2015	867,230	6.10%	6,661,622

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level % of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of Assets
Amortization factor	26.1695
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	8.50% to 5.00%
Post-Medicare trend rate	
Year of ultimate trend rate	2018
*Includes inflation at	3.00%

Pender County, North Carolina
Schedule of Proportionate Share of Net Pension Liability (Asset)
Local Government Employees' Retirement System
Last Two Fiscal Years*

Local Government Employees' Retirement System		
	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.25546%	0.25960%
County's proportion of the net pension liability (asset) (\$)	\$ (1,506,565)	\$ 3,129,177
County's covered-employee payroll	\$ 15,004,563	\$ 13,307,829
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-12.28%	23.51%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

* 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.

Pender County, North Carolina
Schedule of County Contributions
Local Government Employees' Retirement System
Last Two Fiscal Years

Local Government Employees' Retirement System		
	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,068,154	\$ 1,023,364
Contributions in relation to the contractually required contribution	1,068,154	1,023,364
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Pender County; covered-employee payroll	\$ 15,004,563	\$ 13,307,829
Contributions as a percentage of covered-employee payroll	7.12%	7.69%

Pender County, North Carolina
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Register of Deeds' Supplemental Pension Fund
Last Two Fiscal Year*

	<u>2015</u>	<u>2014</u>
County's proportionate share of the net pension liability (%)	0.6717%	0.660%
County's proportionate share of the net pension liability (\$)	\$ (152,245)	(140,884)
County's covered-employee payroll	\$ 376,502	365,612
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-40.44%	-38.53%
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%

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

Pender County, North Carolina
Schedule of County Contributions
Register of Deeds' Supplemental Pension Fund
Last Two Fiscal Year*

	<u>2015</u>	<u>2014</u>
County's required contribution	\$ 5,648	\$ 5,484
Contributions in relation to contractually required contribution	<u>5,648</u>	<u>5,484</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 376,502	\$ 365,612
Contributions as a percentage of covered-employee payroll	1.50%	1.50%

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Pender County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem Taxes	\$ 33,084,905	\$33,989,781	\$ 904,876
Other Taxes and Licenses	300,000	336,721	36,721
Unrestricted Intergovernmental Revenues	6,249,906	7,056,190	806,284
Restricted Intergovernmental Revenues	10,609,669	9,673,279	(936,390)
Permits and Fees	640,300	735,753	95,453
Sales and Services	1,309,810	1,164,083	(145,727)
Investment Earnings	20,200	31,020	10,820
Miscellaneous	46,271	161,885	115,614
Total Revenues	<u>\$ 52,261,061</u>	<u>\$53,148,712</u>	<u>\$ 887,651</u>
Expenditures			
General Government:			
Governing Body	\$ 146,386	\$ 140,766	\$ 5,620
County Manager	288,435	286,192	2,243
Human Resources	161,682	156,773	4,909
Board of Elections	265,724	256,719	9,005
Finance	455,356	446,930	8,426
Information Systems	1,486,011	1,210,577	275,434
Tax Administrator	736,541	519,021	217,520
Tax Collections	595,299	544,939	50,360
AE&P Fund	58,200	-	58,200
Register of Deeds	302,922	286,726	16,196
Public Buildings	2,311,256	2,012,285	298,971
Court Facilities	36,800	30,123	6,677
Nondepartmental	913,378	654,182	259,196
County Attorney	71,981	60,654	11,327
Vehicle Maintenance	554,832	383,640	171,192
Contingency	113,338	-	113,338
Total General Government	<u>\$ 8,498,141</u>	<u>\$ 6,989,527</u>	<u>\$ 1,508,614</u>
Public safety:			
Sheriff	\$ 5,182,016	\$ 4,946,616	\$ 235,400
Jail	2,636,415	2,375,316	261,099
Animal Control	261,619	251,754	9,865
Emergency Management	479,700	395,586	84,114
Forest Resources	230,000	185,103	44,897
Sheriff Seizure	109,690	32,270	77,420
Medical Examiner	75,000	30,960	44,040
Total Public Safety	<u>\$ 8,974,440</u>	<u>\$ 8,217,605</u>	<u>\$ 756,835</u>
Economic and Physical Development:			
Extension Service	\$ 153,360	\$ 144,101	\$ 9,259
Planning	974,187	914,935	59,252
Tourism Office	165,599	131,672	33,927
Option 4 Payments	552,800	605,188	(52,388)
Outside Agencies	620,383	620,704	(321)
Total Economic and Physical Develop	<u>\$ 2,466,329</u>	<u>\$ 2,416,600</u>	<u>\$ 49,729</u>

Pender County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Human services:			
Health Department	\$ 5,575,180	\$ 5,041,243	\$ 533,937
Mosquito Control	280,585	254,120	26,465
Public Assistance	10,884,002	10,026,613	857,389
Veterans Services	146,724	128,023	18,701
Mental Health	20,000	17,506	2,494
Storm Cleanup	-	-	-
EDTAP Transportation	171,000	143,189	27,811
Outside Agencies	313,900	313,900	-
Total Human Services	<u>\$ 17,391,391</u>	<u>\$15,924,594</u>	<u>\$ 1,466,797</u>
Cultural and recreational:			
Library	\$ 802,281	\$ 766,956	\$ 35,325
Council of Community Affairs	1,000	-	1,000
Recreational	515,767	514,509	1,258
Youth Alternatives	65,091	65,090	1
Outside Agencies	14,000	14,000	-
Total Cultural and Recreational	<u>\$ 1,398,139</u>	<u>\$ 1,360,555</u>	<u>\$ 37,584</u>
Education:			
Pender County Schools:			
Current Operating - County	\$ 13,451,754	\$13,442,996	\$ 8,758
Youth Alternatives	48,500	49,533	(1,033)
Outside Agencies	472,210	472,210	-
Total Education	<u>\$ 13,972,464</u>	<u>\$13,964,739</u>	<u>\$ 7,725</u>
Debt service:			
Principal	\$ 888,656	\$ 894,606	\$ (5,950)
Interest	23,627	17,675	5,952
Bond Issuance Cost	-	4,472	(4,472)
Total Debt Service	<u>\$ 912,283</u>	<u>\$ 916,753</u>	<u>\$ 2</u>
Total Expenditures	<u>\$ 53,613,187</u>	<u>\$49,790,373</u>	<u>\$ 3,822,814</u>
Revenue Over Expenditures	<u>\$ (1,352,126)</u>	<u>\$ 3,358,339</u>	<u>\$ 4,710,465</u>
Other Financing Sources (Uses):			
Lease Proceeds	\$ 1,616,573	\$ -	\$ (1,616,573)
Limited Obligation Bonds	684,223	643,364	(40,859)
Premium on LOBs	8,468	53,799	-
Transfer from (to) other funds:			
Capital Project Fund			-
Public School Capital	(4,383,794)	(4,383,794)	-
Housing	(16,821)	-	16,821
Water Operating	(1,037,622)	(1,037,622)	-
Revaluation	(125,000)	(125,000)	-
Capital Project Fund	(976,277)	(650,000)	326,277
Workers Comp Fund	(375,000)	(375,000)	-
Fire Service District	(33,429)	(33,429)	-
Appropriated Fund Balance	5,990,805	-	(5,990,805)
Total Other Financing (Uses)	<u>\$ 1,352,126</u>	<u>\$ (5,907,682)</u>	<u>\$ (7,305,139)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (2,549,343)</u>	<u>\$ (2,594,674)</u>
Fund balance, beginning		<u>28,573,288</u>	
Fund balance, ending		<u>\$26,023,945</u>	

Pender County, North Carolina
Revaluation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Interest Income	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
General Government	\$ -	\$ -	\$ -
Capital Outlay	-	-	-
Reserves	125,000	-	125,000
Total expenditures	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>
Revenues over expenditures	<u>\$ (125,000)</u>	<u>\$ -</u>	<u>\$ 125,000</u>
Other financing sources (uses):			
Appropriated fund balance	\$ -	\$ -	\$ -
Transfer from:			
General Fund	125,000	125,000	-
Total Other Financing Sources (Uses)	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ -</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u><u>\$ -</u></u>	<u>\$ 125,000</u>	<u><u>\$ 125,000</u></u>
Fund balance, beginning		<u>384,251</u>	
Fund balance, ending		<u><u>\$ 509,251</u></u>	

OTHER MAJOR GOVERNMENTAL FUNDS

Major Governmental Funds - School Capital Project Fund

Pender County, North Carolina
School Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Other Taxes - Sales	\$ 2,618,000	\$ 3,059,994	\$ 441,994
Lottery Funds	596,774	-	(596,774)
Total Revenues	<u>\$ 3,214,774</u>	<u>\$ 3,059,994</u>	<u>\$ (154,780)</u>
Expenditures			
General Government	\$ -	\$ -	\$ -
Education	1,442,000	1,442,000	-
Option 4 Redistribution	163,000	163,000	-
Debt Service Payment	4,145,000	4,145,000	-
Interest Expense	1,767,660	1,767,660	-
Total Expenditures	<u>\$ 7,517,660</u>	<u>\$ 7,517,660</u>	<u>\$ -</u>
Excess Revenue Over (Under) Expenditures	\$ (4,302,886)	\$ (4,457,666)	\$ (154,780)
Other financing sources (uses)			
Transfers from (to):			
General Fund	\$ 4,258,794	\$ 4,258,794	\$ -
School Capital Project	-	3,006,706	3,006,706
Fund Balance Appropriated	44,092	-	(44,092)
Total other financing sources (uses)	<u>\$ 4,302,886</u>	<u>\$ 7,265,500</u>	<u>\$ 2,962,614</u>
Revenues and other financing sources over uses	<u>\$ -</u>	<u>\$ 2,807,834</u>	<u>\$ 2,807,834</u>
Fund balance, beginning		<u>56,070</u>	
Fund balance, ending		<u>\$ 2,863,904</u>	

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Pender County, North Carolina
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 146,273	\$ 3,853,868	\$ 4,000,141
Taxes receivable (net)	258,825	-	258,825
Due from other governments	55,465	-	55,465
Other Receivables	23,637	-	23,637
Restricted Cash	-	1,451,426	1,451,426
Total assets	<u>\$ 484,200</u>	<u>\$ 5,305,294</u>	<u>\$ 5,789,494</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Advance funding of projects	\$ 839,682	\$ 215,879	\$ 1,055,561
Accounts payable and accrued liabilities	11,802	106,765	118,567
Due to other funds	-	-	-
Total liabilities	<u>851,484</u>	<u>322,644</u>	<u>1,174,128</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes receivable	<u>258,825</u>	<u>-</u>	<u>258,825</u>
Total deferred inflows of resources	<u>258,825</u>	<u>-</u>	<u>258,825</u>
Fund balances:			
Restricted:			
Public Safety	143,730	-	143,730
Economic Development	14,441	-	14,441
Committed:			
Capital Outlay and Improvements	-	4,872,498	4,872,498
Unassigned:	<u>(784,280)</u>	<u>110,152</u>	<u>(674,128)</u>
Total fund balances	<u>(626,109)</u>	<u>4,982,650</u>	<u>4,356,541</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 484,200</u>	<u>\$ 5,305,294</u>	<u>\$ 5,789,494</u>

Pender County, North Carolina
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Revenues			
Ad valorem taxes	\$ 8,550,738	\$ -	\$ 8,550,738
Other taxes	-	-	-
Investment earnings	-	6	6
Unrestricted intergovernmental	308,185	-	308,185
Restricted Intergovernmental	-	28,611	28,611
Donations	-	-	-
Miscellaneous	-	-	-
Local Match	-	-	-
Total revenues	<u>8,858,923</u>	<u>28,617</u>	<u>8,887,540</u>
Expenditures			
Current:			
General government	\$ -	\$ -	\$ -
Public safety	9,510,602	-	9,510,602
Economic and physical development	(25)	-	(25)
Education	-	14,850	14,850
Capital outlay	-	3,126,600	3,126,600
Titles/Tags/Tax	-	1,816	1,816
Debt service	-	326,277	326,277
Bond issuance cost	-	41,113	41,113
Total expenditures	<u>9,510,577</u>	<u>3,510,656</u>	<u>13,021,233</u>
Revenues over (under) expenditures	<u>\$ (651,654)</u>	<u>\$ (3,482,039)</u>	<u>\$ (4,133,693)</u>
Other financing sources:			
Transfers in (out)	\$ 33,429	\$ (2,231,706)	\$ (2,198,277)
Premiums	-	496,140	496,140
Limited Obligation Bonds	-	5,915,119	5,915,119
Total other financing sources uses	<u>\$ 33,429</u>	<u>\$ 4,179,553</u>	<u>\$ 4,212,982</u>
Revenues and other financing sources over (under) expenditures	<u>\$ (618,225)</u>	<u>\$ 697,514</u>	<u>\$ 79,289</u>
Fund balances, beginning	<u>(7,884)</u>	<u>4,285,136</u>	<u>4,277,252</u>
Fund balances, ending	<u>\$ (626,109)</u>	<u>\$ 4,982,650</u>	<u>\$ 4,356,541</u>

Pender County, North Carolina
Special Revenue Funds
Combining Balance Sheet
June 30, 2015

	Fire Service District Fund	Rescue Districts Fund	911 Emergency Telephone Fund	CDBG Scattered Sites	HPRP Grant	Totals June 30, 2015
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 131,732	\$ 14,441	\$ 100	\$ 146,273
Taxes receivable (net)	120,247	138,578	-	-	-	258,825
Due from other governments	27,703	27,762	-	-	-	55,465
Other Receivables	-	-	23,637	-	-	23,637
Total assets	<u>\$ 147,950</u>	<u>\$ 166,340</u>	<u>\$ 155,369</u>	<u>\$ 14,441</u>	<u>\$ 100</u>	<u>\$ 484,200</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Advance funding of projects	\$ 146,198	\$ 693,484	\$ -	\$ -	\$ -	\$ 839,682
Accounts payable	31	32	11,739	-	-	11,802
Due to Other Funds	-	-	-	-	-	-
Total liabilities	<u>\$ 146,229</u>	<u>\$ 693,516</u>	<u>\$ 11,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 851,484</u>
DEFERRED INFLOWS OF RESOURCES						
Taxes Receivable	\$ 120,247	\$ 138,578	\$ -	\$ -	\$ -	\$ 258,825
Total deferred inflows of resources	<u>\$ 120,247</u>	<u>\$ 138,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258,825</u>
Fund balances:						
Restricted:						
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	143,630	-	100	143,730
Economic Development	-	-	-	14,441	-	14,441
Unassigned	(118,526)	(665,754)	-	-	-	(784,280)
Total fund balances	<u>\$ (118,526)</u>	<u>\$ (665,754)</u>	<u>\$ 143,630</u>	<u>\$ 14,441</u>	<u>\$ 100</u>	<u>\$ (626,109)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 147,950</u>	<u>\$ 166,340</u>	<u>\$ 155,369</u>	<u>\$ 14,441</u>	<u>\$ 100</u>	<u>\$ 484,200</u>

Pender County, North Carolina
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2015

	Fire Service District Fund	Rescue Districts Fund	911 Emergency Telephone Fund	CDBG Scattered Sites	HPRP Grant	Totals June 30, 2015
Revenues						
Ad valorem taxes	\$ 3,769,740	\$ 4,780,998	\$ -	\$ -	\$ -	\$ 8,550,738
Other Taxes	-	-	-	-	-	-
Restricted intergovernmental	-	-	-	-	-	-
Unrestricted intergovernmental	-	-	308,185	-	-	308,185
Investment earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>\$ 3,769,740</u>	<u>\$ 4,780,998</u>	<u>\$ 308,185</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,858,923</u>
Expenditures						
Current:						
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	3,756,858	5,358,305	395,439	-	-	9,510,602
Economic and Physical Develop	-	-	-	(25)	-	(25)
Capital Outlay	-	-	-	-	-	-
Option 4 Redistribution	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Total expenditures	<u>\$ 3,756,858</u>	<u>\$ 5,358,305</u>	<u>\$ 395,439</u>	<u>\$ (25)</u>	<u>\$ -</u>	<u>\$ 9,510,577</u>
Revenues over (under) expenditures	<u>\$ 12,882</u>	<u>\$ (577,307)</u>	<u>\$ (87,254)</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ (651,654)</u>
Other financing sources:						
Transfers from (to):						
General Fund	\$ 33,429	\$ -	\$ -	\$ -	\$ -	\$ 33,429
Total other fin. sources uses	<u>33,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,429</u>
Revenues and other financing sources over (under) expenditures	<u>\$ 46,311</u>	<u>\$ (577,307)</u>	<u>\$ (87,254)</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ (618,225)</u>
Fund Balances, beginning	<u>(164,837)</u>	<u>(88,447)</u>	<u>230,884</u>	<u>14,416</u>	<u>100</u>	<u>(7,884)</u>
Fund Balances, ending	<u>\$ (118,526)</u>	<u>\$ (665,754)</u>	<u>\$ 143,630</u>	<u>\$ 14,441</u>	<u>\$ 100</u>	<u>\$ (626,109)</u>

Pender County, North Carolina
County-Wide Fire Service District Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad Valorem Taxes - Fire District Taxes	\$ 3,557,006	\$ 3,769,740	\$ 212,734
Total revenues	<u>\$ 3,557,006</u>	<u>\$ 3,769,740</u>	<u>\$ 212,734</u>
Expenditures			
Public safety:			
Pender Central	\$ 296,230	\$ 297,476	\$ (1,246)
Sloop Point	744,081	783,688	(39,607)
Maple Hill	100,000	100,000	-
Rocky Point	371,134	386,807	(15,673)
Long Creek	276,910	300,293	(23,383)
Shiloh	131,121	138,547	(7,426)
Penderlea	150,360	158,987	(8,627)
Atkinson	138,487	141,123	(2,636)
Hampstead	1,018,580	1,070,822	(52,242)
County Wide Fire	-	-	-
Scotts Hill	192,557	202,669	(10,112)
Northeast Pender	158,998	164,469	(5,471)
Penderlea - Dublin Area	11,977	11,977	-
Total Expenditures	<u>\$ 3,590,435</u>	<u>\$ 3,756,858</u>	<u>\$ (166,423)</u>
Revenues over expenditures	<u>\$ (33,429)</u>	<u>\$ 12,882</u>	<u>\$ 46,311</u>
Other financing sources (uses):			
Transfer in (out)	\$ 33,429	\$ 33,429	\$ -
Fund Balance Appropriated	-	-	-
Total Other financing sources (uses)	<u>\$ 33,429</u>	<u>\$ 33,429</u>	<u>\$ -</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 46,311</u>	<u>\$ 46,311</u>
Fund balance, beginning		<u>(164,837)</u>	
Fund balance, ending		<u>\$ (118,526)</u>	

Pender County, North Carolina
Rescue District Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Rescue District Taxes:			
Pender County EMS Taxes	\$ 4,988,432	\$ 4,780,981	\$ (207,451)
Pender East Rescue	-	4	4
Pender County Rescue	-	13	13
Union	-	-	-
Surf City	-	-	-
Total revenues	<u>\$ 4,988,432</u>	<u>\$ 4,780,998</u>	<u>\$ (207,434)</u>
Expenditures			
Current:			
Public safety:			
Pender Volunteer EMS & Rescue	\$ 4,988,432	\$ 4,983,305	\$ 5,127
Agreement with Pender EMS	375,000	375,000	-
Total Expenditures	<u>\$ 5,363,432</u>	<u>\$ 5,358,305</u>	<u>\$ 5,127</u>
Revenues over (under) expenditures	<u>\$ (375,000)</u>	<u>\$ (577,307)</u>	<u>\$ (202,307)</u>
Other financing sources (uses):			
Transfer from:			
General Fund	\$ -	\$ -	\$ -
Fund Balance Appropriated	375,000	-	(375,000)
Total Other financing sources (uses)	<u>\$ 375,000</u>	<u>\$ -</u>	<u>\$ (375,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (577,307)</u>	<u>\$ (577,307)</u>
Fund balance, beginning		<u>(88,447)</u>	
Fund balance, ending		<u>\$ (665,754)</u>	

Pender County, North Carolina
911 Emergency Telephone Systems
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Unrestricted Intergovernmental	284,914	308,185	23,271
Total	<u>\$ 284,914</u>	<u>\$ 308,185</u>	<u>\$ 23,271</u>
Expenditures			
Salaries	\$ 75,209	\$ 59,027	\$ 16,182
Fringe Benefits	34,327	23,114	11,213
Training	18,500	5,366	13,134
Telephone	8,000	6,890	1,110
Supplies & Materials	7,000	6,465	535
Contracted Services	182,000	174,854	7,146
Telecommunication Service	180,000	117,972	62,028
Other Equipment	11,419	1,751	9,668
Capital Outlay	-	-	-
Total Expenditures	<u>\$ 516,455</u>	<u>\$ 395,439</u>	<u>\$ 121,016</u>
Revenues over (under) expenditures	<u>\$ (231,541)</u>	<u>\$ (87,254)</u>	<u>\$ 144,287</u>
Other Financing Sources:			
Appropriated Fund Balance	\$ 231,541	\$ -	\$ (231,541)
Transfer from (to) general fund	-	-	-
	<u>\$ 231,541</u>	<u>\$ -</u>	<u>\$ (231,541)</u>
Revenues and Other Financing Sources			
Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (87,254)</u>	<u>\$ (87,254)</u>
Fund balance, beginning		<u>230,884</u>	
Fund balance, ending		<u>\$ 143,630</u>	

Pender County, North Carolina
CDBG Scattered Sites
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2015

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Actual	Total to Date	
Revenues					
Community Development (08 Scattered Sites)	\$ 500,000	\$ 497,419	\$ -	\$ 497,419	\$ (2,581)
Community Development (10 ER Housing)	500,000	488,157	43,968	532,125	32,125
Community Development (11 CDBG)		400,000	(92,714)	307,286	307,286
Community Development (11-C-2279)		50,000	-	50,000	50,000
Community Development (Scattered)		398,647	48,746	447,393	447,393
Total	\$ 1,000,000	\$ 1,834,223	\$ -	\$ 1,834,223	\$ 834,223
Expenditures					
Community Development (08 Scattered Sites)					
Clearance / Demolition		\$ 24,694	\$ -	\$ 24,694	\$ (24,694)
Relocation		346,123	-	346,123	(346,123)
Rehabilitation		76,957	-	76,957	(76,957)
Administration		45,000	-	45,000	(45,000)
Total	-	492,774	-	492,774	(492,774)
Community Development (10 ER Housing)					
Clearance / Demolition	-	4,500	-	4,500	(4,500)
Rehabilitation	450,000	489,024	(25)	488,999	(38,999)
Administration	50,000	73,690	-	73,690	(23,690)
Total	500,000	567,214	(25)	567,189	(67,189)
Community Development (11 CDBG)					
Clearance / Demolition		20,633	-	20,633	(20,633)
Relocation		-	1,500	1,500	(1,500)
Rehabilitation		225,171	(1,500)	223,671	(223,671)
Administration		63,359	-	63,359	(63,359)
Total	-	309,163	-	309,163	(309,163)
Community Development (Scattered)					
Clearance / Demolition	25,000	40,413	-	40,413	(15,413)
Relocation	345,000	265,564	-	265,564	79,436
Rehabilitation	85,000	51,266	-	51,266	33,734
Administration	45,000	36,413	-	36,413	8,587
Planning		3,500	-	3,500	(3,500)
Total	500,000	397,156	-	397,156	102,844
Community Development (11-C-2279)					
Administration		5,000	-	5,000	(5,000)
Planning		45,000	-	45,000	(45,000)
Total	-	50,000	-	50,000	(50,000)
Total Expenditures	\$ 1,000,000	\$ 1,816,307	\$ (25)	\$ 1,816,282	\$ (816,282)
Revenues over (under) expenditures	\$ -	\$ 17,916	\$ 25	\$ 17,941	\$ 17,941
Other Financing Sources:					
Appropriated Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 17,916	\$ 25	\$ 17,941	\$ 17,941
Fund balance, beginning			14,416		
Fund balance, ending			\$ 14,441		

Pender County, North Carolina
HPRP Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Actual	Total to Date	
Revenues					
HPRP Grant	\$ 275,000	\$ 190,564	\$ -	\$ 190,564	\$ (84,436)
Investment Income	-	-	-	-	-
Total	<u>\$ 275,000</u>	<u>\$ 190,564</u>	<u>\$ -</u>	<u>\$ 190,564</u>	<u>(84,436)</u>
Expenditures					
Current:					
Salaries and Fringe Benefits	\$ 82,864	\$ 52,333	\$ -	\$ 52,333	\$ 30,531
Utilities	28,851	23,231	-	23,231	5,620
Utility Deposit	1,000	864	-	864	136
Security Deposit	10,541	10,340	-	10,340	201
Rent Assistance	150,138	107,361	-	107,361	42,777
Supplies and Materials	1,027	643	-	643	384
Contracted Services	568	555	-	555	13
Miscellaneous	11	-	-	-	11
Total Expenditures	<u>\$ 275,000</u>	<u>\$ 195,327</u>	<u>\$ -</u>	<u>\$ 195,327</u>	<u>\$ 79,673</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ (4,763)</u>	<u>\$ -</u>	<u>\$ (4,763)</u>	<u>\$ (4,763)</u>
Other Financing Sources:					
Transfer from General Fund	\$ -	\$ 4,863	\$ -	\$ 4,863	\$ 4,863
Appropriated Fund Balance	-	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 4,863</u>	<u>\$ -</u>	<u>\$ 4,863</u>	<u>\$ 4,863</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>
Fund balance, beginning			<u>100</u>		
Fund balance, ending			<u>\$ 100</u>		

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds

**Pender County, North Carolina
Capital Projects Funds
Combining Balance Sheets
June 30, 2015**

	NON-MAJOR				Combining Totals June 30, 2015
	School Capital Project Fund	Vehicle Replacement Fund	Capital Improvements Fund	Capital Facilities Reserve Fund	
Assets					
Current Assets:					
Cash and Investments	\$ 110,152	\$ -	\$ 3,644,568	\$ 99,148	\$ 3,853,868
Due from other governments	-	-	-	-	-
Restricted cash	-	-	1,451,426	-	1,451,426
Total assets	<u>\$ 110,152</u>	<u>\$ -</u>	<u>\$ 5,095,994</u>	<u>\$ 99,148</u>	<u>\$ 5,305,294</u>
Liabilities and Fund Balances					
Liabilities:					
Advance funding of projects	\$ -	\$ 215,879	\$ -	\$ -	\$ 215,879
Accounts payable and accrued liabilities	-	-	106,765	-	106,765
Due to other funds	-	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ 215,879</u>	<u>\$ 106,765</u>	<u>\$ -</u>	<u>\$ 322,644</u>
Fund balances:					
Restricted					
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -
School Capital Projects	-	-	-	-	-
Committed:					
Capital Outlay and Improvements	-	(215,879)	4,989,229	99,148	4,872,498
Unassigned	110,152	-	-	-	110,152
Total fund balances	<u>\$ 110,152</u>	<u>\$ (215,879)</u>	<u>\$ 4,989,229</u>	<u>\$ 99,148</u>	<u>\$ 4,982,650</u>
Total liabilities and fund balances	<u>\$ 110,152</u>	<u>\$ -</u>	<u>\$ 5,095,994</u>	<u>\$ 99,148</u>	<u>\$ 5,305,294</u>

Pender County, North Carolina
Capital Projects Fund
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2015

	NON-MAJOR				Combining Totals June 30, 2015
	School Capital Project Fund	Vehicle Replacement Fund	Capital Improvements Fund	Capital Facilities Reserve Fund	
Revenues					
Interest Income	\$ 6	\$ -	\$ -	\$ -	\$ 6
Restricted intergovernmental	-	-	28,611	-	28,611
Donations	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Local Match	-	-	-	-	-
Total Revenue	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 28,611</u>	<u>\$ -</u>	<u>\$ 28,617</u>
Expenditures					
Capital Outlay	\$ -	\$ -	\$ 3,452,877	\$ -	\$ 3,452,877
Titles/Tags/Tax	-	1,816	-	-	1,816
Education	14,850	-	-	-	14,850
Total Expenditures	<u>\$ 14,850</u>	<u>\$ 1,816</u>	<u>\$ 3,452,877</u>	<u>\$ -</u>	<u>\$ 3,469,543</u>
Revenues over (under) expenditures	<u>\$ (14,844)</u>	<u>\$ (1,816)</u>	<u>\$ (3,424,266)</u>	<u>\$ -</u>	<u>\$ (3,440,926)</u>
Other financing sources (uses)					
Loan Proceeds	\$ -	\$ -	\$ 5,915,119	\$ -	\$ 5,915,119
Premium	-	-	496,140	-	496,140
Bond issuance cost	-	-	(41,113)	-	(41,113)
Transfers from (to):					
General Fund	125,000	-	650,000	-	775,000
Public School Capital Fund	(3,006,706)	-	-	-	(3,006,706)
Total other financing sources (uses)	<u>\$ (2,881,706)</u>	<u>\$ -</u>	<u>\$ 7,020,146</u>	<u>\$ -</u>	<u>\$ 4,138,440</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (2,896,550)</u>	<u>\$ (1,816)</u>	<u>\$ 3,595,880</u>	<u>\$ -</u>	<u>\$ 697,514</u>
Fund balances, beginning	<u>3,006,702</u>	<u>(214,063)</u>	<u>1,393,349</u>	<u>99,148</u>	<u>4,285,136</u>
Fund balances, ending	<u>\$ 110,152</u>	<u>\$ (215,879)</u>	<u>\$ 4,989,229</u>	<u>\$ 99,148</u>	<u>\$ 4,982,650</u>

Pender County, North Carolina
School Capital Project Fund - Capital Projects Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2015

Exhibit D-3

	Project Author- ization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed Projects		
Revenues						
Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax Refund	820,118	820,142	-	-	820,142	24
Lottery Funds	1,518,876	1,518,876	-	-	1,518,876	-
PSBCF - State Revenue	1,545,816	1,545,816	-	-	1,545,816	-
Interest Income	3,932,697	1,541,645	6	-	1,541,651	(2,391,046)
Total revenues	\$ 7,817,507	\$ 5,426,479	\$ 6	\$ -	\$ 5,426,485	\$ (2,391,022)
Expenditures						
Intergovernmental:						
Schools:						
Burgaw Middle	\$ 227,517	\$ 689,517	\$ -	\$ -	\$ 689,517	\$ (462,000)
Topsail Middle	3,023,050	3,035,255	-	-	3,035,255	(12,205)
Pender High School	2,821,446	-	-	-	-	2,821,446
Burgaw Elementary Land	100,721	-	-	-	-	100,721
Burgaw Elementary Sch Add	5,976,942	5,976,942	-	-	5,976,942	-
Topsail High Land	1,510,017	1,510,017	-	-	1,510,017	-
Topsail High School	36,606,889	36,606,888	-	-	36,606,888	1
Central Topsail Elementary	750,766	750,766	-	-	750,766	-
Penderlea School	500,158	500,158	-	-	500,158	-
Rocky Point Primary School	1,903,849	1,903,848	-	-	1,903,848	1
West Pender Middle School	499,968	499,967	-	-	499,967	1
Performing Arts Center	6,653,006	6,653,008	-	-	6,653,008	(2)
Survey / Tests	125,000	-	14,850	-	14,850	110,150
Bond Closing Costs	121,630	178,494	-	-	178,494	(56,864)
Contract Service - Arbitrage	3,900	4,550	-	-	4,550	(650)
Interest Expenditures	-	-	-	-	-	-
Total Expenditures	\$ 60,824,859	\$ 58,309,410	\$ 14,850	\$ -	\$ 58,324,260	\$ 2,505,599
Revenues under expenditures	\$ (53,007,352)	\$ (52,882,931)	\$ (14,844)	\$ -	\$ (52,897,775)	\$ 109,577
Other financing sources (uses)						
Transfers from (to):						
Public School Capital Fd	\$ (3,006,706)	\$ -	\$ (3,006,706)	\$ -	\$ (3,006,706)	\$ -
General Fund	125,000	-	125,000	-	125,000	-
Premium on Debt Issued	426,394	426,319	-	-	426,319	(75)
Bond Proceeds	55,875,000	55,875,000	-	-	55,875,000	-
Reserve for Arbitrage	(586,336)	(585,686)	-	-	(585,686)	650
Public School Capital Fd	174,000	174,000	-	-	174,000	-
Fund Balance Appropriated	-	-	-	-	-	-
	\$ 53,007,352	\$ 55,889,633	\$ (2,881,706)	\$ -	\$ 53,007,927	\$ 575
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 3,006,702	\$ (2,896,550)	\$ -	\$ 110,152	\$ 110,152
Fund balance, beginning			3,006,702			
Fund balance, ending			\$ 110,152			

Pender County, North Carolina
Vehicle Replacement Fund - Capital Project Fund
Statement of Revenue, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues			
Proceeds From Vehicle Disposals	\$ -	\$ -	\$ -
Other Income	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Capital Outlay - Vehicle	\$ -	\$ -	\$ -
Other Equipment	-	-	-
Titles/tags/tax	-	1,816	(1,816)
Total Expenditures	<u>-</u>	<u>1,816</u>	<u>(1,816)</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ (1,816)</u>	<u>\$ (1,816)</u>
Other financing sources (uses):			
Transfers from (to):			
General Fund	\$ -	\$ -	\$ -
Fund Balance Appropriated	-	-	-
Total financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (1,816)</u>	<u>\$ (1,816)</u>
Fund balances:			
Beginning of year, July 1		<u>(214,063)</u>	
End of year, June 30		<u>\$ (215,879)</u>	

Pender County, North Carolina
Capital Improvements Fund - Capital Project Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental	\$ 107,228	\$ -	\$ (107,228)
Rec Grant	162,545	28,611	(133,934)
Community Development	18,000	-	(18,000)
Sales tax refund	-	-	-
Miscellaneous	144,466	-	(144,466)
Total revenues	<u>\$ 432,239</u>	<u>\$ 28,611</u>	<u>\$ (403,628)</u>
Expenditures			
Capital Outlay:			
Undefined Projects	\$ 2,820,172	\$ -	\$ 2,820,172
Industrial Infrastructure Development	1,089,466	2,210	1,087,256
Parks & Recreation	149,761	(20,288)	170,049
Water Treatment Plant	219,476	-	219,476
Wastewater Treatment Plant	44,607	-	44,607
Hampstead Annex	4,977,811	2,915,949	2,061,862
HVAC Installation	1,215,110	12,513	1,202,597
Miller's Pond Park	368,940	201,742	167,198
Pender Progress Industrial Shell Building	1,499,460	-	1,499,460
Hampstead Kiwanis Park	110,000	6,531	103,469
US 421 Property Acquisition	652,554	326,277	326,277
Jail Renovations	1,345,276	6,100	1,339,176
Probation & Parole Building Renovation	177,225	1,843	175,382
DSS Building	-	-	-
Total Expenditures	<u>\$ 14,669,858</u>	<u>\$ 3,452,877</u>	<u>\$ 11,216,981</u>
Revenues under expenditures	<u>\$ (14,237,619)</u>	<u>\$ (3,424,266)</u>	<u>\$ 10,813,353</u>
Other financing sources (uses):			
Loan Proceeds	\$ 6,290,777	\$ 5,915,119	\$ (375,658)
EMC Loan	500,000	-	(500,000)
CDBG Loan	655,250	-	(655,250)
Premium on LOBs	79,369	496,140	416,771
Bond insurance cost	-	(41,113)	(41,113)
Operating Transfer In (Out)			
General Fund	6,712,223	650,000	(6,062,223)
Appropriated Fund Balance	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 14,237,619</u>	<u>\$ 7,020,146</u>	<u>\$ (7,217,473)</u>
Revenues and other sources over (under) expenditures	<u>\$ (0)</u>	<u>\$ 3,595,880</u>	<u>\$ 3,595,880</u>
Fund balances:			
Beginning of year, July 1		<u>1,393,349</u>	
End of year, June 30		<u>\$ 4,989,229</u>	

Pender County, North Carolina
Capital Facilities Reserve Fund - Capital Projects Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Author- ization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Other financing sources:					
Operating Transfer In (Out)					
General Fund	\$ -	\$ 1,999,148	\$ -	\$ 1,999,148	\$ 1,999,148
Capital Improvements Fund	-	(1,900,000)	-	(1,900,000)	(1,900,000)
Total Other Fin. Sources (Uses)	-	99,148	-	99,148	99,148
Net change in fund balance	\$ -	\$ 99,148	\$ -	\$ 99,148	\$ 99,148
Fund balance, beginning			99,148		
Fund balance, ending			\$ 99,148		

PROPRIETARY FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Pender County, North Carolina
Proprietary Fund
Combining Statement of Net Position - Non-Major Enterprise Funds
June 30, 2015

Exhibit E-1

	NON-MAJOR								
	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	Moore's Creek Water District	Central Pender Water District	Total Non-Major Proprietary Funds
Assets									
Current assets:									
Cash and cash equivalents	\$ 25,951	\$ 1,047,443	\$ 47,827	\$ 54,507	\$ 507,305	\$ -	\$ -	\$ -	\$ 1,683,033
Accounts receivable (net)	30,620	42,339	64	-	41,869	-	-	-	114,892
Due from other governments	-	-	-	200	-	-	-	-	200
Due from other funds	-	-	-	-	-	-	-	-	-
Prepaid expense	-	-	-	-	-	-	-	-	-
Restricted Cash	993	-	-	2,300	-	-	-	-	3,293
Due from Districts - Current portion of LOBs	-	-	-	-	-	-	-	-	-
Total current assets	57,564	1,089,782	47,891	57,007	549,174	-	-	-	1,801,418
Non-current assets:									
Temporary Construction	126,900	-	-	-	27,980	2,978,012	289,024	515,394	3,937,310
Capital assets (net)	4,731,012	97,382	4,426	162,562	2,772,944	2,646,180	-	-	10,414,506
Net Pension Asset	4,600	-	7,942	-	1,239	-	-	-	13,781
Due from Districts - Non-current portion of LOBs	-	-	-	-	-	-	-	-	-
Total non-current assets	4,862,512	97,382	12,368	162,562	2,802,163	5,624,192	289,024	515,394	14,365,597
Total assets	4,920,076	1,187,164	60,259	219,569	3,351,337	5,624,192	289,024	515,394	16,167,015
Deferred Outflows of Resources									
Contributions to pension plan in current fiscal year	3,268	-	5,643	-	880	-	-	-	9,791
Unamortized bond refunding charges	3,305	-	-	-	38,685	-	-	-	41,990
Total deferred outflows of resources	6,573	-	5,643	-	39,565	-	-	-	51,781
Liabilities and Fund Equities									
Current liabilities:									
Advance Funding of Projects	-	-	-	-	-	19,989	231,118	427,130	678,237
Accounts payable and accrued liabilities	436	4,035	15,906	64	839	-	26,712	64,834	112,826
Accrued interest	634	-	-	-	8,457	-	-	-	9,091
Customer deposits	993	-	-	2,300	(1,207)	-	-	-	2,086
Deferred Revenue	-	-	-	-	-	-	-	-	-
Current portion of long-term debt	-	-	-	6,712	-	-	-	-	6,712
Due to County - Current portion of LOBs	10,000	-	-	-	55,000	-	-	-	65,000
Due to other funds	-	-	-	3	678,906	2,893,239	-	-	3,572,148
Total current liabilities	12,063	4,035	15,906	9,079	741,995	2,913,228	257,830	491,964	4,446,100
Noncurrent liabilities:									
Compensated absences payable	3,981	-	7,214	-	407	-	-	-	11,602
OPEB payable	20,094	-	42,411	-	2,390	-	-	-	64,895
Due to County - Noncurrent portion of LOB	175,000	-	-	-	2,360,000	-	-	-	2,535,000
Unamortized bond premium	22,707	-	-	-	189,626	-	-	-	212,333
Non-current portion of long-term debt	-	-	-	108,718	-	-	-	-	108,718
Total noncurrent liabilities	221,782	-	49,625	108,718	2,552,423	-	-	-	2,932,548
Total liabilities	233,845	4,035	65,531	117,797	3,294,418	2,913,228	257,830	491,964	7,378,648
Deferred Inflows of Resources:	11,297	-	19,505	-	3,043	-	-	-	33,845
Net Position									
Net investment in capital assets	4,650,205	97,382	4,426	47,132	196,298	5,624,192	289,024	515,394	11,424,053
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	31,302	1,085,747	(23,560)	54,640	(102,857)	(2,913,228)	(257,830)	(491,964)	(2,617,750)
Total net position	\$ 4,681,507	\$ 1,183,129	\$ (19,134)	\$ 101,772	\$ 93,441	\$ 2,710,964	\$ 31,194	\$ 23,430	\$ 8,806,303

Pender County, North Carolina
Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Non-Major Enterprise Funds
For The Fiscal Year Ended June 30, 2015

	NON-MAJOR								Total Non-Major Proprietary Funds
	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	Moore's Creek Water District	Central Pender Water District	
Operating revenues:									
Charges for services	\$ 178,909	\$ 812,793	\$ -	\$ -	\$ 260,573	\$ -	\$ -	\$ -	\$ 1,252,275
Dwelling Rental	-	-	-	61,276	-	-	-	-	61,276
Other operating revenues	2,893	-	-	10,589	-	-	(360)	(720)	12,402
Total operating revenues	<u>181,802</u>	<u>812,793</u>	<u>-</u>	<u>71,865</u>	<u>260,573</u>	<u>-</u>	<u>(360)</u>	<u>(720)</u>	<u>1,325,953</u>
Operating expenses:									
Personnel	62,090	-	120,662	-	17,239	-	-	-	199,991
Contracted Services	7,096	-	-	19,072	514	-	-	-	26,682
Water Purchases	38,658	-	-	-	23,220	-	-	-	61,878
System Maintenance / Other									
Operating Costs	46,389	-	12,430	32,574	24,117	-	(4,738)	-	110,772
Administration and Housing									
Assistance	-	-	1,030,679	-	-	-	-	-	1,030,679
Other Equipment	-	-	-	-	-	-	-	-	-
Depreciation	140,283	6,283	3,279	7,610	82,027	75,605	-	-	315,087
Total operating expenses	<u>294,516</u>	<u>6,283</u>	<u>1,167,050</u>	<u>59,256</u>	<u>147,117</u>	<u>75,605</u>	<u>(4,738)</u>	<u>-</u>	<u>1,745,089</u>
Operating income	(112,714)	806,510	(1,167,050)	12,609	113,456	(75,605)	4,378	(720)	(419,136)
Nonoperating revenues (expenses):									
Interest and Investment revenue	-	-	43	57	449	-	-	-	549
Fraud recovery	-	-	17,220	-	-	-	-	-	17,220
Operating Subsidy - HUD	-	-	916,600	-	-	-	-	-	916,600
Miscellaneous Revenue	-	-	21,027	-	-	-	-	-	21,027
Bond Issuance Cost	-	-	-	-	-	-	-	-	-
Interest and other charges	(7,140)	-	-	(1,190)	(97,358)	-	-	-	(105,688)
Total Nonoperating Revenues (Expenses)	<u>(7,140)</u>	<u>-</u>	<u>954,890</u>	<u>(1,133)</u>	<u>(96,909)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>849,708</u>
Revenues over (under) expenditures	(119,854)	806,510	(212,160)	11,476	16,547	(75,605)	4,378	(720)	430,572
Other financing sources (uses):									
Transfers from (to):									
Water Treatment Plant Fund	-	(2,741,900)	-	-	-	-	-	-	(2,741,900)
Project Fund	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(2,741,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,741,900)</u>
Change in net position	(119,854)	(1,935,390)	(212,160)	11,476	16,547	(75,605)	4,378	(720)	(2,311,328)
Total net position, beginning	4,807,790	3,118,519	204,127	90,296	78,626	2,786,569	26,816	24,150	11,136,893
Restatement	(6,429)	-	(11,101)	-	(1,732)	-	-	-	(19,262)
Total net position, ending	<u>\$ 4,681,507</u>	<u>\$ 1,183,129</u>	<u>\$ (19,134)</u>	<u>\$ 101,772</u>	<u>\$ 93,441</u>	<u>\$ 2,710,964</u>	<u>\$ 31,194</u>	<u>\$ 23,430</u>	<u>\$ 8,806,303</u>

Pender County, North Carolina
Combining Statement of Cash Flows - Non-Major Enterprise Funds
Proprietary Funds
For The Fiscal Year Ended June 30, 2015

	NON-MAJOR								Total Non-Major Proprietary Funds
	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	Moore's Creek Water District	Central Pender Water District	
Cash flows from operating activities:									
Cash received from customers	\$ 176,339	\$ 812,631	\$ 4,562	\$ 61,076	\$ 254,972	\$ -	\$ (360)	\$ (720)	\$ 1,308,500
Cash paid for goods and services	(98,741)	4,007	(1,057,523)	(52,068)	(48,064)	-	4,738	-	(1,247,651)
Cash paid to employees for services	(62,152)	-	(119,691)	-	(17,113)	-	-	-	(198,956)
Customer deposits received	-	-	-	450	-	-	-	-	450
Other operating revenue	2,893	-	-	10,589	-	-	-	-	13,482
Net cash provided (used) by operating activities	18,339	816,638	(1,172,652)	20,047	189,795	-	4,378	(720)	(124,175)
Cash flows from noncapital financing									
Transfers in (out)	-	(2,741,900)	-	-	-	-	-	-	(2,741,900)
Due to/from	-	-	-	3	-	-	-	-	3
General Fund Advance to cover	-	-	-	-	-	(1,099,461)	163,257	345,454	(590,750)
Operating Subsidy	-	-	916,600	-	-	-	-	-	916,600
Miscellaneous Revenue	-	-	38,247	-	-	-	-	-	38,247
Net cash provided (used) by capital and related financing activities	-	(2,741,900)	954,847	3	-	(1,099,461)	163,257	345,454	(2,377,800)
Cash flows from capital and related financing activities:									
Acquisition and construction of capital assets	-	-	-	-	(27,980)	1,099,461	(167,635)	(344,734)	559,112
Proceeds from sale of equipment	-	-	-	-	-	-	-	-	-
Proceeds from Grants, Loans and D	-	-	-	-	-	-	-	-	-
Principal paid on bond maturities and equipment contracts	(10,000)	-	-	(6,646)	(50,000)	-	-	-	(66,646)
Interest paid on bond maturities and equipment contracts	(7,826)	-	-	(1,190)	(102,647)	-	-	-	(111,663)
Net cash provided (used) by capital and related financing activities	(17,826)	-	-	(7,836)	(180,627)	1,099,461	(167,635)	(344,734)	380,803
Cash flows from investing activities:									
Interest on investments	-	-	43	57	449	-	-	-	549
Net increase (decrease) in cash and cash equivalents	513	(1,925,262)	(217,762)	12,271	9,617	-	-	-	(2,120,623)
Cash and cash equivalents, July 1	26,431	2,972,705	265,589	44,536	497,688	-	-	-	3,806,949
Cash and cash equivalents, June 30	\$ 26,944	\$ 1,047,443	\$ 47,827	\$ 56,807	\$ 507,305	\$ -	\$ -	\$ -	\$ 1,686,326

Pender County, North Carolina
Combining Statement of Cash Flows - Non-Major Enterprise Funds
Proprietary Funds
For The Fiscal Year Ended June 30, 2015

	Enterprise Funds								
	Non-Major								
	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	Moore's Creek Water District	Central Pender Water District	Total Non- Major Proprietary Funds
Reconciliation of operating income to net cash provided by operating activities:									
Operating income (loss)	\$ (112,714)	\$ 806,510	\$ (1,167,050)	\$ 12,609	\$ 113,456	\$ (75,605)	\$ 4,378	\$ (720)	(419,136)
Adjustments to reconcile operating income to net cash provided by operating activities:									
Depreciation	140,283	6,283	3,279	7,610	82,027	75,605	-	-	315,087
Pension Expense	267	-	461	-	72	-	-	-	800
Landfill closure and postclosure care costs	-	-	-	-	-	-	-	-	-
Changes in assets and liabilities:									
(Increase) Decrease in accounts receivable	(2,122)	(162)	8,585	(200)	(3,879)	-	-	-	2,222
Increase (decrease) in accounts payable and accrued liabilities	(6,598)	4,007	(14,414)	(422)	(213)	-	-	-	(17,640)
(Decrease) in deferred revenues	-	-	(4,023)	-	-	-	-	-	(4,023)
(Decrease) in customer deposits	(448)	-	-	450	(1,722)	-	-	-	(1,720)
(Increase) decrease in deferred outflows of resources for pensions	(3,268)	-	(5,643)	-	(880)	-	-	-	(9,791)
Increase in accrued OPEB liabilities	2,624	-	5,188	-	543	-	-	-	8,355
Increase (decrease) in accrued vacation pay	315	-	965	-	391	-	-	-	1,671
Total adjustments	<u>131,053</u>	<u>10,128</u>	<u>(5,602)</u>	<u>7,438</u>	<u>76,339</u>	<u>75,605</u>	<u>-</u>	<u>-</u>	<u>294,961</u>
Net cash provided (used) by operating activities	<u>\$ 18,339</u>	<u>\$ 816,638</u>	<u>\$ (1,172,652)</u>	<u>\$ 20,047</u>	<u>\$ 189,795</u>	<u>\$ -</u>	<u>\$ 4,378</u>	<u>\$ (720)</u>	<u>\$ (124,175)</u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Resource Recovery Operating Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Landfill Fees	\$ 1,281,098	\$ 862,140	\$ (418,958)
User Fees	3,400,000	3,244,272	(155,728)
Recycling	35,000	25,748	(9,252)
Disposal Tax	-	46,516	46,516
Miscellaneous Revenues	-	1,815	1,815
Total Revenues	<u>4,716,098</u>	<u>4,180,491</u>	<u>(535,607)</u>
Expenditures			
Salaries & Employee Benefits	220,098	222,581	(2,483)
Contracted Services	110,763	312,998	(202,235)
Other Operating Expenditures	4,204,518	4,320,933	(116,415)
Capital Outlay	591,957	7,440	584,517
Total Expenditures	<u>5,127,336</u>	<u>4,863,952</u>	<u>263,384</u>
Revenues over (under) expenditures	<u>(411,238)</u>	<u>(683,461)</u>	<u>(272,223)</u>
Other financing sources (uses):			
White Goods	-	8,214	8,214
Scrap Tire	-	104,145	104,145
Solid Waste Disposal Tax	-	-	-
Reimbursement from Schools	280,000	371,784	91,784
Scrap Tire - DEHNR Grant	-	-	-
Fund Balance Appropriated	131,238	-	(131,238)
Total other financing sources (uses)	<u>411,238</u>	<u>484,143</u>	<u>72,905</u>
Revenues and Other Financing Sources			
Over/(Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (199,318)</u>	<u>\$ (199,318)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (199,318)</u>	
Reconciling items:			
Pension expense		(896)	
Deferred Outflows of resources for contributions made to pension plan in current fiscal year		10,973	
OPEB Expense		(9,500)	
Depreciation Expense		<u>(47,022)</u>	
Total reconciling items		<u>(46,445)</u>	
Change in net position		<u>\$ (245,763)</u>	

Pender County, North Carolina
Solid Waste Capital Project
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
CWSRF	\$ 479,706	\$ -	\$ -	\$ -	\$ (479,706)
Other Revenue	-	-	-	-	\$ -
Total revenues	<u>479,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(479,706)</u>
Expenditures					
Contracted Services	116,900	-	2,162	2,162	114,738
Capital Outlay	362,806	-	3,427	3,427	359,379
Contingency	-	-	-	-	-
Total Expenditures	<u>479,706</u>	<u>-</u>	<u>5,589</u>	<u>5,589</u>	<u>474,117</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(5,589)</u>	<u>(5,589)</u>	<u>(5,589)</u>
Other financing sources:					
Transfer - General Fund	-	-	-	-	-
Fund Balance Appropriated	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,589)</u>	<u>\$ (5,589)</u>	<u>\$ (5,589)</u>

Pender County, North Carolina
General Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Payment from District - Investment Income	\$ -	\$ 906,925	\$ 906,925
Payment from District - Principal	-	365,000	365,000
Total Revenues	<u>-</u>	<u>1,271,925</u>	<u>1,271,925</u>
Expenditures			
Debt Service Payments:			
Principal	-	365,000	(365,000)
Interest	-	906,925	(906,925)
Total	<u>-</u>	<u>1,271,925</u>	<u>(1,271,925)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):			
Transfer from general fund	-	-	-
Fund Balance Appropriated	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Pender County, North Carolina
Rocky Point / Topsail Water & Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
School Fees - Sewer	\$ 30,000	\$ 27,508	\$ (2,492)
Commercial Sewer Fees	70,480	98,132	27,652
Water Fees	2,878,403	3,276,161	397,758
Connections Fees - Water	120,000	123,398	3,398
Other Fees	120,264	64,599	(55,665)
Total Revenues	<u>3,219,147</u>	<u>3,589,798</u>	<u>370,651</u>
Expenditures			
Sewer Operations			
Salaries & Benefits	38,609	36,041	2,568
Contracted Services	7,323	7,323	-
Other Operating Expenditures	54,549	53,499	1,050
Capital Outlay	-	-	-
Total	<u>100,481</u>	<u>96,863</u>	<u>3,618</u>
Water Operations			
Salaries & Benefits	655,449	623,394	32,055
Contracted Services	589,869	272,131	317,738
Water Purchases	493,049	493,049	-
Other Operating Expenditures	655,816	618,987	36,829
Capital Outlay	-	-	-
Debt Service Payments:			
Principal	305,000	305,000	-
Bond Issuance Cost	-	-	-
Interest	912,000	800,240	111,760
Total	<u>3,611,183</u>	<u>3,112,801</u>	<u>498,382</u>
Revenues over (under) expenditures	<u>(492,517)</u>	<u>380,134</u>	<u>872,651</u>
Other financing sources (uses):			
Transfer from general fund	-	-	-
Transfer from RP/T	492,517	484,492	-
Fund Balance Appropriated	-	-	-
Total Other Financing Sources	<u>492,517</u>	<u>484,492</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 864,626</u>	<u>\$ 872,651</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		\$ 864,626	
Reconciling items:			
Depreciation		(718,799)	
Long Term Debt Repayments		305,000	
Capital Outlay		-	
OPEB Expense		(25,157)	
Amortized Bond Premium		49,206	
Pension expense		(2,907)	
Deferred Outflows of resources for contributions made to pension plan in current fiscal year		35,588	
Transfers (Exhibit E-6a, E-6b, E-6c)		(484,492)	
Investment Income (Exhibit E-6a, E-6b, E-6c)		183	
Change in net position		<u>\$ 23,248</u>	

Pender County, North Carolina
Rocky Point Water Fund - Phase III Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Actual			Completed Projects	Variance Positive (Negative)
		Prior Years	Current Year	Total to Date		
Revenues						
USDA Rural Development - Loan	\$ 5,723,000	\$ 5,723,000	\$ -	\$ 5,723,000	\$ (5,723,000)	\$ (5,723,000)
USDA Rural Development - Grant	3,680,500	3,680,500	-	3,680,500	(3,680,500)	(3,680,500)
Investment Income	2,627	46,651	-	46,651	(46,651)	(2,627)
Premium on Debt Issued	-	57,876	-	57,876	(57,876)	-
Sales Tax Refund	181,949	168,212	-	168,212	(168,212)	(181,949)
Total Revenues	<u>9,588,076</u>	<u>9,676,239</u>	<u>-</u>	<u>9,676,239</u>	<u>(9,676,239)</u>	<u>(9,588,076)</u>
Expenditures						
Contracted Services	845,107	421,175	-	421,175	(421,175)	845,107
Construction	7,636,830	5,464,244	-	5,464,244	(5,464,244)	7,636,830
Interest During Construction	527,701	842,694	-	842,694	(842,694)	527,701
Contingency	27,420	350	-	350	(350)	27,420
Reserve for Arbitrage	8,700	8,700	-	8,700	(8,700)	8,700
Other	-	1,004	-	1,004	(1,004)	-
Total Expenditures	<u>9,045,758</u>	<u>6,738,167</u>	<u>-</u>	<u>6,738,167</u>	<u>(6,738,167)</u>	<u>9,045,758</u>
Revenues over (under) expenditures	<u>542,318</u>	<u>2,938,072</u>	<u>-</u>	<u>2,938,072</u>	<u>(2,938,072)</u>	<u>(542,318)</u>
Other financing sources (uses):						
Donations	53,000	53,000	-	53,000	(53,000)	(53,000)
Bond Principal	-	-	-	-	-	-
Transfer from (to):						
Rocky Point Phase 4	(341,015)	-	(341,015)	(341,015)	341,015	341,015
Rocky Point Water & Sewer	(340,803)	-	(340,803)	(340,803)	340,803	340,803
Rocky Point Water & Sewer	86,500	86,500	-	86,500	(86,500)	(86,500)
Total other financing sources (uses)	<u>(542,318)</u>	<u>139,500</u>	<u>(681,818)</u>	<u>(542,318)</u>	<u>542,318</u>	<u>542,318</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,077,572</u>	<u>\$ (681,818)</u>	<u>\$ 2,395,754</u>	<u>\$ (2,395,754)</u>	<u>\$ -</u>

Pender County, North Carolina
Rocky Point Water Fund - Phase IV Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Actual			Completed Project	Variance Positive (Negative)
		Prior Years	Current Year	Total to Date		
Revenues						
USDA Rural Development - Loan	\$ 1,187,985	\$ 1,529,000	\$ -	\$ 1,529,000	\$ (1,529,000)	\$ (1,187,985)
USDA Rural Development - Grant	1,094,000	174,900	-	174,900	(174,900)	(1,094,000)
Connection Fees	30,000	-	-	-	-	(30,000)
Premium on Debt Issued	-	2,150	-	2,150	(2,150)	-
Investment Income	-	79,043	5	79,048	(79,048)	-
Total Revenues	<u>2,311,985</u>	<u>1,785,093</u>	<u>5</u>	<u>1,785,098</u>	<u>(1,785,098)</u>	<u>(2,311,985)</u>
Expenditures						
Postage	4,000	1,168	-	1,168	(1,168)	4,000
Supplies and Materials	1,650	1,309	-	1,309	(1,309)	1,650
Contracted Services	371,296	238,951	-	238,951	(238,951)	371,296
Capital Outlay	2,162,000	1,889,267	-	1,889,267	(1,889,267)	2,162,000
Bond Interest	-	3,936	-	3,936	(3,936)	-
Interest During Construction	140,000	90,076	-	90,076	(90,076)	140,000
Contingency	92,804	2,550	-	2,550	(2,550)	92,804
Total Expenditures	<u>2,771,750</u>	<u>2,227,257</u>	<u>-</u>	<u>2,227,257</u>	<u>(2,227,257)</u>	<u>2,771,750</u>
Revenues over (under) expenditures	<u>(459,765)</u>	<u>(442,164)</u>	<u>5</u>	<u>(442,159)</u>	<u>442,159</u>	<u>459,765</u>
Other financing sources (uses):						
Bond Principal	-	-	-	-	-	-
Transfer from (to):						
Rocky Point Water & Sewer	459,765	90,850	341,015	431,865	(90,850)	(118,750)
Total Other Financing Sources (uses)	<u>459,765</u>	<u>90,850</u>	<u>341,015</u>	<u>431,865</u>	<u>(90,850)</u>	<u>(118,750)</u>
Revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ (351,314)</u>	<u>\$ 341,020</u>	<u>\$ (10,294)</u>	<u>\$ 351,309</u>	<u>\$ 341,015</u>

Pender County, North Carolina
Rocky Point Water Fund - Phase V Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Actual			Completed Projects	Variance Positive (Negative)
		Prior Years	Current Year	Total to Date		
Revenues						
USDA RD Loan	\$ 10,625,000	\$ 10,625,000	\$ -	\$ 10,625,000	\$(10,625,000)	\$ (10,625,000)
Premium on Debt Issued	-	14,944	-	14,944	(14,944)	-
Investment Income	95,374	549,340	178	549,518	(549,518)	(95,374)
Total Revenues	<u>10,720,374</u>	<u>11,189,284</u>	<u>178</u>	<u>11,189,462</u>	<u>(11,189,462)</u>	<u>(10,720,374)</u>
Expenditures						
Capital Outlay	9,094,841	8,336,582	-	8,336,582	(8,336,582)	9,094,841
Contracted Services	602,561	604,933	-	604,933	(604,933)	602,561
Bond Interest	667,678	202,510	-	202,510	(202,510)	667,678
Interest During Constuction	252,870	718,039	-	718,039	(718,039)	252,870
Reserve for Arbitage	95,874	94,895	-	94,895	(94,895)	95,874
Contingency	6,550	6,550	-	6,550	(6,550)	6,550
Total Expenditures	<u>10,720,374</u>	<u>9,963,509</u>	<u>-</u>	<u>9,963,509</u>	<u>(9,963,509)</u>	<u>10,720,374</u>
Revenues over (under) expenditures	\$ -	\$ 1,225,775	\$ 178	\$ 1,225,953	\$ (1,225,953)	\$ -
Other financing sources (uses):						
Transfer from (to):						
Rocky Point Water & Sewer	\$ -	\$ -	\$ (143,689)	\$ (143,689)	\$ 143,689	\$ -
Bond Principal	-	-	-	-	-	-
Total Other Financing Sources (uses)	<u>-</u>	<u>-</u>	<u>(143,689)</u>	<u>(143,689)</u>	<u>143,689</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 1,225,775</u>	<u>\$ (143,511)</u>	<u>\$ 1,082,264</u>	<u>\$ (1,082,264)</u>	<u>\$ -</u>

Pender County, North Carolina
Water Treatment Plant Operating Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water Fees	\$ 269,082	\$ 179,561	\$ (89,521)
Connection Fees	-	-	-
Other Fees	-	79,223	79,223
Total Operating Revenues	<u>269,082</u>	<u>258,784</u>	<u>(10,298)</u>
Expenditures			
Salaries and Employee Benefits	325,159	321,864	3,295
Contract Services	61,310	92,697	(31,387)
Other Operating Expenditures	1,528,785	665,925	862,860
Capital Outlay	60,389	-	60,389
Debt Service:			
Principal	312,000	409,338	(97,338)
Interest	793,100	695,550	97,550
Total	<u>3,080,743</u>	<u>2,185,374</u>	<u>895,369</u>
Revenues over (under) expenditures	<u>(2,811,661)</u>	<u>(1,926,590)</u>	<u>885,071</u>
Other financing sources (uses):			
Operating Transfers From:			
General Fund	1,707,423	1,037,622	(669,801)
Wastewater Capacity Fees	1,090,972	1,090,972	-
Fund Balance Appropriated	13,266	-	(13,266)
Total other financing sources (uses)	<u>2,811,661</u>	<u>2,128,594</u>	<u>(683,067)</u>
Revenues over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 202,004</u>	<u>\$ 202,004</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ 202,004</u>	
Reconciling items:			
Long Term Debt Repayments		409,338	
OPEB Expense		(13,119)	
Capital Outlay		-	
Depreciation Expense		(14,591)	
Pension expense		(1,445)	
Deferred Outflows of resources for contributions made to pension plan in current fiscal year		17,682	
Investment Income (Exhibit E-7a)		703	
Transfer (Exhibit E-7a)		502,000	
Total reconciling items		<u>900,568</u>	
Change in net position		<u>\$ 1,102,572</u>	

Pender County, North Carolina
Water Treatment Plant Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Actual			Completed Project	Variance Positive (Negative)
		Prior Years	Current Year	Total to Date		
Revenues						
Investment Income	\$ 4,100	\$ 52,297	\$ 703	\$ 53,000	\$ -	\$ 48,900
USDA RD Grant	7,594,000	7,594,000	-	7,594,000	-	-
Sales Tax Refund	215,009	-	-	-	-	(215,009)
Total Revenues	<u>7,813,109</u>	<u>7,646,297</u>	<u>703</u>	<u>7,647,000</u>	<u>-</u>	<u>(166,109)</u>
Expenditures						
Contracted Services	2,664,079	2,804,654	19,760	2,824,414	-	(160,335)
Capital Outlay	28,756,000	29,954,664	(692,699)	29,261,965	-	(505,965)
Water Treatment Plant	4,125,455	170,987	665,019	836,006	-	3,289,449
Reserve for Arbitrage	4,100	2,935	-	2,935	-	1,165
Interest During Construction	1,541,686	1,332,419	-	1,332,419	-	209,267
Total Expenditures	<u>37,091,320</u>	<u>34,265,659</u>	<u>(7,920)</u>	<u>34,257,739</u>	<u>-</u>	<u>2,833,581</u>
Revenues over (under) expenditures	<u>(29,278,211)</u>	<u>(26,619,362)</u>	<u>8,623</u>	<u>(26,610,739)</u>	<u>-</u>	<u>2,667,472</u>
Other financing sources (uses):						
USDA - RD Loan	17,500,000	17,500,000	-	17,500,000	-	-
USDA - RD Revenue Bond	4,955,000	4,955,000	-	4,955,000	-	-
Contribution From Capacity Fee	502,000	-	502,000	502,000	-	-
Loan from General Fund	6,321,211	1,177,624	-	1,177,624	-	(5,143,587)
Total other financing sources	<u>29,278,211</u>	<u>23,632,624</u>	<u>502,000</u>	<u>24,134,624</u>	<u>-</u>	<u>(5,143,587)</u>
Revenues and other financing sources over (under) expenditures and other Financing Uses	<u>\$ -</u>	<u>\$ (2,986,738)</u>	<u>\$ 510,623</u>	<u>\$ (2,476,115)</u>	<u>\$ -</u>	<u>\$ (2,476,115)</u>

**Pender County, North Carolina
Maple Hill Water Operating Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2015**

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water Fees	\$ 142,059	\$ 129,089	\$ (12,970)
Sewer Fees	52,794	49,820	(2,974)
Connection Fees			-
Other Fees	2,450	2,893	443
Total Operating Revenues	<u>197,303</u>	<u>181,802</u>	<u>(15,501)</u>
Expenditures			
Water			
Salaries and Employee Benefits	50,090	48,836	1,254
Contract Services	2,000	1,946	54
Water Purchases	46,245	38,658	7,587
Other Operating Expenditures	24,818	23,476	1,342
Debt Service:			
Principal	10,000	10,000	-
Bond issuance cost	-	-	-
Interest	11,355	7,923	3,432
Total	<u>144,508</u>	<u>130,839</u>	<u>13,669</u>
Sewer			
Salaries and Employee Benefits	23,344	13,631	9,713
Contract Services	5,000	5,150	(150)
Other Operating Expenditures	24,451	22,913	1,538
Total	<u>52,795</u>	<u>41,694</u>	<u>11,101</u>
Revenues over (under) expenditures	<u>-</u>	<u>9,269</u>	<u>9,269</u>
Other financing sources (uses):			
Operating Transfers From:			
General Fund	-	-	-
Refunding bonds issued	-	-	-
Premium	-	-	-
Payment to bond holders	-	-	-
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 9,269</u>	<u>\$ 9,269</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other financing sources over (under) expenditures and other uses		<u>\$ 9,269</u>	
Reconciling items:			
Long Term Debt Repayments		10,000	
OPEB Expense		(2,624)	
Depreciation Expense		(140,283)	
Pension expense		(267)	
Deferred Outflows of resources for contributions made to pension plan in current fiscal year		3,268	
Amortized Bond Premium		783	
Total reconciling items		<u>(129,123)</u>	
Change in net position		<u>\$ (119,854)</u>	

Pender County, North Carolina
Maple Hill Sewer Capital Project
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Actual		Total to Date	Completed Project	Variance Positive (Negative)
		Prior Years	Current Year			
Revenues						
Connection Fees	\$ 42,750	\$ 42,659	\$ -	\$ 42,659	\$ (42,659)	\$ (42,750)
Cape Fear RC&D Match	2,000	2,000	-	2,000	(2,000)	(2,000)
NC Rural Center Grant	2,774,614	2,893,180	-	2,893,180	(2,893,180)	(2,774,614)
Clean Water Trust Fund	1,463,000	1,463,000	-	1,463,000	(1,463,000)	(1,463,000)
Total revenues	<u>4,282,364</u>	<u>4,400,839</u>	<u>-</u>	<u>4,400,839</u>	<u>(4,400,839)</u>	<u>(4,282,364)</u>
Expenditures						
Supplies / Sampling	77,811	57,867	-	57,867	(57,867)	77,811
Contracted Services	419,864	524,009	-	524,009	(524,009)	419,864
Capital Outlay	3,589,689	3,616,610	-	3,616,610	(3,616,610)	3,589,689
Contingency	195,000	228,482	-	228,482	(228,482)	195,000
Total Expenditures	<u>4,282,364</u>	<u>4,426,968</u>	<u>-</u>	<u>4,426,968</u>	<u>(4,426,968)</u>	<u>4,282,364</u>
Revenues over (under) expenditures	<u>-</u>	<u>(26,129)</u>	<u>-</u>	<u>(26,129)</u>	<u>26,129</u>	<u>-</u>
Other financing sources:						
Transfer - General Fund	-	-	-	-	-	-
Fund Balance Appropriated	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (26,129)</u>	<u>\$ -</u>	<u>\$ (26,129)</u>	<u>\$ 26,129</u>	<u>\$ -</u>

Pender County, North Carolina
St. Helena Wastewater Capital Project
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Connection Fees	\$ 193,000	\$ -	\$ -	\$ -	\$ (193,000)
USDA RD Loan	432,386	-	-	-	(432,386)
NC Rural Center Grant	2,774,614	-	-	-	(2,774,614)
Total revenues	<u>3,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,400,000)</u>
Expenditures					
Contract Services - Attorney	15,000	-	-	-	15,000
Contract Services - Administration	15,000	-	-	-	15,000
Contract Services - Engineers	210,000	126,900	-	126,900	83,100
Contract Services - Inspections	95,000	-	-	-	95,000
Impact Fees	112,500	-	-	-	112,500
Capital Outlay - Land	15,500	-	-	-	15,500
Capital Outlay/C&D	2,670,000	-	-	-	2,670,000
Contingency	267,000	-	-	-	267,000
Total Expenditures	<u>3,400,000</u>	<u>126,900</u>	<u>-</u>	<u>126,900</u>	<u>3,273,100</u>
Revenues under expenditures	<u>-</u>	<u>(126,900)</u>	<u>-</u>	<u>(126,900)</u>	<u>(126,900)</u>
Other financing sources:					
Transfer from (to):					
Waste Water Treatment Plant	-	126,900	-	126,900	126,900
Fund Balance Appropriated	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>126,900</u>	<u>-</u>	<u>126,900</u>	<u>126,900</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Pender County, North Carolina
Sewer Operating Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Del Lab Fees	\$ -	\$ -	\$ -
Other	-	-	-
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Sewer Operations	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):			
Operating Transfers From:			
General Fund	-	-	-
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over (under) expenditures and other uses		<u>\$ -</u>	
Reconciling items:			
Depreciation Expense		(6,283)	
Water and Wastewater Capacity Fees (Exhibit E-9a)		812,793	
Transfers (in) out (Exhibit E-9a)		<u>(2,741,900)</u>	
Total reconciling items		<u>(1,935,390)</u>	
Change in net position		<u>\$ (1,935,390)</u>	

Pender County, North Carolina
Water / WasteWater Capacity Fees
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues			
Water Capacity Fees	\$ 505,000	\$ 812,793	\$ 307,793
Wastewater Capacity Fees	60,000	-	(60,000)
Interest	-	-	-
Total revenues	<u>565,000</u>	<u>812,793</u>	<u>247,793</u>
Expenditures			
Capital Outlay	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ 565,000</u>	<u>\$ 812,793</u>	<u>\$ 247,793</u>
Other financing sources:			
Transfer from (to)			
Water Treatment Plant Construction	(502,000)	(502,000)	-
Water Treatment Plant	(1,090,972)	(1,090,972)	-
PCP Waste Water Treatment Plant	(1,148,928)	(1,148,928)	-
Fund Balance Appropriated	2,301,900	-	(2,301,900)
Total other financing sources (uses)	<u>(440,000)</u>	<u>(2,741,900)</u>	<u>(2,301,900)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 125,000</u>	<u>\$ (1,929,107)</u>	<u>\$(2,054,107)</u>

Pender County, North Carolina
Section 8 Administration Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Nonoperating revenues			
Investment earnings	\$ 24	\$ 43	\$ 19
Other Revenue	60,359	21,027	(39,332)
Fraud recovery	7,140	17,220	10,080
Total Revenues	<u>67,523</u>	<u>38,290</u>	<u>(29,233)</u>
Expenditures			
Salaries and Benefits	122,026	120,656	1,370
Housing Assistance Payments	1,079,697	1,030,679	49,018
Other Operating Expenditures	14,242	12,430	1,812
Capital Outlay	-	-	-
Total Expenditures	<u>1,215,965</u>	<u>1,163,765</u>	<u>52,200</u>
Revenues over (under) expenditures	<u>(1,148,442)</u>	<u>(1,125,475)</u>	<u>22,967</u>
Other financing sources (uses):			
Operating Subsidy - HUD	1,131,621	916,600	(215,021)
Fund Balance Appropriated	16,821	-	(16,821)
	<u>1,148,442</u>	<u>916,600</u>	<u>(231,842)</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (208,875)</u>	<u>\$ (208,875)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (208,875)</u>	
Reconciling items:			
OPEB Expense		(5,188)	
Depreciation Expense		(3,279)	
Pension expense		(461)	
Deferred Outflows of resources for contributions made to pension plan in current fiscal year		5,643	
Capital Outlay		<u>-</u>	
Change in net position		<u>\$ (212,160)</u>	

**Pender County, North Carolina
Country Court Apartments Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2015**

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues:			
Dwelling Rental	\$ 54,816	\$ 61,276	\$ 6,460
Miscellaneous	10,097	10,589	492
Total Operating Revenues	<u>64,913</u>	<u>71,865</u>	<u>6,952</u>
Nonoperating Revenues:			
Interest Income	100	57	(43)
Total Nonoperating Revenues	<u>100</u>	<u>57</u>	<u>(43)</u>
Expenditures			
Administration and Tenant Services	34,263	32,574	1,689
Contracted Services	19,914	19,072	842
FMHA Debt Service Payments	7,836	7,836	-
Total Expenditures	<u>62,013</u>	<u>59,482</u>	<u>2,531</u>
Revenues over (under) expenditures	<u>3,000</u>	<u>12,440</u>	<u>9,440</u>
Other financing sources (uses):			
Transfers from (to):			
Country Court Reserve		3,000	3,000
Country Court	(3,000)	(3,000)	-
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>(3,000)</u>	<u>-</u>	<u>3,000</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 12,440</u>	<u>\$ 12,440</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ 12,440</u>	
Reconciling items:			
Mortgage Principal Payment		6,646	
Depreciation Expense		<u>(7,610)</u>	
Total reconciling items		<u>(964)</u>	
Change in net position		<u>\$ 11,476</u>	

Pender County, North Carolina
Scotts Hill Water & Sewer District Operating Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water Fees	\$ 241,298	\$ 250,181	\$ 8,883
Connection Fees	-	5,950	5,950
Other Fees	3,100	4,442	1,342
Total Operating Revenues	<u>244,398</u>	<u>260,573</u>	<u>16,175</u>
Expenditures			
Salaries and Employee Benefits	24,242	17,504	6,738
Contract Services	1,774	514	1,260
Water Purchases	23,220	23,220	-
Other Operating Expenditures	36,574	24,117	12,457
Capital Outlay	-	-	-
Debt Service:			
Principal	55,000	50,000	5,000
Bond Issuance Cost	-	-	-
Interest	103,588	103,897	(309)
Total Expenditures	<u>244,398</u>	<u>219,252</u>	<u>25,146</u>
Revenues over (under) expenditures	<u>-</u>	<u>41,321</u>	<u>41,321</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ 41,321</u>	<u>\$ 41,321</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ 41,321</u>	
Reconciling items:			
Long Term Debt Repayments		50,000	
OPEB Expense		(543)	
Depreciation Expense		(82,027)	
Pension expense		(72)	
Deferred Outflows of resources for contributions made to pension plan in current fiscal year		880	
Amortized Bond Premium		6,539	
Connection fees (Exhibit E-12a)		-	
Investment Income (Exhibit E-12a)		449	
Total reconciling items		<u>(24,774)</u>	
Change in net position		<u>\$ 16,547</u>	

Pender County, North Carolina
Scott's Hill Water & Sewer Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Actual		Total to Date	Completed Project	Variance Positive (Negative)
		Prior Years	Current Year			
Revenues						
Connection Fees	\$ 84,000	\$ 105,560	\$ -	\$ 105,560	\$ (105,560)	\$ (84,000)
Investment Income	-	8,174	449	8,623	(8,623)	-
Total Revenues	<u>84,000</u>	<u>113,734</u>	<u>449</u>	<u>114,183</u>	<u>(114,183)</u>	<u>(84,000)</u>
Expenditures						
Administrative and Legal Fees	15,000	1,268	4,532	5,800	(5,800)	15,000
Capital Outlay	2,355,000	1,859,522	(12,659)	1,846,863	(1,846,863)	2,355,000
Contracted Services	272,000	257,298	109	257,407	(257,407)	272,000
Interest During Constuction	131,000	14,085	13,006	27,091	(27,091)	131,000
Contingency	227,000	152,918	22,992	175,910	(175,910)	227,000
Total Expenditures	<u>3,000,000</u>	<u>2,285,091</u>	<u>27,980</u>	<u>2,313,071</u>	<u>(2,313,071)</u>	<u>3,000,000</u>
Revenues over (under) expenditures	<u>(2,916,000)</u>	<u>(2,171,357)</u>	<u>(27,531)</u>	<u>(2,198,888)</u>	<u>2,198,888</u>	<u>2,916,000</u>
Other financing sources (uses):						
USDA Rural Development Loan	<u>2,916,000</u>	<u>2,711,000</u>	<u>-</u>	<u>2,711,000</u>	<u>(2,711,000)</u>	<u>(2,916,000)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 539,643</u>	<u>\$ (27,531)</u>	<u>\$ 512,112</u>	<u>\$ (512,112)</u>	<u>\$ -</u>

Pender County, North Carolina
Waste Water Treatment Plant Operating Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Wastewater Fees	\$ -	\$ -	\$ -
Connection Fees	-	-	-
Other Fees	-	-	-
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Salaries and Employee Benefits	-	-	-
Contract Services	-	-	-
Other Operating Expenditures	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):			
Operating Transfers From:			
Project Fund	-	-	-
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ -</u>	
Reconciling items:			
Long Term Debt Repayments		-	
OPEB Expense		-	
Capital Outlay		-	
Depreciation Expense		(75,605)	
Investment Income (Exhibit E-13a)		-	
Capital contributions (Exhibit E-13a)		-	
Transfers (Exhibit E-13a)		-	
Total reconciling items		<u>(75,605)</u>	
Change in net position		<u>\$ (75,605)</u>	

Pender County, North Carolina
Waste Water Treatment Plant Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Contracted Services	-	79,306	-	79,306	(79,306)
Burgaw Sewer Project	2,005,440	2,005,440	-	2,005,440	-
Wastewater Treatment Plant	19,262,428	1,943,263	4,108,989	6,052,252	13,210,176
Capital Outlay	1,290,460	331,587	29,700	361,287	929,173
Transfer Expenses to Other Projects	-	-	(5,521,302)	(5,521,302)	5,521,302
Total Expenditures	<u>22,558,328</u>	<u>4,359,596</u>	<u>(1,382,613)</u>	<u>2,976,983</u>	<u>19,581,345</u>
Revenues over (under) expenditures	<u>(22,558,328)</u>	<u>(4,359,596)</u>	<u>1,382,613</u>	<u>(2,976,983)</u>	<u>(19,581,345)</u>
Other financing sources (uses):					
Transfer to Cap Imp Fund	-	(126,900)	-	(126,900)	(126,900)
Loan from General Fund	22,558,328	2,893,239	-	2,893,239	(19,665,089)
Total other financing sources	<u>22,558,328</u>	<u>2,766,339</u>	<u>-</u>	<u>2,766,339</u>	<u>(19,791,989)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (1,593,257)</u>	<u>\$ 1,382,613</u>	<u>\$ (210,644)</u>	<u>\$ (210,644)</u>

Pender County, North Carolina
PCP Wastewater Treatment Plant
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Wastewater Fees	\$ -	\$ -	\$ -
Connection Fees	-	-	-
Other Fees	-	-	-
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Salaries and Employee Benefits	-	-	-
Contract Services	1,148,928	266,709	882,219
Other Operating Expenditures	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total	<u>1,148,928</u>	<u>266,709</u>	<u>882,219</u>
Revenues over (under) expenditures	<u>(1,148,928)</u>	<u>(266,709)</u>	<u>(882,219)</u>
Other financing sources (uses):			
Operating Transfers From:			
Water Capacity Fund	1,148,928	1,148,928	-
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>1,148,928</u>	<u>1,148,928</u>	<u>-</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ 882,219</u>	<u>\$ (882,219)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ 882,219</u>	
Reconciling items:			
Long Term Debt Repayments		-	
OPEB Expense		-	
Capital Outlay		-	
Depreciation Expense		-	
Investment Income (Exhibit E-14a)		-	
Capital contributions (Exhibit E-14a)		-	
Transfers (Exhibit E-14a)		-	
Total reconciling items		<u>-</u>	
Change in net position		<u>\$ 882,219</u>	

Pender County, North Carolina
PCP Wastewater Treatment Plant
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
Gold Leaf	400,000	-	-	-	(400,000)
Rural Center Grant	500,000	-	-	-	(500,000)
Total Revenues	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(900,000)</u>
Expenditures					
Construction	23,569,253	1,242,226	6,089,830	7,332,056	16,237,197
Bond Issuance Cost	-	-	126,789	126,789	(126,789)
Total Expenditures	<u>23,569,253</u>	<u>1,242,226</u>	<u>6,216,619</u>	<u>7,458,845</u>	<u>16,110,408</u>
Revenues over (under) expenditures	<u>(22,669,253)</u>	<u>(1,242,226)</u>	<u>(6,216,619)</u>	<u>(7,458,845)</u>	<u>15,210,408</u>
Other financing sources (uses):					
Premium on LOBs	244,253	-	1,529,527	1,529,527	1,285,274
Limited Obligation Bonds	19,400,000	-	18,241,517	18,241,517	(1,158,483)
CDBG Loan Proceeds	750,000	-	-	-	(750,000)
EDA/LAB	2,275,000	-	-	-	(2,275,000)
Total other financing sources	<u>22,669,253</u>	<u>-</u>	<u>19,771,044</u>	<u>19,771,044</u>	<u>(2,898,209)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (1,242,226)</u>	<u>\$ 13,554,425</u>	<u>\$ 12,312,199</u>	<u>\$ 12,312,199</u>

Pender County, North Carolina
Moore's Creek Water Distribution
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Wastewater Fees	\$ -	\$ -	\$ -
Connection Fees	-	-	-
Other Fees	-	-	-
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Salaries and Employee Benefits	-	-	-
Contract Services	-	-	-
Other Operating Expenditures	-	(4,738)	4,738
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total	<u>-</u>	<u>(4,738)</u>	<u>4,738</u>
Revenues over (under) expenditures	<u>-</u>	<u>4,738</u>	<u>(4,738)</u>
Other financing sources (uses):			
Operating Transfers From:			
Project Fund	-	-	-
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 4,738</u>	<u>\$ (4,738)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over (under) expenditures and other uses		<u>\$ 4,738</u>	
Reconciling items:			
Long Term Debt Repayments		-	
OPEB Expense		-	
Capital Outlay		-	
Depreciation Expense		-	
Investment Income (Exhibit E-15a)		-	
Connection Fees (Exhibit E-15a)		(360)	
Total reconciling items		<u>(360)</u>	
Change in net position		<u>\$ 4,378</u>	

Pender County, North Carolina
Moore's Creek Water District
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
Rural Development Grant	3,467,432				(3,467,432)
Connection Fees	78,100	31,554	(360)	31,194	(46,906)
Total Revenues	<u>3,545,532</u>	<u>31,554</u>	<u>(360)</u>	<u>31,194</u>	<u>(3,514,338)</u>
Expenditures					
Construction	8,826,532	106,732	182,292	289,024	8,537,508
Total Expenditures	<u>8,826,532</u>	<u>106,732</u>	<u>182,292</u>	<u>289,024</u>	<u>8,537,508</u>
Revenues over (under) expenditures	<u>(5,281,000)</u>	<u>(75,178)</u>	<u>(182,652)</u>	<u>(257,830)</u>	<u>5,023,170</u>
Other financing sources (uses):					
Transfer to Cap Imp Fund	-	-	-	-	-
Bond Anticipatory Notes	5,281,000	-	-	-	(5,281,000)
Total other financing sources	<u>5,281,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,281,000)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (75,178)</u>	<u>\$ (182,652)</u>	<u>\$ (257,830)</u>	<u>\$ (257,830)</u>

Pender County, North Carolina
Central Pender Water District
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Wastewater Fees	\$ -	\$ -	\$ -
Connection Fees	-	-	-
Other Fees	-	-	-
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Salaries and Employee Benefits	-	-	-
Contract Services	-	-	-
Other Operating Expenditures	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):			
Operating Transfers From:			
Project Fund	-	-	-
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ -</u>	
Reconciling items:			
Long Term Debt Repayments		-	
OPEB Expense		-	
Capital Outlay		-	
Depreciation Expense		-	
Investment Income (Exhibit E-16a)		-	
Connection Fees (Exhibit E-16a)		<u>(720)</u>	
Total reconciling items		<u>(720)</u>	
Change in net position		<u>\$ (720)</u>	

Pender County, North Carolina
Central Pender Water District
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
Rural Development Grant	3,910,091	-	-	-	(3,910,091)
Connection Fees	81,700	24,150	(720)	23,430	(58,270)
Total Revenues	<u>3,991,791</u>	<u>24,150</u>	<u>(720)</u>	<u>23,430</u>	<u>(3,968,361)</u>
Expenditures					
Construction	10,038,791	105,826	409,568	515,394	9,523,397
Total Expenditures	<u>10,038,791</u>	<u>105,826</u>	<u>409,568</u>	<u>515,394</u>	<u>9,523,397</u>
Revenues over (under) expenditures	<u>(6,047,000)</u>	<u>(81,676)</u>	<u>(410,288)</u>	<u>(491,964)</u>	<u>5,555,036</u>
Other financing sources (uses):					
Transfer to Cap Imp Fund	-	-	-	-	-
Bond Anticipatory Notes	6,047,000	-	-	-	(6,047,000)
Total other financing sources	<u>6,047,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,047,000)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (81,676)</u>	<u>\$ (410,288)</u>	<u>\$ (491,964)</u>	<u>\$ (491,964)</u>

Pender County, North Carolina
Self Insured Internal Service Fund
Schedule of Revenues and Expenditures
Financial Plan and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2015

	Financial Plan	Actual	Variance Favorable (Unfavorable)
Revenues			
Operating Revenues			
Premiums Received	\$ 3,544,000	\$ 3,513,474	\$ (30,526)
Total Operating Revenues	<u>3,544,000</u>	<u>3,513,474</u>	<u>(30,526)</u>
Nonoperating Revenues			
Interest on Investments	-	-	-
Total Nonoperating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 3,544,000</u>	<u>\$ 3,513,474</u>	<u>\$ (30,526)</u>
Expenditures			
Claims	\$ 3,919,000	\$ 4,218,388	\$ (299,388)
Total Expenditures	<u>\$ 3,919,000</u>	<u>\$ 4,218,388</u>	<u>\$ (299,388)</u>
Revenues over (under) expenditures	<u>\$ (375,000)</u>	<u>\$ (704,914)</u>	<u>\$ (329,914)</u>
Other financing sources (uses):			
Fund Balance Appropriated	\$ -	\$ -	\$ -
Transfer from General Fund	375,000	375,000	-
Total Other Financing Sources	<u>\$ 375,000</u>	<u>\$ 375,000</u>	<u>\$ -</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (329,914)</u>	<u>\$ (329,914)</u>

AGENCY FUNDS

Agency funds are used to account for assets the County holds on behalf of others.

**Pender County, North Carolina
Agency Funds
Combining Balance Sheet
June 30, 2015**

	Agency						Totals
	Ad Valorem and MV Collections	Four H Fund	Extension Education	Sea Oats Travel	Pesticide Recycling Grant	Tourism Development Authority	June 30, 2015
Assets							
Cash and cash equivalents	\$ 2,879	\$ 1,354	\$ 18,623	\$ 313	\$ 1,558	\$ 18,599	\$ 43,326
Accounts receivable	<u>275,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84</u>	<u>275,712</u>
Total assets	<u><u>278,507</u></u>	<u><u>1,354</u></u>	<u><u>18,623</u></u>	<u><u>313</u></u>	<u><u>1,558</u></u>	<u><u>18,683</u></u>	<u><u>319,038</u></u>
Liabilities and Fund Balances							
Liabilities:							
Miscellaneous liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental payable	<u>278,507</u>	<u>1,354</u>	<u>18,623</u>	<u>313</u>	<u>1,558</u>	<u>18,683</u>	<u>319,038</u>
Total liabilities	<u><u>278,507</u></u>	<u><u>1,354</u></u>	<u><u>18,623</u></u>	<u><u>313</u></u>	<u><u>1,558</u></u>	<u><u>18,683</u></u>	<u><u>319,038</u></u>

Pender County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Ad Valorem and Vehicle Tax				
Assets:				
Cash and cash equivalents	\$ -	\$ 2,879	\$ -	\$ 2,879
Accounts receivable	271,064	4,564	-	275,628
	<u>\$ 271,064</u>	<u>\$ 7,443</u>	<u>\$ -</u>	<u>\$ 278,507</u>
Liabilities:				
Intergovernmental payable	<u>\$ 271,064</u>	<u>\$ -</u>	<u>\$ 7,443</u>	<u>\$ 278,507</u>
Four H Fund:				
Assets:				
Cash and cash equivalents	<u>\$ 1,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,354</u>
Liabilities:				
Intergovernmental payable	<u>\$ 1,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,354</u>
Extension Education:				
Assets:				
Cash and cash equivalents	<u>\$ 16,391</u>	<u>\$ 11,725</u>	<u>\$ 9,493</u>	<u>\$ 18,623</u>
Liabilities:				
Intergovernmental payable	<u>\$ 16,391</u>	<u>\$ 9,493</u>	<u>\$ 11,725</u>	<u>\$ 18,623</u>
Sea Oats Travel:				
Assets:				
Cash and cash equivalents	<u>\$ 313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 313</u>
Liabilities:				
Intergovernmental payable	<u>\$ 313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 313</u>
Pesticide Recycling Grant:				
Assets:				
Cash and cash equivalents	<u>\$ 1,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,558</u>
Liabilities:				
Intergovernmental payable	<u>\$ 1,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,558</u>
Tourism Development Authority:				
Assets:				
Cash and cash equivalents	\$ 18,767	\$ -	\$ 168	\$ 18,599
Accounts receivable	-	84	-	84
	<u>\$ 18,767</u>	<u>\$ 84</u>	<u>\$ 168</u>	<u>\$ 18,683</u>
Liabilities:				
Intergovernmental payable	<u>\$ 18,767</u>	<u>\$ 168</u>	<u>\$ 84</u>	<u>\$ 18,683</u>
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 38,383	\$ 14,604	\$ 9,661	\$ 43,326
Accounts receivable	271,064	4,648	-	275,712
	<u>\$ 309,447</u>	<u>\$ 19,252</u>	<u>\$ 9,661</u>	<u>\$ 319,038</u>
Liabilities:				
Intergovernmental payable	<u>\$ 309,447</u>	<u>\$ 9,661</u>	<u>\$ 19,252</u>	<u>\$ 319,038</u>

OTHER SCHEDULES

This section includes additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Ten Largest Taxpayers

Pender County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2015

Exhibit G-1

Year	Uncollected Balance June 30, 2013	Additions	Collections And Credits	Uncollected Balance June 30, 2014
2014-15	\$ -	\$ 34,518,709	\$ 33,859,599	\$ 659,110
2013-14	862,424	964	580,619	282,769
2012-13	351,560	154	152,156	199,558
2011-12	225,700	-	79,121	146,579
2010-11	231,293	-	87,664	143,629
2009-10	126,565	-	16,413	110,152
2008-09	103,682	-	7,915	95,767
2007-08	100,846	-	6,058	94,788
2006-07	151,952	(14)	3,782	148,156
2005-06	65,138	-	3,066	62,072
2004-05	70,256	929	71,185	-
Totals	<u>\$ 2,289,416</u>	<u>\$ 34,520,742</u>	<u>\$ 34,867,578</u>	<u>\$ 1,942,580</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>1,001,957</u>
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 940,623</u>
 <u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 33,989,781
Reconciling items:				
Penalties and Interest				(324,599)
Discounts, Releases, Refunds				<u>1,202,396</u>
Total Collections and Credits				<u>\$ 34,867,578</u>

Pender County, North Carolina
Analysis of Current Tax Levy
County - Wide Levy
For the Fiscal Year Ended June 30, 2015

Exhibit G-2

	County - wide		Total Levy		
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 6,726,489,649	0.512	\$ 34,439,627	\$ 30,834,615	\$ 3,605,012
Penalties	-		-	-	-
Total	<u>\$ 6,726,489,649</u>		<u>\$ 34,439,627</u>	<u>\$ 30,834,615</u>	<u>\$ 3,605,012</u>
Discoveries:					
Current year taxes	\$ 19,776,758	0.512	\$ 101,257	\$ 99,435	\$ 1,822
Penalties	-		-	-	-
Total	<u>\$ 19,776,758</u>		<u>\$ 101,257</u>	<u>\$ 99,435</u>	<u>\$ 1,822</u>
Abatements					
Current year taxes	\$ (4,331,055)		\$ (22,175)	\$ (21,965)	\$ (210)
Penalties	-		-	-	-
Total	<u>\$ (4,331,055)</u>		<u>\$ (22,175)</u>	<u>\$ (21,965)</u>	<u>\$ (210)</u>
Total For Year	<u>\$ 6,741,935,352</u>		<u>\$ 34,518,709</u>	<u>\$ 30,912,085</u>	<u>\$ 3,606,624</u>
Net levy			34,518,709	30,912,085	3,606,624
Less Uncollected taxes at June 30, 2015			<u>659,110</u>	<u>658,495</u>	<u>615</u>
Current year's taxes collected			<u>\$ 33,859,599</u>	<u>\$ 30,253,590</u>	<u>\$ 3,606,009</u>
Current levy collection percentage			<u>98.09%</u>	<u>97.87%</u>	<u>99.98%</u>

**Pender County, North Carolina
 Analysis of Current Tax Levy
 County - wide Levy
 For the Fiscal Year Ended June 30, 2015**

Secondary Market Disclosures:

Assessed Valuation		
Assessment Ratio		100 %
Real Property	\$	5,789,575,261
Personal Property		180,627,735
Public Service Companies		<u>114,078,747</u>
Total Assessed Valuation	\$	<u>6,084,281,743</u>
Tax Rate per \$100		<u>0.512</u>
Levy (includes discoveries, releases and abatements)	\$	<u><u>31,151,523</u></u>

In addition to the County - wide rate, the following table lists the levies by the County on behalf of the Fire and Rescue districts for the fiscal year ended June 30:

Fire and Rescue Districts	\$	<u>8,445,735</u>
Total	\$	<u><u>8,445,735</u></u>

**Pender County, North Carolina
Ten Largest Taxpayers
June 30, 2015**

<u>Taxpayers</u>	<u>Type of Business</u>	2014 Assessed <u>Valuation</u>	% of Total <u>Valuation</u>
Red Mountain Timber Co I, LLC	Timber Production	\$ 51,060,363	0.84%
Duke Energy Progress Inc	Utilites	42,542,407	0.70%
Four County EMC	Utilites	35,748,327	0.59%
LL Building Products	Manufacturing	17,831,045	0.29%
Weingarten Investments	Real Estate	11,637,418	0.19%
Jones Onslow EMC	Utilites	11,421,297	0.19%
Bellsouth Telephone Co	Communications	11,227,450	0.18%
TC & I Timber Co, LLC	Timber Production	10,937,444	0.18%
Lowes Home Centers	Retail	10,261,512	0.17%
Batts Properties Inc	Real Estate	9,271,960	0.15%
Totals		\$ <u>211,939,223</u>	<u>3.48%</u>

COMPLIANCE SECTION



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 Auditors' Report

To the Board of County Commissioners
Pender County
Burgaw, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pender County, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises Pender County's basic financial statements, and have issued our report thereon dated December 3, 2015. Our report includes a reference to other auditors who audited the financial statements of the Pender County ABC Board, as described in our report on Pender County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Pender County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pender County's internal control over financial reporting (internal control) to determine the 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 Pender 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 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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies [2015-01].

Compliance and Other Matters

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

Pender County's Response to Findings

Pender County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
December 3, 2015



Report On Compliance With Requirements Applicable To Each Major Federal
Program And Internal Control Over Compliance In Accordance With OMB
Circular A-133 and the State Single Audit Implementation Act

Independent Auditors' Report

To the Board of County Commissioners
Pender County
Burgaw, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Pender County, North Carolina's, compliance with the types of compliance requirements described in the OMB *Circular A-133 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 Pender County's major federal programs for the year ended June 30, 2015. Pender County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Pender County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pender County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Pender 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, 2015.

Report on Internal Control Over Compliance

Management of Pender County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pender County's internal control over compliance with the types of requirements that could have a direct and material effect on major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses 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, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-02 that we consider to be a significant deficiency.

Pender County's response to the internal control over compliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's response was not subjected to the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
December 3, 2015



Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections OMB Circular A-133 and the State Single Audit Implementation Act

Independent Auditors' Report

To the Board of County Commissioners
Pender County
Burgaw, North Carolina

Report on Compliance for Each Major State Program

We have audited the Pender County, North Carolina's, compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Pender County major state programs for the year ended June 30, 2015. Pender County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Pender County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Pender County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, Pender County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Pender County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pender County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
December 3, 2015

PENDER COUNTY, NORTH CAROLINA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2015

Section I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material Weakness(es) identified? ___ yes X no
- Significant Deficiency(s) identified that are
 not considered to be material weaknesses X yes ___ none reported
- Noncompliance material to financial statements
 noted ___yes X no

Federal Awards

Internal control over major federal programs:

- Material Weakness(es) identified? ___yes X no
- Significant Deficiency(s) identified that are
 not considered to be material weaknesses X yes ___ none reported
- Noncompliance material to federal awards ___yes X no

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

Any audit findings disclosed that are required to be
 reported in accordance with Section 510(a) of
 Circular A-133 ___yes X no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
93.778	Title XIX Medicaid
	Subsidized Child Care Cluster:
93.596	Child Care Development Fund - Administration
93.575	Child Care and Development Fund - Discretionary
93.596	Child Care and Development Fund - Mandatory
93.596	Child Care and Development Fund - Match
93.558	Temporary Assistance for Needy Families (TANF)
93.658	Foster Care Title IV-E
93.558	Temporary Assistance for Needy Families

Federal programs that met the criteria for a major program using the criteria discussed in OMB Circular No. A-133 Section .520 and the State Single Audit Act are included in the list of major federal programs.

Dollar threshold used to distinguish between
 Type A and Type B Programs \$ 1,675,957

Auditee qualified as low-risk auditee? ___ yes X no

PENDER COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section II. Financial Statement Findings

Finding: 2015-01

Significant Deficiency

Revenue Bond Covenant

Criteria: The County has a revenue bond associated with the Water Treatment Plant. The bond has covenant ratios that must be maintained.

Condition: The County is currently funding the Water Treatment Plant with transfers from Capital Reserve accounts and other funds, which is not operating revenues.

Effect: The County did not meet the covenant requirements of the revenue bond.

Cause: The County has had significant turnover in the finance office over the past several years, so this requirement has been overlooked.

Recommendation: Responsible personnel should be monitoring debt covenants to ensure that the County is in compliance.

Views of responsible officials and planned corrective actions: The county agrees with the finding and will review the Water Treatment Plant fund and determine how to recognize operating revenues in the fund so that the County will be in compliance.

Section III. Federal Award Findings and Questioned Costs

US Department of Health and Human Services
Passed through the NC Department of Health and Human Services
Program Name: Subsidized Child Care Cluster
CFDA #: 93.596, 93.575, 93.558, 93.658

Finding: 2015-02

Significant Deficiency

Special Test and Provisions

Criteria: Current approval notices and rates charged by the provider are to be present and on file, with appropriate payments being made to providers.

Condition: Two clients overpaid the parent fees, which resulted in DSS underpaying the providers.

Questioned Costs: \$125. This amount was determined by totaling the amounts that were overpaid by the parents.

Context: We examined 60 case files and determined that two files had the aforementioned errors.

Effect: Two clients were overcharged, which resulted in the providers being underpaid.

Cause: Error in reviewing the information to determine the correct parent fee to charge.

Recommendation: Checks and balances should be in place for any numeric calculation or thresholds used.

Views of responsible officials and planned corrective actions: The county agrees with the finding and will implement checks and balances to ensure that this problem does not recur. The county has already remedied these findings by correcting the payments in the following month.

Section IV. State Award Findings and Questioned Costs

None Reported.

PENDER COUNTY, NORTH CAROLINA
Corrective Action Plan
For the Year Ended June 30, 2015

Section II - Financial Statement Findings

Finding 2015-01 Noncompliance with Revenue Bond Covenant

Name of contact person: Kathy Brafford, Finance Director

Corrective Action: The County will review the Water Treatment Plant fund and determine how to recognize operating revenues in the fund so that the County will be in compliance.

Proposed Completion Date: Immediately

Section III - Federal Award Findings and Question Costs

Finding 2015-02 Special Test and Provisions (Child Care Cluster)

Name of contact person: Kathy Brafford, Finance Director

Corrective Action: The error was corrected in the following month. Supervisors will pay additional detail in reviewing case files to ensure that proper amounts are charged and paid.

Proposed Completion Date: Immediately

Section IV - State Award Findings and Question Costs

None Reported

PENDER COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2015

Finding: 14-01 Reconciliation of Records

Status: This finding has been corrected.

Finding: 14-02 Budget Violations

Status: This finding has been corrected

Finding: 14-03 Prior Period Adjustment

Status: This finding has been corrected

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
Passed-through N.C. Dept of Health and Human Services:					
Division of Social Services:					
Administration:					
Supplemental Nutrition Assist Program Cluster					
State Administrative Matching Grants for the	10.561		\$ 401,234	\$ -	\$ 401,234
Supplemental Nutrition Assistance Program					
Fraud	10.561		33,517	-	33,517
Supplemental Nutrition Assist Program Cluster			<u>434,751</u>	<u>-</u>	<u>434,751</u>
Passed-through N.C. Dept of Health and Human Services:					
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program					
for Women, Infants and Children	10.557		237,217	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program					
for Women, Infants and Children	10.557		802,081	-	-
Administration:					
WIC Grants to States (WGS)	10.578		1,711	-	-
Total U.S. Dept. of Agriculture			<u>1,475,760</u>	<u>-</u>	<u>434,751</u>
U.S. Department of Homeland Security					
Passed -through N.C. Department of Public Safety					
Division of Emergency Management					
EMG Performance Grant	97.042		39,324	-	-
Hazard Mitigation Grant	97.039		28,691	-	-
Total U.S. Department of Homeland Security			<u>68,015</u>	<u>-</u>	<u>-</u>
U.S. Dept. of Health and Human Services					
Passed-through N.C. Department of Health and Human Services:					
Division of Public Health:					
Temporary Assistance for Needy Families	93.558		3,700	-	-
Statewide Health Promotion	93.991		5,701	-	-
Maternal and Child Health Services Block Grant	93.994		68,004	51,009	-
Immunization	93.268		12,328	-	-
Comprehensive Breast and Cervical Cancer Early	93.919		3,977	-	-
Preventive Health and Health Service Block Grant	93.758		14,845	-	-
Sexually Transmitted Disease Control	93.977		217	-	-

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal	State/ Pass-through	Fed (Direct & Pass-through	State	Local
	CFDA Number	Grantor's Number	Expenditures	Expenditures	Expenditures
HIV Preventive Activities	93.940		1,000	-	-
HPP and PHEP Aligned Coop Agreement	93.074		36,466	-	-
Family Planning Services	93.217		36,771	-	-
CDC - Tuberculosis	93.116		31,532	-	-
Passed-through N.C. Dept of Health and Human Services:					
Division of Aging and Adult Services:					
Administration on Aging:					
Passed-through Cape Fear Council of Governments					
Special Programs for the Aging Title IIIB					
Access	93.044		57,975	3,439	-
In Home Support Services DSS	93.044		12,638	361	-
In Home Support Services	93.667		202,971	5,846	-
Title IIIC Nutrition	93.045		130,024	7,710	-
NISP Congregate USDA	93.053		17,879	-	-
Family Caregiver Services	93.052		-	27,162	-
Total Aging Cluster			421,487	44,518	-
Division of Social Services:					
Administration:					
Adult Care Home Case Management	93.778		5,564	2,782	2,782
MAC	93.778		17,002		17,002
Special Children Adoption	93.558		-	-	-
Social Services Block Grant	93.667		113,600	-	37,867
Family Preservation	93.556		7,973	-	-
Adoption/Foster Care	N/A		34,648	-	127,616
Refugee Assistance Admin	93.566		344	-	-
State County Special Assistance	93.778		37,523	-	12,645
IV-D Administration	93.563		214,531	-	110,516
IV-D Offset Fees	93.563		1,190	-	613
AFDC Payment & Penalties	93.560		(325)	(90)	(90)
Special Children Adoption	93.558		12,000	-	-
Low Income Energy Assistance					
Administration	93.568		36,798	-	-
Direct Benefit Payments	93.568		276,300	-	-
Crisis Intervention Program	93.568		133,981	-	-
Temporary Assistance for Needy Families Cluster					
Temporary Assistance for Needy Families - Adm	93.558		48,901	-	101,043
Temporary Assistance for Needy Families- Services	93.558		363,561	-	440,890
TANF / Work First - Direct Benefit Payments	93.558		316,266	-	-
Total TANF Cluster			728,728	-	541,933

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
Administration for Children and Families					
Foster Care and Adoption Cluster					
Title IV-E Foster Care - Administration	93.658		54,829	12,458	42,296
IV-E Foster Care	93.658		51,333	13,304	13,303
IV-E Foster Care Max	93.658		62	-	33
IV-E CPS	93.658		53,153	45,395	34,620
IV-E Adoption Subsidy & Vendor	93.659		186,181	48,099	48,752
Total Foster Care and Adoption			<u>345,558</u>	<u>119,256</u>	<u>139,004</u>
Permanency Planning	93.645		14,215	-	4,738
Independent Living Initiative	93.674		19,458	4,184	-
Total Division of Social Services			<u>1,999,088</u>	<u>126,132</u>	<u>1,536,559</u>
Division of Aging and Adult Services:					
Division of Social Services:					
SSBG - State In-Home Services	93.667		5,439	-	777
SSBG - State Adult Day Care	93.667		22,789	3,099	7,132
Division of Child Development					
Subsidized Child Care (Note 4)					
Child Care Development Fund Cluster					
Division of Social Services:					
Child Care Development Fund - Administration	93.596		80,000	-	-
Division of Child Development:					
Child Care and Development Fund - Discretionary	93.575		670,836	-	-
Child Care and Development Fund - Mandatory	93.596		215,939	-	-
Child Care and Development Fund - Match	93.596		326,193	133,766	-
Total Child Care Development Fund Cluster			<u>1,292,968</u>	<u>133,766</u>	<u>-</u>
Temporary Assistance for Needy Families	93.558		189,498	-	-
Foster Care Title IV-E	93.658		13,040	6,753	-
State Appropriations			-	91,073	-
TANF - MOE			-	110,549	-
Total Subsidized Child Care Cluster (Note 4)			<u>1,495,506</u>	<u>342,141</u>	<u>-</u>
Division of Medical Assistance					
Direct Benefit Payments					
Title XIX - Medicaid	93.778		46,973,059	25,511,804	231,335
Division of Social Services					
Administration					
Medical Assistance Program	93.778		1,380,368	-	462,620
Medical Transportation	93.778		8,976	-	8,976
Transportation Services					
Medical Assistance Program	93.778		53,637	27,808	-
Total Medical Assistance Program			<u>48,416,040</u>	<u>25,539,612</u>	<u>702,931</u>

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
Direct Benefit Payments					
State Children's Insurance Program -					
N.C. Health Choice	93.767		697,944	220,758	-
Division of Social Services					
Administration					
State Children's Insurance Program -					
N.C. Health Choice	93.767		17,929	2,433	3,195
Total State Children's Insurance Program - N.C. Health Choice			715,873	223,191	3,195
Total U.S. Dept. of Health and Human Services			53,290,763	26,329,702	2,250,594
U.S. Dept. of Housing and Urban Development					
Direct Program					
Lower Income Housing Assistance Program -					
Section 8 Housing Voucher Program	14.871		1,030,679	-	-
Total U.S. Dept. of Housing and Urban Development			1,030,679	-	-
Total Federal Awards			\$ 55,865,217	\$ 26,329,702	\$ 2,685,345
State Awards:					
N.C. Dept. of Health and Human Services					
Division of Public Health					
General Aid to Counties			\$ -	\$ 77,085	\$ -
Child Health			-	1,790	-
NC Certified Well Contractor Training			-	2,500	-
Maternal Health			-	2,165	-
HMHC Family Planning			-	3,879	-
Food & Lodging Fees			-	12,942	-
WHSF			-	9,933	-
School Nurse Funding Initiative			-	150,000	-
Communicable Diseases			-	9,990	-
Risk Reduction/Health Promotion			-	6,286	-
HIV STD State			-	400	-
HIV STD SSBG Aid			-	100	-
Sexually Transmitted Diseases			-	1,206	-
TB Medical Services			-	1,034	-
Tuberculosis			-	5,459	-
Breast and Cervical Cancer Control			-	5,100	-
Division of Child Development					
Non-Allocating County Cost			-	-	387,080

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal	State/ Pass-through	Fed (Direct & Pass-through	State	Local
	CFDA Number	Grantor's Number	Expenditures	Expenditures	Expenditures
Division of Social Services:					
CP&L Energy Assistance			-	2,614	-
SC/SA Domiciliary Care			-	336,665	336,665
County Fund Programs			-	-	1,303,944
St Child Welfare/CPS/CS			-	26,445	
CWS - Adoption			-	131,944	12,360
AFDC Incentive Program Integrity			-	45	-
Work First Non Reimbursable			-	-	443,270
Foster Home			-	69,132	69,132
SFHF Maximization			-	93,785	93,784
Cape Fear Council of Governments					
Division of Aging and Adult Services					
Senior Center General Purpose			-	23,359	-
Fans			-	1,146	-
Total N.C. Dept. of Health and Human Services			-	975,004	2,646,235
N.C. Dept. of Transportation					
Elderly and Handicapped Transportation Assistance		36228.22.5.1	-	65,553	-
ROAP EDTAP		36220.10.5.1	-	61,880	-
ROAP Employment		36236.11.3.1	-	15,756	-
Total of N.C. Dept. of Transportation			-	143,189	-
N.C. Dept. of Environment and Natural Resources					
Division of Waste Management					
White Goods			-	8,214	-
Scrap Tire Program			-	104,145	-
Scrap Tire Fund SWMGT				4,304	
Electronics Management				14,799	
Division of Parks and Recreation					
PARTF Grant - Millers Pond Park				139,970	
Total of N.C. Dept. of Environment and Natural Resources			-	271,432	-
N.C. Dept. of Cultural Resources					
State Aid to Libraries			-	99,806	-
LSTA Grant			-	4,851	-
Total of N.C. Dept. of Cultural Resources			-	104,657	-
N.C. Department of Public Safety					
Teen Court			-	19,884	-
Counseling Service			-	11,359	-
JCPC Postive Action			-	7,631	-
Restitution			-	26,216	-
Office of Juvenile Justice Youth Services					
JCPC				48,533	
Total of N.C. Dept. of Public Safety			-	113,623	-

**Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2015**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
N.C. Department of Public Instruction					
Public School Building Capital Fund-Lottery Proceeds			-	-	-
Total State Awards			\$ -	\$ 1,607,905	\$ 2,646,235
Total Federal and State Awards			\$ 55,865,217	\$ 27,937,607	\$ 5,331,580

Notes to the Schedule of Expenditures of Federal and State Awards

1 Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Pender County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2015. The information in this SEFSA is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, (Audits of States, Local Governments, and Non-Profit Organizations) and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Pender County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Pender 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 OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* or cost principles contained in the Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through entity identifying numbers are presented where available.

3 Subrecipients

Of the federal and State expenditures presented in the schedule, Pender County provided federal and State awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA NUMBER</u>	<u>PASS- THROUGH GRANOR'S NUMBER</u>	<u>FEDERAL EXPENDITURE</u>	<u>STATE EXPENDITURE</u>
School Nurse Funding Initiative		XXXX	-	150,000

4 Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:

Subsidized Child Care, Foster Care and Adoption