

PENDER COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2014

PENDER COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICERS
June 30, 2014

BOARD OF COUNTY COMMISSIONERS

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

Jimmy Tate
Fred McCoy
David Piepmeyer

COUNTY MANAGER

Randell Woodruff

FINANCE OFFICER

Sylvia Blinson, Interim

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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, 2014, 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.

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, 2014, 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 on pages 4 through 12 and 58 through 61, 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 February 5, 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
February 5, 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, 2014. 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

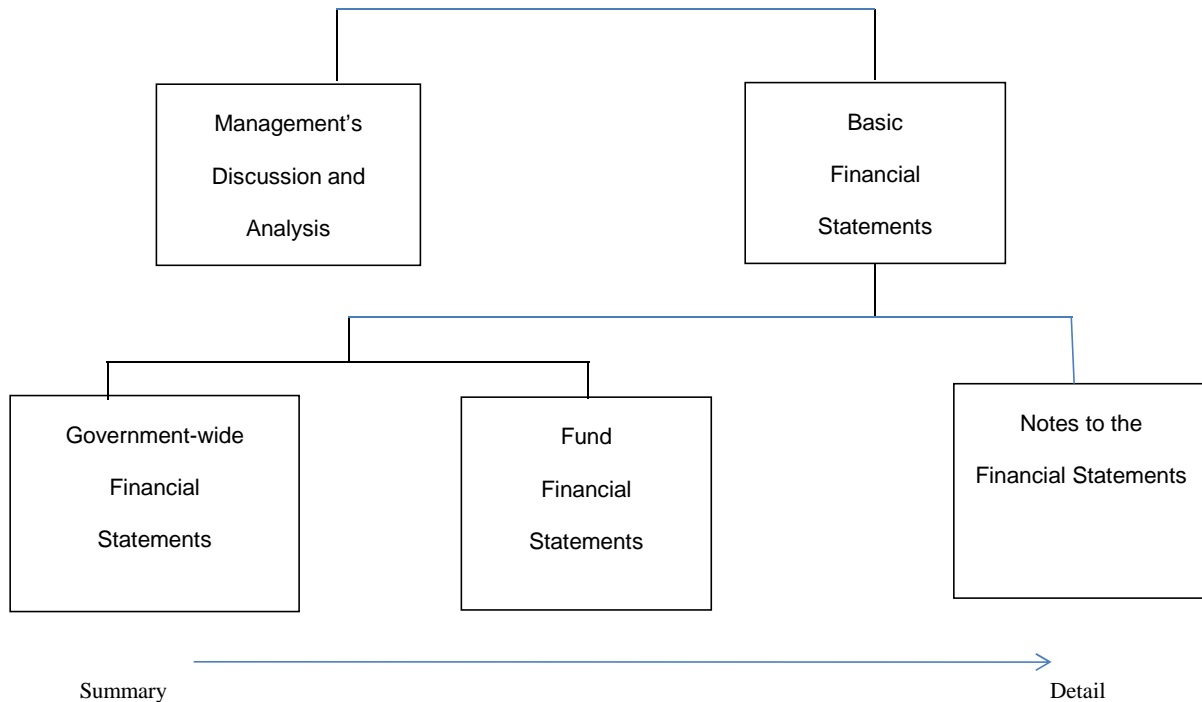
- The assets and deferred outflows of resources of Pender County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$30,482,934 (net position).
- The government's total net position increased by \$1,085,126 during the fiscal year. This included an increase of \$1,503,248 from governmental sources, and business-type funds produced a decrease of \$418,122.
- As of the close of the current fiscal year, Pender County's governmental funds reported combined ending fund balances of \$33,290,861, a decrease of \$1,739,933 in comparison with the prior year. This current year decrease was offset by a prior period adjustment of \$148,721, resulting in a net increase in fund balance from the prior year of \$1,591,212. Approximately 23.48% of this total amount, or \$7,815,804, 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 \$8,069,088, or 15.78% of total general fund expenditures for the fiscal year.
- Pender County's total debt decreased \$4,964,716 (3.87%) during the current fiscal year. The key factor of this decrease was a result of debt service payments exceeding new leases obtained during the year.
- Pender County received maintained its credit rating by Standard and Poors of AA- and maintained its Aa2 rating from Moody's Investors. In addition, the North Carolina Municipal Council upgraded the County's rating from 82 to 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 \$30,482,934 as of June 30, 2014. The County's net position increased by \$1,085,126 for the fiscal year ended June 30, 2014. Net position is reported in three categories: net investment in capital assets, \$59,824,582, restricted net position of \$19,492,749, and unrestricted net position (deficit) of (\$48,834,397).

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 (\$48,834,397) at June 30, 2014. 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 \$52.4 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	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 40,039,936	\$ 41,021,956	\$ (3,257,187)	\$ 21,972,238	\$ 36,782,749	\$ 62,994,194
Capital assets	28,757,090	30,921,823	77,635,104	75,974,211	106,392,194	106,896,034
Total assets	\$ 68,797,026	\$ 71,943,779	\$ 74,377,917	\$ 97,946,449	\$ 143,174,943	\$ 169,890,228
Total deferred outflows of resources	\$ 3,197,097	\$ 3,480,143	\$ 347,038	\$ 358,606	\$ 3,544,135	\$ 3,838,749
Long-term liabilities	\$ 57,943,834	\$ 61,336,523	\$ 45,541,538	\$ 67,529,004	\$ 103,485,372	\$ 128,865,527
Other liabilities	10,777,333	8,601,142	1,973,439	1,565,618	12,750,772	10,166,760
Total liabilities	\$ 68,721,167	\$ 69,937,665	\$ 47,514,977	\$ 69,094,622	\$ 116,236,144	\$ 139,032,287
Total deferred inflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Position						
Net investment in capital assets	\$ 26,700,581	\$ 28,056,814	\$ 33,124,001	\$ 32,203,248	\$ 59,824,582	\$ 60,260,062
Restricted	19,326,317	16,317,743	166,432	166,432	19,492,749	16,484,175
Unrestricted	(42,753,942)	(38,888,300)	(6,080,455)	(3,159,247)	(48,834,397)	(42,047,547)
Total Net Position	\$ 3,272,956	\$ 5,486,257	\$ 27,209,978	\$ 29,210,433	\$ 30,482,934	\$ 34,696,690

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 97.41%, which is a slight increase over the previous year's rate of 96.50%. This rate is slightly above the statewide average of 97.34%.
- 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	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 1,772,018	\$ 1,618,140	\$ 9,595,169	\$ 8,838,841	\$ 11,367,187	\$ 10,456,981
Operating grants and contributions	11,200,109	9,266,557	1,506,317	1,497,857	12,706,426	10,764,414
Capital grants and contributions	-	-	343,080	4,536,699	343,080	4,536,699
General revenues:						
Property taxes	32,972,031	32,410,796	-	-	32,972,031	32,410,796
Other taxes	16,851,150	15,208,745	-	-	16,851,150	15,208,745
Grants and contributions not restricted to specific programs	691,137	398,986	-	-	691,137	398,986
Other	3,543	115,035	1,008,712	653,890	1,012,255	768,925
Total revenues	63,489,988	59,018,259	12,453,278	15,527,287	75,943,266	74,545,546
Expenses:						
General government	7,545,437	7,356,097	-	-	7,545,437	7,356,097
Public safety	17,848,652	16,020,172	-	-	17,848,652	16,020,172
Economic and physical development	2,401,856	2,528,245	-	-	2,401,856	2,528,245
Human services	15,663,333	15,279,816	-	-	15,663,333	15,279,816
Cultural and recreation	1,433,556	1,226,120	-	-	1,433,556	1,226,120
Education	15,158,787	15,419,585	-	-	15,158,787	15,419,585
Interest on long-term debt	1,935,119	2,107,210	-	-	1,935,119	2,107,210
Landfill	-	-	4,827,064	4,579,163	4,827,064	4,579,163
Water and sewer	-	-	6,768,525	4,895,457	6,768,525	4,895,457
Section 8 Housing	-	-	1,222,349	1,248,694	1,222,349	1,248,694
Country Court	-	-	53,462	55,009	53,462	55,009
Total expenses	61,986,740	59,937,245	12,871,400	10,778,323	74,858,140	70,715,568
Increase (decrease) in net position	1,503,248	(918,986)	(418,122)	4,748,964	1,085,126	3,829,978
Net position, beginning	5,486,257	6,419,878	29,210,433	24,461,469	34,696,690	30,881,347
Prior Period Adjustment	(3,716,549)	(14,635)	(1,582,333)	-	(5,298,882)	(14,635)
Net position, beginning, restated	1,769,708	6,405,243	27,628,100	24,461,469	29,397,808	30,866,712
Net position, ending	\$ 3,272,956	\$ 5,486,257	\$ 27,209,978	\$ 29,210,433	\$ 30,482,934	\$ 34,696,690

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities increased the County's net position by \$1,503,248, thereby accounting for the growth in the net position of Pender County. Key elements of this increase are as follows:

- Overall increases in operating revenues and expenditures when compared to the prior year.

Business-type activities: Business-type activities decreased Pender County's net position by \$418,122, accounting for a decline in the government's net position. Key elements of this increase are as follows:

- Several projects were capitalized this year, resulting in a significant increase in depreciation expense.

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 unassigned fund balance in the General Fund was \$8,069,088, while total fund balance reached \$28,957,539. 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 25% of general fund expenditures and an unassigned fund balance of 15.78% of general fund expenditures, while total fund balance represents 56.64% of that same amount.

At June 30, 2014, the governmental funds of Pender County reported a combined fund balance of \$33,290,861, a 4.97 percent decrease from last year. The primary reason for this decrease was construction related to schools and other construction projects.

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 \$889,852.

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 \$208,319, those for the Water and Sewer Funds totaled a deficit of \$5,944,325, those for the Section 8 Administration Fund equaled \$29,990, and those for the Country Court Apartments equaled \$42,199. The total growth (decline) in net position for those funds was (\$131,578), (\$290,859), (\$5,490), and \$9,805, 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, 2014, totals \$106,392,194 (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	
	2014	2013	2014	2013	2014	2013
Land	\$ 10,276,114	\$ 10,276,114	\$ 415,193	\$ 415,193	\$ 10,691,307	\$ 10,691,307
Buildings	13,416,305	10,596,871	36,753,865	11,706,900	50,170,170	22,303,771
Furniture, fixtures and equipment	2,050,766	2,082,036	246,752	242,118	2,297,518	2,324,154
Other	372,049	400,229	897	1,955	372,946	402,184
Construction in Progress	2,641,856	7,566,573	40,218,397	63,608,045	42,860,253	71,174,618
Total	\$ 28,757,090	\$ 30,921,823	\$ 77,635,104	\$ 75,974,211	\$ 106,392,194	\$ 106,896,034

Long-term Debt. As of June 30, 2014, Pender County had total bonded debt outstanding of \$109,820,000, 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	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 49,670,000	\$ 53,785,000	\$ 38,825,000	\$ 39,185,000	\$ 88,495,000	\$ 92,970,000
Limited Obligation Bonds	-	-	21,325,000	21,685,000	21,325,000	21,685,000
Revenue Bonds	-	-	4,955,000	4,955,000	4,955,000	4,955,000
Capital Leases	1,799,695	946,695	-	-	1,799,695	946,695
Installment Purchases	1,673,698	2,294,082	471,185	529,747	2,144,883	2,823,829
Unamortized Premium	2,751,102	2,998,345	1,695,831	1,752,358	4,446,933	4,750,703
Total	\$ 55,894,495	\$ 60,024,122	\$ 67,272,016	\$ 68,107,105	\$ 123,166,511	\$ 128,131,227

Pender County's total debt decreased by \$4,964,716 (3.87%) during the past fiscal year, primarily due to debt service payments exceeding loan proceeds in the fiscal year.

As mentioned in the financial highlights section of this document, Pender County received maintained its credit rating by Standard and Poor's of AA- and maintained its Aa2 rating from Moody's Investors. In addition, 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 \$467,701,078. The County has \$72,000,000 in bonds authorized but un-issued at June 30, 2014.

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, however, growth in population and other indicators have slowed considerably. The 2013 census population estimate is 55,534, up 6% from the 2010 population of 52,217. Commercial and residential building permits issued have risen from 704 for the 2013 calendar year to 761 for the 2014 calendar year. Tax base growth has been stagnant the last three years. The County's unemployment rate has decreased slightly from 8.3% in September 2013 to 6.5% as of September 2014. The County's poverty rate still hovers above 10%, and Pender County wages still fall short of the Wilmington MSA and State averages. Ironically, in 2009 the NC Department of Commerce designated Pender County as a Tier 3 County, indicating that the county is 1 of 20 counties within North Carolina being the least distressed. This designation results from the high population growth in the middle of the decade and the assessed value of Topsail Township, and certainly 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.

Despite the short term impacts of a distressed economy, the long-term economic outlook for Pender County is positive. The Board has committed to making investments and policy decisions to put the County in an enviable position to accommodate and attract new growth and development in the future. Developing industrial product to market, expanding water and sewer utilities, putting into place new land use plans and regulations, and taking a positive approach to business and industry development are proactive measures the Board has initiated in the past few years. These efforts combined with the County's assets including major highways, skilled labor force, access to airport and sea port facilities, and lower cost land, put the County in an enviable position for when the economy gets back on track.

Thus in summary, while the current economic climate is presenting challenges to Pender County, the Board is doing all the right things to position itself properly for attracting and managing new growth and development that will surely present itself in the coming decade.

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. The county's proximity to major transportation corridors, the Wilmington port, the airport, and the Wilmington metropolitan area is a major asset for economic development. The Commissioners have been committed to creating industrial product to attract industrial clients, evidenced by the purchase of over 750 acres of industrial land in the recent years on the US 421 corridor near the New Hanover County line. This industrial site is named Pender Commerce Park and is shovel-ready for development.

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.

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 into Pender County.

Strategies for the next two years include evaluating opportunities for creating business and tourism development incentives, securing and preparing additional sites for industrial development and facilitating development of additional shell building product.

Budget Highlights for the Fiscal Year Ending June 30, 2015

Governmental Activities: The County Commissioners approved a \$54,523,327 General Fund Budget on June 23, 2014, which was included within a total budget ordinance of \$88,560,438, adopted on the same date.

The FY 14-15 General Fund Budget increased about 5.75% as compared to the FY 13-14 Adopted Budget. There was a combination of increases and decreases over last year's budget that resulted in a net increase of \$2,963,364 over FY 13-14 budget.

The FY 14-15 General Fund Budget of \$54,523,327 is in balance with a tax rate of \$.512 per 100 of assessed valuation. The County-wide tax rate remained the same as last year's tax rate. Other funds are also in balance. The appropriation from the Fund Balance of the General Fund is \$4,230,689.

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 has now been online for over 18 months and provides all 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 watermains 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 the two districts have been extended 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. "Sign Up" campaigns began in February 2014 with an informational letter sent to over 9,000 property owners in the two Districts and a Public Meeting held in March. The sign up campaign will run through July 2014 and an additional Public Meeting is tentatively scheduled for May or June. Once the customer base is identified, the final design work and permitting can be completed. Construction is scheduled to begin in the spring of 2015 and be completed by November 2016. PCU is anticipating an additional 1,200 to 1,500 water customers upon completion of the project.

Construction of the Pender Commerce Park infrastructure began in December 2013 and is scheduled to be complete by December 2014. These improvements include water distribution, sewer collection, stormwater management, street lighting, sidewalks, street trees, and over a mile of roadway construction to serve the entire Commerce Park. The Park will then have water and sewer service available to serve current and new tenants within the Park.

In order to provide wastewater treatment and disposal for development of the Commerce Park on US Highway 421, a new state-of-the-art wastewater treatment facility is also under construction as of March 2014. The project has been divided into two phases. Phase I consists of the influent plant pump station and an equalization basin that will be incorporated as part of a pump and haul operation. Completion of this phase is scheduled for September 2014. Phase II of the project includes the remaining wastewater treatment facilities and processes that will be constructed semi-concurrently with Phase I. The final facility will have a treatment capacity of 500,000 gallon 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 increase. Final completion of the 0.5 MGD facility is scheduled for October 2015.

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). This "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".

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Pender County, 805 S Walker St, PO Box 1578, Burgaw, North Carolina 28425. You can also call (910) 259-1282, visit our website www.pendercountync.gov or send an email to sblinson@pendercountync.gov.

BASIC FINANCIAL STATEMENTS

Pender County, North Carolina
Statement of Net Position
June 30, 2014

	Primary Government			Component Unit	Total Reporting Unit
	Governmental Activities	Business-type Activities	Total	Pender County ABC Board	
ASSETS					
Cash and cash equivalents	\$ 27,753,113	\$ -	\$ 27,753,113	\$ 710,288	\$ 28,463,401
Receivables (net)	5,542,378	1,073,479	6,615,857	163	6,616,020
Internal Balances	5,805,430	(5,805,430)	-	-	-
Inventories	-	-	-	629,107	629,107
Prepaid items	-	-	-	12,865	12,865
Restricted cash and cash equivalents	939,015	1,474,764	2,413,779	-	2,413,779
Capital assets:					
Land, improvements, and construction in progress	12,917,970	40,566,820	53,484,790	6,500	53,491,290
Other capital assets, net of depreciation	15,839,120	37,068,284	52,907,404	70,833	52,978,237
Total assets	<u>68,797,026</u>	<u>74,377,917</u>	<u>143,174,943</u>	<u>1,429,756</u>	<u>144,604,699</u>
DEFERRED OUTFLOWS OF RESOURCES					
Charge on refunding	3,197,097	347,038	3,544,135	-	3,544,135
Total deferred outflows of resources	<u>3,197,097</u>	<u>347,038</u>	<u>3,544,135</u>	<u>-</u>	<u>3,544,135</u>
LIABILITIES					
Accounts payable and accrued expenses	4,525,114	1,012,316	5,537,430	632,569	6,169,999
Accrued interest payable	578,518	136,749	715,267	-	715,267
Customer deposits	-	39,367	39,367	-	39,367
Unearned revenue	60,574	4,023	64,597	-	64,597
Long-term liabilities:					
Due within one year	5,613,127	780,984	6,394,111	-	6,394,111
Due in more than one year	57,943,834	45,541,538	103,485,372	-	103,485,372
Total liabilities	<u>68,721,167</u>	<u>47,514,977</u>	<u>116,236,144</u>	<u>632,569</u>	<u>116,868,713</u>
NET POSITION					
Net investment in capital assets	26,700,581	33,124,001	59,824,582	77,333	59,901,915
Restricted					
Stabilization by State statute	15,232,204	-	15,232,204	-	15,232,204
Economic Development	14,416	-	14,416	-	14,416
Health Department Escrow	485,755	-	485,755	-	485,755
Sheriff's Seizures	300,186	-	300,186	-	300,186
Public Safety	230,984	-	230,984	-	230,984
School Capital Projects	3,062,772	-	3,062,772	-	3,062,772
Working Capital	-	-	-	153,064	153,064
Section 8 Housing	-	166,432	166,432	-	166,432
Unrestricted (deficit)	(42,753,942)	(6,080,455)	(48,834,397)	566,790	(48,267,607)
Total net position	<u>\$ 3,272,956</u>	<u>\$ 27,209,978</u>	<u>\$ 30,482,934</u>	<u>\$ 797,187</u>	<u>\$ 31,280,121</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, 2014

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	Total Reporting Unit
					Governmental Activities	Business-type Activities	Total	Pender County ABC Board	
Primary government:									
Governmental activities:									
General government	\$ 7,545,437	\$ 370,515	\$ -	\$ -	\$ (7,174,922)	\$ -	\$ (7,174,922)	\$ -	\$ (7,174,922)
Public safety	17,848,652	1,025,252	336,385	-	(16,487,015)	-	(16,487,015)	-	(16,487,015)
Economic and physical development	2,401,856	97,793	321,836	-	(1,982,227)	-	(1,982,227)	-	(1,982,227)
Human services	15,663,333	229,181	8,330,319	-	(7,103,833)	-	(7,103,833)	-	(7,103,833)
Cultural and recreation	1,433,556	49,277	132,320	-	(1,251,959)	-	(1,251,959)	-	(1,251,959)
Education	15,158,787	-	2,079,249	-	(13,079,538)	-	(13,079,538)	-	(13,079,538)
Interest on long-term debt	1,935,119	-	-	-	(1,935,119)	-	(1,935,119)	-	(1,935,119)
Total governmental activities	<u>61,986,740</u>	<u>1,772,018</u>	<u>11,200,109</u>	<u>-</u>	<u>(49,014,613)</u>	<u>-</u>	<u>(49,014,613)</u>	<u>-</u>	<u>(49,014,613)</u>
Business-type activities:									
Resource Recovery Fund	4,827,064	4,308,624	386,862	-	-	(131,578)	(131,578)	-	(131,578)
Water Districts	4,505,503	3,659,867	-	-	-	(845,636)	(845,636)	-	(845,636)
Water Treatment Plant	1,192,275	686,356	-	343,080	-	(162,839)	(162,839)	-	(162,839)
Water Fund	906,925	-	-	-	-	(906,925)	(906,925)	-	(906,925)
Sewer Fund	6,311	877,092	-	-	-	870,781	870,781	-	870,781
Section 8 Housing	1,222,349	-	1,119,455	-	-	(102,894)	(102,894)	-	(102,894)
Country Court Apartments	53,462	63,230	-	-	-	9,768	9,768	-	9,768
Waste Water Treatment Plant	157,511	-	-	-	-	(157,511)	(157,511)	-	(157,511)
Total business-type activities	<u>12,871,400</u>	<u>9,595,169</u>	<u>1,506,317</u>	<u>343,080</u>	<u>-</u>	<u>(1,426,834)</u>	<u>(1,426,834)</u>	<u>-</u>	<u>(1,426,834)</u>
Total primary government	<u>74,858,140</u>	<u>11,367,187</u>	<u>12,706,426</u>	<u>343,080</u>	<u>(49,014,613)</u>	<u>(1,426,834)</u>	<u>(50,441,447)</u>	<u>-</u>	<u>(50,441,447)</u>
Component units:									
Pender County ABC Board	<u>\$ 5,146,292</u>	<u>\$ 5,170,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,225</u>	<u>24,225</u>
General revenues:									
Taxes:									
Property taxes, levied for general purpose					32,972,031	-	32,972,031	-	32,972,031
Local option sales tax					7,798,784	-	7,798,784	-	7,798,784
Other taxes and licenses					9,052,366	-	9,052,366	-	9,052,366
Grants and contributions not restricted to specific programs					691,137	-	691,137	-	691,137
Investment earnings, unrestricted					28,359	911,340	939,699	382	940,081
Gain (loss) on retirement of assets					(57,491)	-	(57,491)	-	(57,491)
Miscellaneous, unrestricted					32,675	97,372	130,047	-	130,047
Transfers					-	-	-	-	-
Total general revenues, special items, and transfers					<u>50,517,861</u>	<u>1,008,712</u>	<u>51,526,573</u>	<u>382</u>	<u>51,526,955</u>
Change in net position					<u>1,503,248</u>	<u>(418,122)</u>	<u>1,085,126</u>	<u>24,607</u>	<u>1,109,733</u>
Net position, beginning					<u>5,486,257</u>	<u>29,210,433</u>	<u>34,696,690</u>	<u>772,580</u>	<u>35,469,270</u>
Prior Period Adjustment					<u>(3,716,549)</u>	<u>(1,582,333)</u>	<u>(5,298,882)</u>	<u>-</u>	<u>(5,298,882)</u>
Net position, ending					<u>\$ 3,272,956</u>	<u>\$ 27,209,978</u>	<u>\$ 30,482,934</u>	<u>\$ 797,187</u>	<u>\$ 31,280,121</u>

Pender County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2014

	<u>Major Funds</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>School Capital</u>	<u>Other</u>	
			<u>Governmental</u>	
		<u>Project Fund</u>	<u>Funds</u>	<u>Governmental</u>
				<u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 16,328,718	\$ -	\$ 5,382,360	\$ 21,711,078
Receivables, net	1,336,585	-	349,607	1,686,192
Advance funding of projects	7,242,556	-	-	7,242,556
Due from other governments	2,899,961	789,158	86,547	3,775,666
Due from other funds	4,814,235	-	-	4,814,235
Restricted Cash	939,015	-	-	939,015
Total assets	<u>\$ 33,561,070</u>	<u>\$ 789,158</u>	<u>\$ 5,818,514</u>	<u>\$ 40,168,742</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 3,224,021	\$ -	\$ 702,027	\$ 3,926,048
Advance funding of projects	-	389,271	514,422	903,693
Due to other funds	-	343,817	-	343,817
Unearned revenue	60,574	-	-	60,574
Total liabilities	<u>3,284,595</u>	<u>733,088</u>	<u>1,216,449</u>	<u>5,234,132</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,318,936</u>	<u>-</u>	<u>324,813</u>	<u>1,643,749</u>
Fund balances:				
Restricted:				
Stabilization by State statute	15,232,204	-	-	15,232,204
Economic Development	-	-	14,416	14,416
Health Department Escrow	485,755	-	-	485,755
Sheriff's Seizures	300,186	-	-	300,186
Public Safety	-	-	230,984	230,984
School Capital Projects	-	56,070	3,006,702	3,062,772
Committed:				
Tax Revaluation	384,251	-	-	384,251
Automation Enhancement and Preservation	255,366	-	-	255,366
Capital Outlay and Improvements	-	-	1,278,434	1,278,434
Assigned:				
Subsequent Year's expenditures	4,230,689	-	-	4,230,689
Unassigned:	8,069,088	-	(253,284)	7,815,804
Total fund balances	<u>28,957,539</u>	<u>56,070</u>	<u>4,277,252</u>	<u>33,290,861</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 33,561,070</u>	<u>\$ 789,158</u>	<u>\$ 5,818,514</u>	<u>\$ 40,168,742</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, 2014

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

Ending fund balance - governmental funds	\$	33,290,861
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		47,119,248
Less accumulated depreciation		<u>(18,362,158)</u>
Net capital assets		28,757,090
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements		80,520
Deferred charges related to advance refunding bond issued - included on government-wide statement of net position but are not current financial resources		3,197,097
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.		439,118
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide.		1,643,749
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		(51,343,698)
Capital Leases		(1,799,695)
Compensated absences		(1,585,561)
Separation allowance		(547,612)
Other Postemployment Benefits		(5,529,293)
Unamortized Bond Premium		(2,751,102)
Accrued interest payable		<u>(578,518)</u>
		<u>(64,135,479)</u>
Net position of governmental activities	\$	<u><u>3,272,956</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, 2014

	Major Fund		Non-Major Funds	Total Governmental Funds
	General Fund	School Capital Project Fund	Other Governmental Funds	
REVENUES				
Ad valorem taxes	\$ 33,772,956	\$ -	\$ 8,391,198	\$ 42,164,154
Other taxes and licenses	344,650	2,695,425	-	3,040,075
Unrestricted intergovernmental	5,810,898	-	316,518	6,127,416
Restricted intergovernmental	8,902,583	2,079,249	168,975	11,150,807
Permits and fees	816,192	-	-	816,192
Sales and services	926,160	-	-	926,160
Investment earnings	23,878	-	4,481	28,359
Miscellaneous	92,389	-	2,852	95,241
Total revenues	<u>50,689,706</u>	<u>4,774,674</u>	<u>8,884,024</u>	<u>64,348,404</u>
EXPENDITURES				
Current:				
General government	6,497,820	-	-	6,497,820
Public safety	8,506,807	-	8,455,280	16,962,087
Economic and physical development	2,090,373	-	121,454	2,211,827
Human services	14,978,564	-	-	14,978,564
Cultural and recreational	1,232,260	-	-	1,232,260
Education	13,699,917	1,350,512	37,367	15,087,796
Capital outlay	-	-	2,921,000	2,921,000
Debt service:				
Principal	537,660	4,115,000	326,277	4,978,937
Interest and other charges	25,611	1,913,988	-	1,939,599
Total expenditures	<u>47,569,012</u>	<u>7,379,500</u>	<u>11,861,378</u>	<u>66,809,890</u>
Excess (deficiency) of revenues over expenditures	<u>3,120,694</u>	<u>(2,604,826)</u>	<u>(2,977,354)</u>	<u>(2,461,486)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	2,660,896	1,621,040	4,281,936
Transfers to other funds	(4,656,936)	-	-	(4,656,936)
Lease Proceeds	1,096,553	-	-	1,096,553
Total other financing sources and uses	<u>(3,560,383)</u>	<u>2,660,896</u>	<u>1,621,040</u>	<u>721,553</u>
Net change in fund balance	(439,689)	56,070	(1,356,314)	(1,739,933)
Fund balances-beginning	<u>29,248,507</u>	<u>-</u>	<u>5,633,566</u>	<u>34,882,073</u>
Prior Period Adjustment	<u>148,721</u>	<u>-</u>	<u>-</u>	<u>148,721</u>
Fund balances-ending	<u>\$ 28,957,539</u>	<u>\$ 56,070</u>	<u>\$ 4,277,252</u>	<u>\$ 33,290,861</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, 2014

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

Net change in fund balance - total governmental funds	\$	(1,739,933)
Capital Outlay Expenditures recorded in the fund statements but capitalized as assets in the statement of activities.		3,251,954
Cost of disposed capital asset not recorded in fund statements		(57,491)
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.		(1,493,926)
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.		(1,096,553)
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.		4,978,937
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)		40,283
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		(115,193)
Increase in Separation Allowance		(56,453)
Expenses for Other Postemployment Benefits are recorded on the government-wide statements but not recorded on the fund statements.		(796,213)
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		(656,486)
Increase (decrease) in accrued taxes receivable at end of year		(144,439)
Net Revenue of Internal service funds determined to be governmental-type.		<u>(575,436)</u>
Change in net position of governmental activities	\$	<u>1,503,248</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, 2014

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 32,608,582	\$ 32,608,582	\$ 33,772,956	\$ 1,164,374
Other taxes and licenses	240,000	240,000	344,650	104,650
Unrestricted intergovernmental	5,225,000	5,225,000	5,810,898	585,898
Restricted intergovernmental	8,293,490	9,179,342	8,902,583	(276,759)
Permits and fees	459,000	459,000	816,192	357,192
Sales and services	920,643	920,643	926,160	5,517
Investment earnings	10,000	10,000	23,878	13,878
Miscellaneous	14,000	18,000	92,389	74,389
Total revenues	<u>47,770,715</u>	<u>48,660,567</u>	<u>50,689,706</u>	<u>2,029,139</u>
Expenditures				
Current:				
General government	7,657,694	7,365,680	6,497,820	867,860
Public safety	7,747,274	8,095,990	8,506,807	(410,817)
Economic and physical development	1,902,384	1,905,384	2,090,373	(184,989)
Human services	14,523,576	15,386,988	14,978,564	408,424
Cultural and recreational	1,240,715	1,284,611	1,232,260	52,351
Intergovernmental:				
Education	13,678,105	13,679,420	13,699,917	(20,497)
Debt service:				
Principal retirement	80,000	323,553	537,660	(214,107)
Interest and other charges	6,480	12,507	25,611	(13,104)
Total expenditures	<u>46,836,228</u>	<u>48,054,133</u>	<u>47,569,012</u>	<u>485,121</u>
Revenues over (under) expenditures	<u>934,487</u>	<u>606,434</u>	<u>3,120,694</u>	<u>2,514,260</u>
Other financing sources (uses):				
Lease purchase proceeds	-	-	1,096,553	1,096,553
Transfers to other funds	(4,781,936)	(4,551,936)	(4,781,936)	(230,000)
Fund balance appropriated	3,847,449	3,945,502	-	(3,945,502)
Total other financing sources (uses)	<u>(934,487)</u>	<u>(606,434)</u>	<u>(3,685,383)</u>	<u>(3,078,949)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (564,689)</u>	<u>\$ (564,689)</u>
Fund balance, beginning			28,989,256	
Prior Period Adjustment			148,721	
Fund balance, ending			<u>\$ 28,573,288</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>259,251</u>	
Fund Balance, end of year (Exhibit 4)			<u>\$ 28,957,539</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, 2014

	Enterprise Funds						Internal Service Fund
	Major				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	\$ -	\$ 1,625,072	\$ -	\$ -	\$ 3,378,779	\$ 5,003,851	\$ 1,038,184
Receivables, net	466,892	489,274	-	-	117,313	1,073,479	-
Due from other governments	-	-	-	-	-	-	-
Due from other funds	-	678,906	-	-	-	678,906	-
Prepaid expense	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	1,046,594	-	-	428,170	1,474,764	-
Due from Districts - Current LOBs	-	-	-	365,000	-	365,000	-
Total current assets	<u>466,892</u>	<u>3,839,846</u>	<u>-</u>	<u>365,000</u>	<u>3,924,262</u>	<u>8,596,000</u>	<u>1,038,184</u>
Noncurrent assets:							
Land and Construction In Progress	-	353,921	34,265,659	-	5,947,240	40,566,820	-
Other Capital Assets (Net)	1,375,815	23,960,848	1,006,958	-	10,724,663	37,068,284	-
Due from Districts - Non-current LOBs	-	-	-	20,960,000	-	20,960,000	-
Total noncurrent assets	<u>1,375,815</u>	<u>24,314,769</u>	<u>35,272,617</u>	<u>20,960,000</u>	<u>16,671,903</u>	<u>98,595,104</u>	<u>-</u>
Total assets	<u>1,842,707</u>	<u>28,154,615</u>	<u>35,272,617</u>	<u>21,325,000</u>	<u>20,596,165</u>	<u>107,191,104</u>	<u>1,038,184</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding	-	303,600	-	-	43,438	347,038	-
Total deferred outflows of resources	<u>-</u>	<u>303,600</u>	<u>-</u>	<u>-</u>	<u>43,438</u>	<u>347,038</u>	<u>-</u>
LIABILITIES							
Current liabilities:							
Advanced Funding of Projects	208,598	-	3,619,052	-	2,511,213	6,338,863	-
Accounts payable and accrued liabilities	395,584	132,689	149,913	-	334,130	1,012,316	599,066
Customer deposits	-	35,561	-	-	3,806	39,367	-
Accrued interest payable	-	65,785	61,772	-	9,192	136,749	-
Deferred Revenue	-	-	-	-	4,023	4,023	-
Due to other funds	-	-	1,577,179	-	3,572,145	5,149,324	-
Due to County - Current portion of LOBs	-	305,000	-	-	60,000	365,000	-
General obligation bonds payable	-	-	409,338	365,000	6,646	780,984	-
Total current liabilities	<u>604,182</u>	<u>539,035</u>	<u>5,817,254</u>	<u>365,000</u>	<u>6,501,155</u>	<u>13,826,626</u>	<u>599,066</u>
Noncurrent liabilities:							
Compensated absences	10,741	36,786	10,472	-	9,931	67,930	-
OPEB Payable	60,288	160,307	30,442	-	56,540	307,577	-
Due to County - Noncurrent portion of LO	-	18,360,000	-	-	2,600,000	20,960,000	-
Unamortized bond premium	-	1,476,176	-	-	219,655	1,695,831	-
General obligation bonds payable	-	-	22,394,771	20,960,000	115,429	43,470,200	-
Total noncurrent liabilities	<u>71,029</u>	<u>20,033,269</u>	<u>22,435,685</u>	<u>20,960,000</u>	<u>3,001,555</u>	<u>66,501,538</u>	<u>-</u>
Total liabilities	<u>675,211</u>	<u>20,572,304</u>	<u>28,252,939</u>	<u>21,325,000</u>	<u>9,502,710</u>	<u>80,328,164</u>	<u>599,066</u>
NET POSITION							
Net investment in capital assets	1,375,815	5,184,626	12,468,508	-	14,095,052	33,124,001	-
Restricted	-	-	-	-	166,432	166,432	-
Unrestricted	(208,319)	2,701,285	(5,448,830)	-	(3,124,591)	(6,080,455)	439,118
Total net position	<u>\$ 1,167,496</u>	<u>\$ 7,885,911</u>	<u>\$ 7,019,678</u>	<u>\$ -</u>	<u>\$ 11,136,893</u>	<u>\$ 27,209,978</u>	<u>\$ 439,118</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, 2014

	Enterprise Funds						
	Major			Non-Major			
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Water Fund	Total Non- Major Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES							
Charges for services	\$ 4,308,467	\$ 3,183,690	\$ 686,356	\$ -	\$ 1,294,583	\$ 9,473,096	\$ -
Dwelling rental	-	-	-	-	59,999	59,999	-
Other operating revenue	157	-	-	-	61,917	62,074	-
Sales tax refund	-	-	-	-	-	-	-
Premiums received	-	-	-	-	-	-	3,380,723
Total operating revenues	<u>4,308,624</u>	<u>3,183,690</u>	<u>686,356</u>	<u>-</u>	<u>1,416,499</u>	<u>9,595,169</u>	<u>3,380,723</u>
OPERATING EXPENSES							
Personnel	181,097	658,264	340,848	-	210,118	1,390,327	-
Contracted services	4,541,642	305,913	51,290	-	35,318	4,934,163	-
Water purchases	-	950,000	-	-	87,573	1,037,573	-
System maintenance	74,110	494,324	541,225	-	99,999	1,209,658	-
Administration and housing assistance	-	-	-	-	1,079,731	1,079,731	-
Depreciation	21,321	719,705	14,591	-	397,875	1,153,492	-
OPEB Expense	8,894	25,716	15,221	-	9,607	59,438	-
Other Equipment	-	9,303	-	-	-	9,303	4,331,159
Total operating expenses	<u>4,827,064</u>	<u>3,163,225</u>	<u>963,175</u>	<u>-</u>	<u>1,920,221</u>	<u>10,873,685</u>	<u>4,331,159</u>
Operating income (loss)	<u>(518,440)</u>	<u>20,465</u>	<u>(276,819)</u>	<u>-</u>	<u>(503,722)</u>	<u>(1,278,516)</u>	<u>(950,436)</u>
NONOPERATING REVENUES (EXPENSES)							
Interest revenue (expense)	-	(756,128)	(226,513)	-	(103,734)	(1,086,375)	-
Bond issuance cost	-	-	-	-	-	-	-
Operating Subsidy - HUD	-	-	-	-	1,119,455	1,119,455	-
Miscellaneous Revenue	-	-	-	-	97,372	97,372	-
Total nonoperating revenue (expenses)	<u>-</u>	<u>(756,128)</u>	<u>(226,513)</u>	<u>-</u>	<u>1,113,093</u>	<u>130,452</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>(518,440)</u>	<u>(735,663)</u>	<u>(503,332)</u>	<u>-</u>	<u>609,371</u>	<u>(1,148,064)</u>	<u>(950,436)</u>
Other Financing Sources (Uses)							
Capital Contributions	98,640	-	343,080	-	-	441,720	-
Reimbursements from school	280,939	-	-	-	-	280,939	-
Other Reimbursements	7,283	-	-	-	-	7,283	-
Transfers in (out)	-	-	176,449	-	(176,449)	-	375,000
Total other financing sources (uses)	<u>386,862</u>	<u>-</u>	<u>519,529</u>	<u>-</u>	<u>(176,449)</u>	<u>729,942</u>	<u>375,000</u>
Change in net position	<u>(131,578)</u>	<u>(735,663)</u>	<u>16,197</u>	<u>-</u>	<u>432,922</u>	<u>(418,122)</u>	<u>(575,436)</u>
Total net position - beginning	<u>1,299,074</u>	<u>10,386,620</u>	<u>7,003,481</u>	<u>-</u>	<u>10,521,258</u>	<u>29,210,433</u>	<u>1,014,554</u>
Prior Period Adjustment	<u>-</u>	<u>(1,765,046)</u>	<u>-</u>	<u>-</u>	<u>182,713</u>	<u>(1,582,333)</u>	<u>-</u>
Total net position - ending	<u>\$ 1,167,496</u>	<u>\$ 7,885,911</u>	<u>\$ 7,019,678</u>	<u>\$ -</u>	<u>\$ 11,136,893</u>	<u>\$ 27,209,978</u>	<u>\$ 439,118</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, 2014

	Enterprise Funds						
	MAJOR				NON-MAJOR		Internal Service Fund
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Water Fund	Total Non- Major Enterprise Funds	Total	
Cash flows from operating activities:							
Cash received from customers	\$4,236,894	\$ 3,115,089	\$ 686,356	\$ -	\$ 1,364,487	\$ 9,402,826	\$ 3,380,723
Cash paid for goods and services	(4,588,028)	(1,654,418)	(494,258)	-	(1,292,926)	(8,029,630)	(3,994,126)
Cash paid to employees for services	(178,514)	(647,986)	(337,363)	-	(209,667)	(1,373,530)	-
Customer deposits received	-	-	-	-	(4,255)	(4,255)	-
Other operating revenue	157	-	-	-	6,213	6,370	-
Net cash provided (used) by operating activities	<u>(529,491)</u>	<u>812,685</u>	<u>(145,265)</u>	<u>-</u>	<u>(136,148)</u>	<u>1,781</u>	<u>(613,403)</u>
Cash flows from noncapital financing activities:							
Transfers in (out)	-	-	176,449	-	(176,449)	-	375,000
Due to/from	-	(37,075)	-	-	37,075	-	-
General Fund Advance to cover expenses	142,529	-	(156,141)	-	2,208,263	2,194,651	-
Operating Subsidy	-	-	-	-	1,119,455	1,119,455	-
Miscellaneous Revenue	-	-	-	-	97,372	97,372	-
Net cash provided (used) by capital and related financing activities	<u>142,529</u>	<u>(37,075)</u>	<u>20,308</u>	<u>-</u>	<u>3,285,716</u>	<u>3,411,478</u>	<u>375,000</u>
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	-	(80,328)	(1,257,041)	-	(2,768,879)	(4,106,248)	-
Proceeds from Grants, Loans and Debt	386,862	-	343,080	-	-	729,942	-
Principal paid on bond maturities and equipment contracts	-	(295,000)	(51,983)	-	(71,580)	(418,563)	-
Interest paid on bond maturities and equipment contracts	-	(795,650)	(204,100)	(906,925)	(112,856)	(2,019,531)	-
Net cash provided (used) by capital and related financing activities	<u>386,862</u>	<u>(1,170,978)</u>	<u>(1,170,044)</u>	<u>(906,925)</u>	<u>(2,953,315)</u>	<u>(5,814,400)</u>	<u>-</u>
Cash flows from investing activities:							
Interest on investments	-	104	2,587	906,925	1,724	911,340	-
Net increase (decrease) in cash and cash equivalents	(100)	(395,264)	(1,292,414)	-	197,977	(1,489,801)	(238,403)
Cash and cash equivalents, July 1	100	3,066,930	1,292,414	-	3,608,972	7,968,416	1,276,587
Cash and cash equivalents, June 30	<u>\$ -</u>	<u>\$ 2,671,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,806,949</u>	<u>\$ 6,478,615</u>	<u>\$ 1,038,184</u>

(continued)

Pender County, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2014

	Enterprise Funds						Internal Service Fund
	Major				NON-MAJOR	Total	
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Water Fund	Total Non- Major Enterprise Funds		
Reconciliation of operating income to net cash provided by operating activities:							
Operating income (loss)	\$ (518,440)	\$ 20,465	\$ (276,819)	\$ -	\$ (503,722)	\$ (1,278,516)	\$ (950,436)
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	21,321	719,705	14,591	-	397,875	1,153,492	-
OPEB Expense	8,894	25,716	15,221	-	9,607	59,438	-
Landfill closure and postclosure care costs	-	-	-	-	-	-	-
Changes in assets and liabilities:							
(Increase) Decrease in accounts receivable	(71,573)	(64,762)	164	-	(3,857)	(140,028)	-
(Increase) in prepaid items	-	-	-	-	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	27,724	105,122	98,093	-	9,695	240,634	337,033
(Decrease) in deferred revenues	-	-	-	-	(39,398)	(39,398)	-
(Decrease) in customer deposits	-	(3,839)	-	-	(6,799)	(10,638)	-
Increase (decrease) in accrued vacation pay	2,583	10,278	3,485	-	451	16,797	-
Total adjustments	(11,051)	792,220	131,554	-	367,574	1,280,297	337,033
Net cash provided (used) by operating activities	<u>\$ (529,491)</u>	<u>\$ 812,685</u>	<u>\$ (145,265)</u>	<u>\$ -</u>	<u>\$ (136,148)</u>	<u>\$ 1,781</u>	<u>\$ (613,403)</u>

(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, 2014**

		<u>Agency Funds</u>
Assets		
Cash and investments	\$	38,383
Accounts receivable		271,064
Total assets		<u>309,447</u>
Liabilities		
Accounts payable		309,447
Due to other funds		-
Total liabilities		<u>309,447</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, 2014

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 48,630. 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.

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.

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 seven agency funds: the Tax Clearing Agency Fund; the 4 – H Fund; Extension Education Fund; the Sea Oats Travel Fund; a Pesticide Recycling Grant; the Tourism Development Authority Fund; and the 3% Motor Vehicle Tax Collection Fund, which includes the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles. The Tax-Clearing Fund accounts for 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

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	\$ 384,251
General Fund	AE&P Funds	255,366
General Fund	Sheriff - Federal and State Drug Seizure	<u>299,398</u>
Total Governmental Activities		<u>\$ 939,015</u>

Business-Type Activities

Rocky Point / Topsail Water	Customer Deposits	\$ 35,561
Rocky Point / Topsail Water	Unexpended bond/grant proceeds	1,011,033
Scotts Hill	Customer Deposits	515
Scotts Hill	Unexpended bond/grant proceeds	424,364
Maple Hill	Customer Deposits	1,441
Country Court Apartments	Customer Deposits	1,850
Water Treatment Plant	Unexpended bond/grant proceeds	<u>-</u>
Total Business-Type Activities		<u>\$ 1,474,764</u>

Total Restricted Cash \$ 2,413,779

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, 2013. 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 one item that meets this criterion - a charge on refunding that had previously been classified as an asset. 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 one item that meets this criterion - prepaid taxes.

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, 2014, amounted to \$1,653,491 in total, \$1,585,561 of which represents the liability of the governmental funds and is recorded in the government-wide statements and \$67,930 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 \$21,166 at June 30, 2014. 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.

NOTE 2: Stewardship, Compliance and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provision:

1. Noncompliance with North Carolina General Statutes

In response to issues noted in the previous audit, the County hired two retired finance officers to assist them in reconciling their records. Both of these were hired after the year end, which did not give adequate time for them to make necessary changes for the year ended June 30, 2014. With that said, the same issues were noted for the current audit, but they should be remedied during the subsequent year.

The financial records of the County were not reconciled timely. None of the reconciliation were prepared prior to the year end.

The County failed to meet some of the Budget Requirements per NC General Statute 159. A budget was approved, and amendments were brought before the Board for approval. Most of these amendments were never recorded on the County's financial records. In addition, expenses were paid and coded to line items that should not have had expenditures. Therefore, several line items were overspent when proper reclassifications were made. In the general fund, public safety was overspent by \$410,817, economic and physical development by \$184,989, education by \$20,497, and debt service by \$227,211.

There was approval in the minutes of various capital leases and projects throughout the year, but they were also not set up in the financial records. Entries were made while reconciling the accounts, which created budget violations because the necessary amendments were not made.

Reports were not filed timely with the State Treasurer's office, Bond Rating agencies, and grantor agencies, as the audit could not be completed until the books were reconciled.

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	\$	164,837
Rescue District	\$	88,447
Vehicle Replacement Fund	\$	214,063

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 related to not meeting the debt coverage ratio and not filing a timely audit report. 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, 2013, the County's deposits had a carrying amount of \$20,298,674 and a bank balance of \$20,869,410. Of the bank balance, \$1,250,000 was covered by federal depository insurance and the remaining \$19,619,410 was covered by collateral held under the Pooling Method. Of this amount, \$1,742 was cash on hand.

At June 30, 2014, the carrying amount of deposits for Pender County ABC Board was \$709,488 and the bank balance was \$674,546. At June 30, 2014, the Board has a concentration of credit risk in that deposits with a carrying amount of \$599,420 and bank balances of \$569,191 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, 2014, the County's investments consisted of \$9,906,601 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, 2014 were as follows:

	Accounts	Taxes and Related Accrued		Due from Other		Total
		Interest	Sales Tax	Governments	Other	
Governmental Activities:						
General	\$ -	\$ 2,369,941	\$ 156,016	\$ 2,743,945	\$ 17,644	\$ 5,287,546
Other Governmental	-	504,807	34,260	841,445	24,794	1,405,306
Total Receivables	-	2,874,748	190,276	3,585,390	42,438	6,692,852
Allowance for Doubtful Accounts	-	(1,150,474)	-	-	-	(1,150,474)
Total Governmental Activities	\$ -	\$ 1,724,274	\$ 190,276	\$ 3,585,390	\$ 42,438	\$ 5,542,378
Business Type Activities:						
Maple Hill Water Fund	\$ 47,628	\$ -	\$ -	\$ -	\$ -	\$ 47,628
Sewer Fund	-	-	-	-	42,177	42,177
Resource Recovery	130,666	513,829	-	-	-	644,495
Section 8 Administration	8,649	-	-	-	-	8,649
Country Court	-	-	-	-	-	-
Rocky Point Water & Sewer	956,554	-	-	-	-	956,554
Water Treatment Plant	-	-	-	-	-	-
Scotts Hill Water & Sewer	56,716	-	-	-	-	56,716
Total Receivables	1,200,213	513,829	-	-	42,177	1,756,219
Allowance for doubtful accounts	(522,596)	(160,144)	-	-	-	(682,740)
Total Business-Type Activities	\$ 677,617	\$ 353,685	\$ -	\$ -	\$ 42,177	\$ 1,073,479

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

Local Option Sales Tax	\$2,296,169
Franchise Tax	70,210
Option 4 Redistribution	65,080
DMV - Vehicle Tax	267,965
Health Grants	382,825
DSS Grants	503,141
Total	<u>\$3,585,390</u>

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	\$ 970,480
Special Revenue:	
Ad Valorem Taxes	<u>179,994</u>
Total Governmental Activities	<u>\$ 1,150,474</u>
Business-type Activities:	
Maple Hill Water Fund:	
Allowance	\$ 19,130
Resource Recovery	
Allowance	17,459
Special District	160,144
Rocky Point Water and Sewer Fund:	
Allowance	467,280
Scott's Hill Water and Sewer Fund:	
Allowance	<u>18,727</u>
Total Business-type Activities	<u>\$ 682,740</u>

5. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

<u>Governmental Activities</u>	Beginning Balances				Ending Balances
	July 1, 2013	Additions	Retirements	Transfers	June 30, 2014
Capital assets not being depreciated:					
Land	\$ 10,276,114	\$ -	\$ -	\$ -	10,276,114
Construction in Progress	3,724,250	2,264,901	-	(3,347,295)	2,641,856
Total capital assets not being depreciated	14,000,364	2,264,901	-	(3,347,295)	12,917,970
Other capital assets:					
Buildings & Improvements	21,728,683	169,023	-	3,347,295	25,245,001
Intangibles	1,497,986	-	-	-	1,497,986
Equipment	2,918,727	31,245	-	(47,746)	2,902,226
Vehicles	3,987,965	786,785	266,431	47,746	4,556,065
Total capital assets being depreciated	30,133,361	987,053	266,431	3,347,295	34,201,278
Less accumulated depreciation for:					
Buildings & Improvements	11,119,391	709,305	-	-	11,828,696
Intangibles	984,404	141,533	-	-	1,125,937
Equipment	2,320,124	150,508	-	(114,572)	2,356,060
Vehicles	2,653,253	492,580	208,940	114,572	3,051,465
Total accumulated depreciation	17,077,172	1,493,926	208,940	-	18,362,158
Total capital assets being depreciated, net	13,056,189	\$ (506,873)	\$ 57,491	\$ 3,347,295	15,839,120
Governmental activities capital assets, net	<u>\$ 27,056,553</u>				<u>\$ 28,757,090</u>

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

Governmental activities	
General governmental	\$ 506,569
Public Safety	579,581
Human Services	259,186
Education	58,478
Economic and physical development	31,845
Cultural and Recreational	58,267
Total depreciation expense	<u>\$ 1,493,926</u>

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	146,596	6,283	-	152,879
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	16,295	-	-	16,295
Total accumulated depreciation	162,891	\$ 6,283	\$ -	169,174
Sewer capital assets, net	\$ 109,948			\$ 103,665

	Beginning Balances	Increases	Decreases	Ending Balances
Maple Hill				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ 4,930	\$ -	\$ -	\$ 4,930
Construction in progress	4,553,868	-	4,426,968	126,900
Total capital assets not being depreciated	4,558,798	-	4,426,968	131,830
Capital assets being depreciated:				
Buildings and improvements	1,202,031	4,426,968	-	5,628,999
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total capital assets being depreciated	1,202,031	4,426,968	-	5,628,999
Less accumulated depreciation for:				
Buildings and improvements	622,352	140,283	-	762,635
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	622,352	\$ 140,283	\$ -	762,635
Maple Hill capital assets, net	\$ 5,138,477			\$ 4,998,194

Business-type activities (continued):

RP/T Water	Balances	Increases	Decreases	Balances
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ 343,493	\$ -	\$ -	\$ 343,493
Construction in progress	19,239,361	-	19,228,933	10,428
Total capital assets not being depreciated	<u>19,582,854</u>	<u>-</u>	<u>19,228,933</u>	<u>353,921</u>
Capital assets being depreciated:				
Buildings and improvements	7,059,454	19,228,933	-	26,288,387
Intangibles	9,485	-	-	9,485
Vehicles	390,358	80,328	-	470,686
Equipment	33,907	-	-	33,907
Total capital assets being depreciated	<u>7,493,204</u>	<u>19,309,261</u>	<u>-</u>	<u>26,802,465</u>
Less accumulated depreciation for:				
Buildings and improvements	1,828,998	665,030	-	2,494,028
Intangibles	8,766	-	-	8,766
Vehicles	266,929	54,675	-	321,604
Equipment	17,219	-	-	17,219
Total accumulated depreciation	<u>2,121,912</u>	<u>\$ 719,705</u>	<u>\$ -</u>	<u>2,841,617</u>
RP/T capital assets, net	<u>\$ 24,954,146</u>			<u>\$ 24,314,769</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	8,287	938	-	9,225
Vehicles	4,945	3,123	-	8,068
Equipment	-	-	-	-
Total accumulated depreciation	<u>13,232</u>	<u>\$ 4,061</u>	<u>\$ -</u>	<u>17,293</u>
Section 8 capital assets, net	<u>\$ 11,766</u>			<u>\$ 7,705</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	155,875	7,590	-	163,465
Intangibles	1,060	120	-	1,180
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	156,935	\$ 7,710	\$ -	164,645
Country Court capital assets, net	\$ 177,882			\$ 170,172

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	-	-	-	-
Total capital assets not being depreciated	66,770	-	-	66,770
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	527,268	21,321	-	548,589
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	47,887	-	-	47,887
Total accumulated depreciation	575,155	\$ 21,321	\$ -	596,476
Solid Waste capital assets, net	\$ 1,397,136			\$ 1,375,815

	Beginning		Ending	
	Balances	Increases	Decreases	Balances
Scott's Hill Water & Sewer				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 2,261,160	\$ 23,931	\$ 2,285,091	\$ -
Total capital assets not being depreciated	2,261,160	23,931	2,285,091	-
Capital assets being depreciated:				
Buildings and improvements	825,000	2,285,091	-	3,110,091
Intangibles	-	-	-	-
Vehicles	21,377	-	-	21,377
Equipment	-	-	-	-
Total capital assets being depreciated	846,377	2,285,091	-	3,131,468
Less accumulated depreciation for:				
Buildings and improvements	187,344	77,752	-	265,096
Intangibles	-	-	-	-
Vehicles	7,125	4,275	-	11,400
Equipment	-	-	-	-
Total accumulated depreciation	194,469	\$ 82,027	\$ -	276,496
Scott's Hill Water & Sewer capital assets, net	\$ 2,913,068			\$ 2,854,972
	Beginning		Ending	
	Balances	Increases	Decreases	Balances
Water Treatment Plant				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 33,008,618	\$ 1,257,041	\$ -	\$ 34,265,659
Total capital assets not being depreciated	33,008,618	1,257,041	-	34,265,659
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	404	970	-	1,374
Intangibles	-	-	-	-
Vehicles	12,216	11,349	-	23,565
Equipment	2,024	2,272	-	4,296
Total accumulated depreciation	14,644	\$ 14,591	\$ -	29,235
Water Treatment Plant capital assets, net	\$ 34,030,167			\$ 35,272,617

	Beginning Balances	Increases	Decreases	Ending Balances
Waste Water Treatment Plant				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 2,779,992	\$ 1,580,634	\$ -	\$ 4,360,626
Total capital assets not being depreciated	2,779,992	1,580,634	-	4,360,626
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	144,910	157,511	-	302,421
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	144,910	157,511	-	302,421
Waste Water Treatment Plant capital assets, net	\$ 5,659,288			\$ 7,082,411

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

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

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

Business-type activities capital assets, net \$ 74,391,878 \$ 77,635,104

Construction Commitments

The government has active construction projects as of June 30, 2014. The projects include various school construction projects, as well as water district projects. At June 30, 2014, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Hampstead Annex	\$ 1,515,220	\$ 2,260,406
Pender Commerce Park	1,242,226	1,457,806
Commerce Park WWTP (Phase I)	439,590	1,454,290
Total	<u>\$ 3,197,036</u>	<u>\$ 5,172,502</u>

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2014, 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
Roof Replacement	29,695	-	-	29,695
Equipment	229,698	17,215	-	246,913
Vehicle	20,622	-	-	20,622
Total capital assets being depreciated	393,726	17,215	-	410,941
Less accumulated depreciation for:				
Buildings	17,147	-	-	17,147
Building addition	66,874	1,931	-	68,805
Roof Replacement	21,941	1,980	-	23,921
Equipment	192,207	17,406	-	209,613
Vehicle	20,622	-	-	20,622
Total accumulated depreciation	318,791	21,317	-	340,108
ABC capital assets, net	\$ 81,435			\$ 77,333

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2014, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental Activities:					
General	\$ 2,422,231	\$ 801,790	\$ 578,518	\$ -	\$ 3,802,539
Other Governmental	700,292	1,735	-	-	702,027
Internal Service	-	599,066	-	-	599,066
Total Governmental Activities	\$ 3,122,523	\$ 1,402,591	\$ 578,518	\$ -	\$ 5,103,632
Business-type Activities					
Maple Hill Water Fund	\$ 5,569	\$ 1,465	\$ 651	\$ -	\$ 7,685
Sewer Fund	28	-	-	-	28
Resource Recovery	390,362	5,222	-	-	395,584
Section 8 Administration	27,641	2,680	-	-	30,321
Country Court Apts	487	-	-	-	487
Scott's Hill Water & Sewer	691	361	8,541	-	9,593
Water Treatment Plant	141,850	8,063	61,772	-	211,685
Rocky Point Water & Sewer	115,810	16,879	65,785	-	198,474
Wastewater Treatment Plant	283,153	-	-	-	283,153
Moore's Creek Water District	12,055	-	-	-	12,055
Total Business-Type Activities	\$ 977,646	\$ 34,670	\$ 136,749	\$ -	\$ 1,149,065

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System of North Carolina

Plan Description. Pender County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LTERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LTERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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 LTERS. The 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. Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07% and 7.28%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 7.07% of annual covered payroll. The contribution requirements of members and of Pender County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LTERS for the years ended June 30, 2014, 2013, and 2012 were \$1,022,973, \$948,947, and \$938,888, respectively. The ABC Board's contributions to LTERS for the years ended June 30, 2014, 2013, and 2012 were \$26,826, \$23,844, and \$26,744, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

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.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>67</u>
Total	<u><u>68</u></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, 2014 was determined as part of the December 31, 2013 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, 2013 was 17 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	\$ 77,388
Interest on Net Pension Obligation	24,558
Adjustments to Annual Required Contributions	(40,016)
Annual Pension Cost	\$ 61,930
Contributions Made	(5,477)
Increase (Decrease) in Net Pension Obligation	\$ 56,453
Net Pension Obligation Beginning of Year	491,159
Net Pension Obligation End of Year	\$ 547,612

3-Year Trend Information

<u>Year Ended</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Obligation</u>
6-30-12	64,219	11.12%	433,544
6-30-13	67,049	14.07%	491,159
6-30-14	61,930	8.84%	547,612

4. Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$531,578, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$581,037. The covered payroll (annual payroll of active employees covered by the plan) was \$2,382,860, and the ratio of the UAAL to the covered payroll was 24.38%.

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, 2014 were \$142,042, which consisted of \$117,924 from the County and \$24,118 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 . Pender County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds that is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Register of Deeds' Supplemental Pension Fund 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 the Register of Deeds' Supplemental Pension fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$5,484.

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, 2012, the date of latest actuarial valuation

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	11	1
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	330	63
Total	341	64

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 6.03% of annual covered payroll. For the current year, the County contributed \$57,413 or 4.15% 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 .41% and .12% 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	\$ 905,701
Interest on net OPEB obligation	164,792
Adjustment to annual required contribution	<u>(157,428)</u>
Annual OPEB cost (expense)	913,065
Contributions made	<u>(57,414)</u>
Increase (decrease) in net OPEB obligation	855,651
Net OPEB obligation, beginning of year	<u>4,981,219</u>
Net OPEB obligation, end of year	<u><u>\$ 5,836,870</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 1,090,728	4.94%	\$ 4,119,799
2013	\$ 913,065	5.70%	\$ 4,981,219
2014	\$ 913,065	6.29%	\$ 5,836,870

Funded Status and Funding Progress . As of December 31, 2012, 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 \$8,112,003. The covered payroll (annual payroll of active employees covered by the plan) was \$13,978,699, and the ratio of UAAL to the covered payroll was 58.03 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, 2012, 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 8.50 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, 2012, 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

The amount of deferred outflows of resources is a charge on refunding of debt of \$3,544,135.

	Unavailable Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ 60,574	\$ 60,574
Taxes Receivable, net (General)	1,318,936	-
Taxes Receivable, net (Special Revenue)	324,813	-
Total	<u>\$ 1,704,323</u>	<u>\$ 60,574</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 Liability and Property Pool, which provides property and general 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 contracts 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.

For workers compensation claims, the County contracts with the North Carolina Association of County Commissioners to administer its workers compensation program.

The liability of unpaid claims of the County as of June 30, 2014 is as follows:

	Fiscal Year Ended June 30,	
	2014	2013
Unpaid claims at July 1	\$ 262,033	\$ 185,921
Incurred claims and judgments for current and prior year events where the County has retained risk of loss	3,288,889	2,678,322
Payments on claims for current and prior year events where the County has retained risk of loss	2,951,856	2,602,210
Unpaid claims at June 30	\$ 599,066	\$ 262,033

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 North Carolina Association of County Commissioners, 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

6. 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.

7. 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.	\$	307,204
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.		395,938
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.		408,766
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.		147,097
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.		540,690
Total Capital Leases	\$	<u>1,799,695</u>

The following is an analysis of the assets recorded under capital leases at June 30, 2014:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles	\$ 1,265,232	\$ 304,524	\$ 960,708

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

<u>For Year Ending</u>	
<u>June 30</u>	
2015	\$ 536,354
2016	536,354
2017	396,596
2018	258,758
2019	111,433
Total minimum lease payments	\$ 1,839,495
Less: amount representing interest	39,800
Present value of the minimum lease payments	\$ 1,799,695

There is \$778,075 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 \$122,076 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 consists 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, 2014, the balance of the bonds was \$21,325,000. 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.

The minimum payments for the Limited Obligation Bonds as of June 30, 2014 in the Business-Type Activities are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2015	\$ 365,000	\$ 899,725
2016	375,000	892,425
2017	385,000	881,175
2018	430,000	865,775
2019	445,000	852,875
2020-2024	2,575,000	3,999,425
2025-2029	3,370,000	3,304,125
2030-2034	4,020,000	2,590,106
2035-2039	4,795,000	1,683,831
2040-2044	4,565,000	583,650
2045-2049	-	-
Total	<u>\$ 21,325,000</u>	<u>\$ 16,553,112</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, 2014:

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.	\$ 1,225,000
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.	3,390,000
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.	1,455,000
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.	2,800,000
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.	15,475,000
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>25,325,000</u>
Total General Obligation Bonds (Governmental Activities)	<u>\$ 49,670,000</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.	\$ 9,500,000
\$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.	7,000,000
\$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%.	1,000,000
\$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	195,000
\$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.	2,465,000
\$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>18,665,000</u>
Total General Obligation Bonds (Business-type Activities)	<u>\$ 38,825,000</u>
Total General Obligation Bonds	<u><u>\$ 88,495,000</u></u>

Other Indebtedness

Installment Purchase

Serviced by the General Fund:

\$960,000 note to BB&T Governmental Finance, due in annual installments of \$80,000 through June 29, 2015; interest at 4.05% fixed.	\$ 80,000
\$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.	441,144
\$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%.	500,000
\$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>652,554</u>
Total - Governmental Activities	<u>\$ 1,673,698</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>\$ 349,109</u>
Total - Business-Type Activities	<u>\$ 349,109</u>
Total Installment Purchases	<u><u>\$ 2,022,807</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, 2014, are as follows:

Year Ending	General Obligation Bonds		Installment Note		Mortgage Notes		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2015	\$ 4,746,000	\$ 3,272,385	\$ 793,432	\$ 18,398	\$ 6,646	\$ 1,190	\$ 8,838,051
2016	4,742,000	3,103,465	719,707	8,883	6,712	1,124	8,581,891
2017	4,705,000	2,933,751	172,618	2,483	6,780	1,056	7,821,688
2018	4,659,000	2,794,055	122,765	501	6,848	988	7,584,157
2019	4,608,000	2,670,618	71,428	-	6,917	919	7,357,882
2020-2024	23,437,000	10,575,108	142,857	-	35,640	3,540	34,194,145
2025-2029	15,221,000	6,606,783	-	-	34,636	1,731	21,864,150
2030-2034	6,108,000	4,698,226	-	-	17,897	295	10,824,418
2035-2039	7,269,000	3,405,421	-	-	-	-	10,674,421
2040-2044	7,495,000	1,847,008	-	-	-	-	9,342,008
2045-2049	3,476,000	720,065	-	-	-	-	4,196,065
2050-2054	2,029,000	129,855	-	-	-	-	2,158,855
Total	\$ 88,495,000	\$ 42,756,740	\$ 2,022,807	\$ 30,265	\$ 122,076	\$ 10,843	\$ 133,437,731

*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.

\$ 4,955,000

The future payments of the revenue bond are as follows:

Year Ending	Principal	Interest
June 30		
2015	\$ 76,000	\$ 136,263
2016	78,000	134,173
2017	80,000	132,028
2018	82,000	129,828
2019-2023	445,000	614,048
2024-2028	510,000	549,450
2029-2033	585,000	475,200
2034-2038	669,000	390,280
2039-2043	766,000	293,150
2044-2048	876,000	181,858
2049-2053	788,000	54,918
Total	\$ 4,955,000	\$ 3,091,196

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. 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, 2014, is as follows:

Operating revenues	\$ 686,356
Operating expenses*	948,584
Operating income	<u>(262,228)</u>
Nonoperating revenues (expenses)**	83,612
Income available for debt service	<u>(178,616)</u>
Debt service, principal and interest paid (Revenue Bond only)	\$ 136,263
Debt service coverage ratio	-131.08%

* 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

This was the second year of operations for the Water Treatment Plant. The covenants will be reviewed and examined to ensure that the County is in compliance going forward.

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 \$3,473,393 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, 2014:

	Balance 7/1/2013	Additions	Retirements	Balance 6/30/2014	Current Portion of Balance
Governmental Activities:					
General Obligation Bonds	\$ 53,785,000	\$ -	\$ 4,115,000	\$ 49,670,000	\$ 4,145,000
Installment Note	2,294,082	-	620,384	1,673,698	696,094
Capital Leases	946,695	1,096,553	243,553	1,799,695	524,790
Unamortized Bond Premium	2,998,345	-	247,243	2,751,102	247,243
Unfunded Pension Obligation	491,159	56,453	-	547,612	-
Other Postemployment Benefits	4,733,080	796,213	-	5,529,293	-
Compensated Absences	1,470,368	115,193	-	1,585,561	-
Total	\$ 66,718,729	\$ 2,064,412	\$ 5,226,180	\$ 63,556,961	\$ 5,613,127
Business-type Activities:					
General Obligation Debt	\$ 39,185,000	\$ -	\$ 360,000	\$ 38,825,000	\$ 601,000
Limited Obligation Debt	21,685,000	-	360,000	21,325,000	365,000
Revenue Bond	4,955,000	-	-	4,955,000	76,000
Mortgage Note	128,655	-	6,579	122,076	6,646
Installment Note	401,092	-	51,983	349,109	97,338
Unamortized Premium	1,752,358	-	56,527	1,695,831	56,528
Other Postemployment Benefits	248,139	59,438	-	307,577	-
Compensated Absences	51,133	16,797	-	67,930	-
Total	\$ 68,406,377	\$ 76,235	\$ 835,089	\$ 67,647,523	\$ 1,202,512

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, 2014, there were no industrial revenue bonds outstanding.

Other

The County's legal debt margin at June 30, 2014, approximates \$467,701,078. Bonds authorized but unissued at June 30, 2014, are as follows:

Moore's Creek Water & Sewer General Obligation Bonds	\$ 45,000,000
Central Water & Sewer District General Obligation Bonds	27,000,000
Total Bonds Authorized but unissued	\$ 72,000,000

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, 2014, include the following interfund gross receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 4,814,235	\$ -
School Capital Fund	-	343,817
Rocky Point / Topsail Water & Sewer	678,906	-
Scott's Hill Water & Sewer	-	678,906
Water Treatment Plant	-	1,577,179
Waste Water Treatment Plant	-	2,893,239
	<hr/>	<hr/>
Total	\$ <u>5,493,141</u>	\$ <u>5,493,141</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, 2014, can be summarized as follows:

From the General fund to the Public School Capital fund to fund Debt Service.	\$ 2,660,896
From the General Fund to the Capital Project fund to fund projects.	1,621,040
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 Capital Reserve fund to the Water Treatment Plant capital project fund.	<hr/> 176,449
	<hr/> <u>\$ 4,958,385</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	\$ 28,757,090	\$ 77,635,104
less: long-term debt	(2,056,509)	(45,947,015)
add: unexpended bond proceeds	<hr/> -	<hr/> 1,435,912
Net investment in capital assets	<hr/> <u>\$ 26,700,581</u>	<hr/> <u>\$ 33,124,001</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	\$ 28,957,539
Less:	
Stabilization by State statute	15,232,204
Health Department Escrow	485,755
Sheriff's Seizures	300,186
Tax Revaluation	384,251
Automation Enhancement and Preservation	255,366
Appropriated Fund Balance in 2015 Budget	4,230,689
Working Capital / Fund Balance Policy	10,225,879
Remaining Fund Balance	<u>\$ (2,156,791)</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 \$257,803.

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, 2014. 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	\$ 28,957,539
Less: Restricted	(16,018,145)
Available Fund Balance	<u>\$ 12,939,394</u>
General Fund Expenditures	\$ 47,569,012
Transfers Out	4,656,936
Lease Proceeds	(467,258)
Adjusted General Fund Expenditures	<u>\$ 51,758,690</u>
Available Fund Balance as % General Fund Expenditures	25.00%

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 \$225,000 to the Community College operating purposes during the fiscal year ended June 30, 2014. 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, 2014. 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, 2014, 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, 2014. 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 \$21,203 to the Council during the fiscal year ended June 30, 2014.

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 \$103,966 to the Authority during the year ended June 30, 2014. The balance due to the Authority at June 30, 2014 is \$349,109.

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	\$ 307,264	\$ -
Medicaid	41,392,753	22,837,578
Health Choice	940,687	296,782
WIC	690,860	-
Energy Assistance	229,100	-
Adult Assistance	-	343,942
Total	<u>\$ 43,560,664</u>	<u>\$ 23,478,302</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: Prior Period Adjustment

There was a prior period adjustment of \$148,756 recorded in the general fund to reflect lease amounts that were recorded and expensed in the previous year. However, the amounts were received but not spent at 6/30/13. When the fund statements are converted to the government wide statements in Exhibits 1 and 2, this prior period adjustment nets to \$125,774, which includes a cumulative adjustment to adjust the fixed asset schedules to the correct balance.

There was a prior period adjustment in the Waste Water Treatment Plant Fund to adjust depreciation for an asset that was being depreciated using a useful life that was less than it should have been. This adjustment increased net position by \$182,713 in this fund.

There was a prior period adjustment of \$300,000 in the Rocky Point Water District to adjust for a capital project that was originally recorded and paid out of the governmental capital project fund. The CIP amount had to be transferred to the Rocky Point Water District Fund to be capitalized. There was also a prior period adjustment of \$2,065,046 to correct the carryforward CIP balance for the Rocky Point projects. Amounts were capitalized in previous years that were never removed from the CIP schedules.

There was a prior period adjustment in the government-wide statements to adjust construction in process by capitalizing projects that should be closed and writing off expenses that should not have been capitalized over the years. This adjustment resulted in a decrease in net position of \$3,957,685.

NOTE 10: Significant Effects of Subsequent Events

Budget Resolutions were adopted to create the operating budgets for the new funds (i.e. Moore's Creek, Central Pender, and PCP Wastewater Treatment Plant) in October 2014. They have been set up as of the report date, but they were not approved prior to the year end, so those budgets are not shown in these financial statements.

**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

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)
12/31/2005	\$ -	\$ 297,699	\$ 297,699	0.00%	\$ 1,488,838	20.00%
12/31/2006	\$ -	\$ 292,912	\$ 292,912	0.00%	\$ 1,545,765	18.95%
12/31/2007	\$ -	\$ 347,378	\$ 347,378	0.00%	\$ 1,643,950	21.13%
12/31/2008	\$ -	\$ 361,521	\$ 361,521	0.00%	\$ 2,128,149	16.99%
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%

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
2006	\$ 40,514	57.67%	\$ 170,316
2007	\$ 40,206	28.12%	\$ 199,218
2008	\$ 42,998	28.12%	\$ 230,912
2009	\$ 48,958	25.66%	\$ 267,309
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	\$ 77,388	8.84%	\$ 547,612

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	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	17 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

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%

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, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem Taxes	\$ 32,608,582	\$ 33,772,956	\$ 1,164,374
Other Taxes and Licenses	240,000	344,650	104,650
Unrestricted Intergovernmental Revenues	5,225,000	5,810,898	585,898
Restricted Intergovernmental Revenues	9,179,342	8,902,583	(276,759)
Permits and Fees	459,000	816,192	357,192
Sales and Services	920,643	926,160	5,517
Investment Earnings	10,000	23,878	13,878
Miscellaneous	18,000	92,389	74,389
Total Revenues	<u>\$ 48,660,567</u>	<u>\$ 50,689,706</u>	<u>\$ 2,029,139</u>
Expenditures			
General Government:			
Governing Body	\$ 141,521	\$ 140,723	\$ 798
County Manager	244,719	222,447	22,272
Human Resources	156,754	151,332	5,422
Board of Elections	254,675	234,830	19,845
Finance	320,096	331,739	(11,643)
Information Systems	1,014,396	870,273	144,123
Tax Administrator	725,982	639,780	86,202
Tax Collections	484,406	455,367	29,039
AE&P Fund	58,200	30,171	28,029
Register of Deeds	268,041	247,498	20,543
Public Buildings	1,537,841	1,718,725	(180,884)
Court Facilities	20,000	51,702	(31,702)
Nondepartmental	1,058,555	1,036,221	22,334
County Attorney	77,564	72,158	5,406
Vehicle Maintenance	349,150	294,854	54,296
Contingency	653,780	-	653,780
Total General Government	<u>\$ 7,365,680</u>	<u>\$ 6,497,820</u>	<u>\$ 867,860</u>
Public safety:			
Sheriff	\$ 4,554,387	\$ 5,087,048	\$ (532,661)
Jail	2,280,205	2,132,755	147,450
Animal Control	470,935	626,679	(155,744)
Emergency Management	350,463	338,741	11,722
Forest Resources	230,000	245,830	(15,830)
Sheriff Seizure	135,000	43,424	91,576
Medical Examiner	75,000	32,330	42,670
Total Public Safety	<u>\$ 8,095,990</u>	<u>\$ 8,506,807</u>	<u>\$ (410,817)</u>
Economic and Physical Development:			
Extension Service	\$ 137,514	\$ 129,342	\$ 8,172
Planning	878,958	848,225	30,733
Tourism Office	148,207	148,792	(585)
Option 4 Payments	265,331	488,640	(223,309)
Outside Agencies	475,374	475,374	-
Total Economic and Physical Develop	<u>\$ 1,905,384</u>	<u>\$ 2,090,373</u>	<u>\$ (184,989)</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, 2014

	Final Budget	Actual	Variance Positive (Negative)
Human services:			
Health Department	\$ 4,397,306	\$ 4,701,936	\$ (304,630)
Mosquito Control	254,225	221,784	32,441
Public Assistance	10,132,184	9,437,464	694,720
Veterans Services	112,673	112,874	(201)
Mental Health	20,000	15,928	4,072
Storm Cleanup	-	21,212	(21,212)
EDTAP Transportation	171,000	167,766	3,234
Outside Agencies	299,600	299,600	-
Total Human Services	\$ 15,386,988	\$14,978,564	\$ 408,424
Cultural and recreational:			
Library	\$ 766,732	\$ 754,829	\$ 11,903
Recreational	512,879	472,431	40,448
Outside Agencies	5,000	5,000	-
Total Cultural and Recreational	\$ 1,284,611	\$ 1,232,260	\$ 52,351
Education:			
Pender County Schools:			
Current Operating - County	\$ 13,368,009	\$13,348,816	\$ 19,193
Youth Alternatives	71,411	111,101	(39,690)
Outside Agencies	240,000	240,000	-
Total Education	\$ 13,679,420	\$ 13,699,917	\$ (20,497)
Debt service:			
Principal	\$ 323,553	\$ 537,660	\$ (214,107)
Interest	12,507	25,611	(13,104)
Total Debt Service	\$ 336,060	\$ 563,271	\$ (227,211)
Total Expenditures	\$ 48,054,133	\$ 47,569,012	\$ 485,121
Revenue Over Expenditures	\$ 606,434	\$ 3,120,694	\$ 2,514,260
Other Financing Sources (Uses):			
Lease Proceeds	\$ -	\$ 1,096,553	\$ 1,096,553
Transfer from (to) other funds:			
Capital Project Fund	(1,621,040)	(1,621,040)	-
Public School Capital	(2,660,896)	(2,660,896)	-
Revaluation	(125,000)	(125,000)	-
Capital Project Fund	230,000	-	(230,000)
Vehicle Replacement	-	-	-
Workers Comp Fund	(375,000)	(375,000)	-
Domestic Violence Grant Fund	-	-	-
Giant Salvinia Eradication	-	-	-
HPRP Grant	-	-	-
2005 CHAF	-	-	-
CDBG 2002 Scattered Sites	-	-	-
CDBG 2004 Concentrated Needs	-	-	-
Appropriated Fund Balance	3,945,502	-	(3,945,502)
Total Other Financing (Uses)	\$ (606,434)	\$ (3,685,383)	\$ (3,078,949)
Net Change in Fund Balance	\$ -	\$ (564,689)	\$ (564,689)
Fund balance, beginning		28,989,256	
Prior Period Adjustment (See NOTE 9)		148,721	
Fund balance, ending		<u>\$ 28,573,288</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, 2014

	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>\$ 125,000</u>	<u>\$ 125,000</u>
Fund balance, beginning		<u>259,251</u>	
Fund balance, ending		<u>\$ 384,251</u>	

OTHER MAJOR GOVERNMENTAL FUNDS

Major Governmental Funds - School Capital Project Fund

Pender County, North Carolina
School Capital Project Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Other Taxes - Sales	\$ 2,365,000	\$ 2,695,425	\$ 330,425
Lottery Funds	700,000	2,079,249	1,379,249
Total Revenues	<u>\$ 3,065,000</u>	<u>\$ 4,774,674</u>	<u>\$ 1,709,674</u>
Expenditures			
General Government	\$ -	\$ -	\$ -
Education	1,110,000	1,110,000	-
Option 4 Redistribution	131,000	240,512	(109,512)
Debt Service Payment	4,115,000	4,115,000	-
Interest Expense	1,913,988	1,913,988	-
Total Expenditures	<u>\$ 7,269,988</u>	<u>\$ 7,379,500</u>	<u>\$ (109,512)</u>
Excess Revenue Over (Under) Expenditures	\$ (4,204,988)	\$ (2,604,826)	\$ 1,600,162
Other financing sources (uses)			
Transfers from (to):			
General Fund	\$ 2,660,896	\$ 2,660,896	\$ -
Fund Balance Appropriated	1,544,092	-	(1,544,092)
Total other financing sources (uses)	<u>\$ 4,204,988</u>	<u>\$ 2,660,896</u>	<u>\$ (1,544,092)</u>
Revenues and other financing sources over uses	<u>\$ -</u>	\$ 56,070	<u>\$ 56,070</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ 56,070</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, 2014**

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 233,715	\$ 5,148,645	\$ 5,382,360
Taxes receivable (net)	324,813	-	324,813
Due from other governments	52,287	34,260	86,547
Other Receivables	24,794	-	24,794
Restricted Cash	-	-	-
Total assets	<u>\$ 635,609</u>	<u>\$ 5,182,905</u>	<u>\$ 5,818,514</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Advance funding of projects	\$ 300,359	\$ 214,063	\$ 514,422
Accounts payable and accrued liabilities	18,321	683,706	702,027
Due to other funds	-	-	-
Total liabilities	<u>318,680</u>	<u>897,769</u>	<u>1,216,449</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes receivable	<u>324,813</u>	-	<u>324,813</u>
Total deferred inflows of resources	<u>324,813</u>	-	<u>324,813</u>
Fund balances:			
Restricted:			
Public Safety	230,984	-	230,984
School Capital Projects	-	3,006,702	3,006,702
Committed:			
Capital Outlay and Improvements	-	1,278,434	1,278,434
Unassigned:	<u>(253,284)</u>	-	<u>(253,284)</u>
Total fund balances	<u>(7,884)</u>	<u>4,285,136</u>	<u>4,277,252</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 635,609</u>	<u>\$ 5,182,905</u>	<u>\$ 5,818,514</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, 2014

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Revenues			
Ad valorem taxes	\$ 8,391,198	\$ -	\$ 8,391,198
Other taxes	-	-	-
Investment earnings	4,476	5	4,481
Unrestricted intergovernmental	316,518	-	316,518
Restricted Intergovernmental	168,975	-	168,975
Loans	-	-	-
Donations	-	-	-
Miscellaneous	-	2,852	2,852
Local Match	-	-	-
Total revenues	<u>8,881,167</u>	<u>2,857</u>	<u>8,884,024</u>
Expenditures			
Current:			
General government	\$ -	\$ -	\$ -
Public safety	8,432,312	-	8,432,312
Economic and physical development	121,454	-	121,454
Education	-	37,367	37,367
Capital outlay	300,000	2,621,000	2,921,000
Other equipment	-	-	-
Titles/Tags/Tax	-	22,968	22,968
Option 4 redistribution	-	-	-
Debt service	-	326,277	326,277
Total expenditures	<u>8,853,766</u>	<u>3,007,612</u>	<u>11,861,378</u>
Revenues over (under) expenditures	<u>\$ 27,401</u>	<u>\$ (3,004,755)</u>	<u>\$ (2,977,354)</u>
Other financing sources:			
Transfers in (out)	\$ -	\$ 1,621,040	\$ 1,621,040
Notes Payable	-	-	-
Total other financing sources uses	<u>\$ -</u>	<u>\$ 1,621,040</u>	<u>\$ 1,621,040</u>
Revenues and other financing sources over (under) expenditures	<u>\$ 27,401</u>	<u>\$ (1,383,715)</u>	<u>\$ (1,356,314)</u>
Fund balances, beginning	<u>(35,285)</u>	<u>5,668,851</u>	<u>5,633,566</u>
Prior Period Adjustment (See NOTE 11)	-	-	-
Fund balances, ending	<u><u>\$ (7,884)</u></u>	<u><u>\$ 4,285,136</u></u>	<u><u>\$ 4,277,252</u></u>

Pender County, North Carolina
Special Revenue Funds
Combining Balance Sheet
June 30, 2014

	Fire Service District Fund	Rescue Districts Fund	911 Emergency Telephone Fund	CDBG Scattered Sites	HPRP Grant	Totals June 30, 2014
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 219,199	\$ 14,416	\$ 100	\$ 233,715
Taxes receivable (net)	145,629	179,184	-	-	-	324,813
Due from other governments	25,309	26,978	-	-	-	52,287
Other Receivables	-	-	24,794	-	-	24,794
Total assets	<u>\$ 170,938</u>	<u>\$ 206,162</u>	<u>\$ 243,993</u>	<u>\$ 14,416</u>	<u>\$ 100</u>	<u>\$ 635,609</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Advance funding of projects	\$ 187,000	\$ 113,359	\$ -	\$ -	\$ -	\$ 300,359
Accounts payable	3,146	2,066	13,109	-	-	18,321
Due to Other Funds	-	-	-	-	-	-
Total liabilities	<u>\$ 190,146</u>	<u>\$ 115,425</u>	<u>\$ 13,109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 318,680</u>
DEFERRED INFLOWS OF RESOURCES						
Taxes Receivable	\$ 145,629	\$ 179,184	\$ -	\$ -	\$ -	\$ 324,813
Total deferred inflows of resources	<u>\$ 145,629</u>	<u>\$ 179,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 324,813</u>
Fund balances:						
Restricted:						
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	230,884	-	100	230,984
Economic Development	-	-	-	14,416	-	14,416
Unassigned	(164,837)	(88,447)	-	-	-	(253,284)
Total fund balances	<u>\$ (164,837)</u>	<u>\$ (88,447)</u>	<u>\$ 230,884</u>	<u>\$ 14,416</u>	<u>\$ 100</u>	<u>\$ (7,884)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 170,938</u>	<u>\$ 206,162</u>	<u>\$ 243,993</u>	<u>\$ 14,416</u>	<u>\$ 100</u>	<u>\$ 635,609</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, 2014

	Fire Service District Fund	Rescue Districts Fund	911 Emergency Telephone Fund	CDBG Scattered Sites	HPRP Grant	Totals June 30, 2014
Revenues						
Ad valorem taxes	\$ 3,662,424	\$ 4,728,774	\$ -	\$ -	\$ -	\$ 8,391,198
Other Taxes	-	-	-	-	-	-
Restricted intergovernmental	-	-	-	168,975	-	168,975
Unrestricted intergovernmental	-	-	316,518	-	-	316,518
Investment earnings	-	-	4,476	-	-	4,476
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>\$ 3,662,424</u>	<u>\$ 4,728,774</u>	<u>\$ 320,994</u>	<u>\$ 168,975</u>	<u>\$ -</u>	<u>\$ 8,881,167</u>
Expenditures						
Current:						
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	3,568,403	4,504,870	359,039	-	-	8,432,312
Economic and Physical Develop	-	-	-	121,554	(100)	121,454
Capital Outlay	-	300,000	-	-	-	300,000
Option 4 Redistribution	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Total expenditures	<u>\$ 3,568,403</u>	<u>\$ 4,804,870</u>	<u>\$ 359,039</u>	<u>\$ 121,554</u>	<u>\$ (100)</u>	<u>\$ 8,853,766</u>
Revenues over (under) expenditures	<u>\$ 94,021</u>	<u>\$ (76,096)</u>	<u>\$ (38,045)</u>	<u>\$ 47,421</u>	<u>\$ 100</u>	<u>\$ 27,401</u>
Other financing sources:						
Transfers from (to):						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total other fin. sources uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ 94,021</u>	<u>\$ (76,096)</u>	<u>\$ (38,045)</u>	<u>\$ 47,421</u>	<u>\$ 100</u>	<u>\$ 27,401</u>
Fund Balances, beginning	<u>(258,858)</u>	<u>(12,351)</u>	<u>268,929</u>	<u>(33,005)</u>	<u>-</u>	<u>(35,285)</u>
Fund Balances, ending	<u>\$ (164,837)</u>	<u>\$ (88,447)</u>	<u>\$ 230,884</u>	<u>\$ 14,416</u>	<u>\$ 100</u>	<u>\$ (7,884)</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, 2014

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad Valorem Taxes - Fire District Taxes	\$ 3,462,655	\$ 3,662,424	\$ 199,769
Total revenues	<u>\$ 3,462,655</u>	<u>\$ 3,662,424</u>	<u>\$ 199,769</u>
Expenditures			
Public safety:			
Pender Central	\$ 230,962	\$ 232,905	\$ (1,943)
Sloop Point	730,298	754,023	(23,725)
Maple Hill	100,000	96,624	3,376
Rocky Point	370,360	373,554	(3,194)
Long Creek	276,422	290,047	(13,625)
Shiloh	129,788	130,229	(441)
Penderlea	153,102	153,092	10
Atkinson	137,270	139,165	(1,895)
Hampstead	995,915	1,027,299	(31,384)
County Wide Fire	-	-	-
Scotts Hill	192,295	197,992	(5,697)
Northeast Pender	158,646	161,576	(2,930)
Penderlea - Dublin Area	11,812	11,897	(85)
Total Expenditures	<u>\$ 3,486,870</u>	<u>\$ 3,568,403</u>	<u>\$ (81,533)</u>
Revenues over expenditures	<u>\$ (24,215)</u>	<u>\$ 94,021</u>	<u>\$ 118,236</u>
Other financing sources (uses):			
Transfer in (out)	\$ -	\$ -	\$ -
Fund Balance Appropriated	24,215	-	(24,215)
Total Other financing sources (uses)	<u>\$ 24,215</u>	<u>\$ -</u>	<u>\$ (24,215)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 94,021</u>	<u>\$ 94,021</u>
Fund balance, beginning		<u>(258,858)</u>	
Fund balance, ending		<u>\$ (164,837)</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, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Rescue District Taxes:			
Pender County EMS Taxes	\$ 4,460,560	\$ 4,728,661	\$ 268,101
Pender East Rescue	-	10	10
Pender County Rescue	-	84	84
Union	-	18	18
Surf City	-	1	1
Total revenues	<u>\$ 4,460,560</u>	<u>\$ 4,728,774</u>	<u>\$ 268,214</u>
Expenditures			
Current:			
Public safety:			
Pender Volunteer EMS & Rescue	\$ 4,460,560	\$ 4,504,870	\$ (44,310)
Agreement with Pender EMS	300,000	300,000	-
Total Expenditures	<u>\$ 4,760,560</u>	<u>\$ 4,804,870</u>	<u>\$ (44,310)</u>
Revenues over (under) expenditures	<u>\$ (300,000)</u>	<u>\$ (76,096)</u>	<u>\$ 223,904</u>
Other financing sources (uses):			
Transfer from:			
General Fund	\$ -	\$ -	\$ -
Fund Balance Appropriated	300,000	-	(300,000)
Total Other financing sources (uses)	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ (300,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (76,096)</u>	<u>\$ (76,096)</u>
Fund balance, beginning		<u>(12,351)</u>	
Fund balance, ending		<u>\$ (88,447)</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, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 4,476	\$ 4,476
Unrestricted Intergovernmental	294,500	316,518	22,018
Total	<u>\$ 294,500</u>	<u>\$ 320,994</u>	<u>\$ 26,494</u>
Expenditures			
Salaries	\$ 74,802	\$ 58,909	\$ 15,893
Fringe Benefits	34,180	22,867	11,313
Training	5,000	3,014	1,986
Telephone	6,000	5,065	935
Supplies & Materials	15,000	3,114	11,886
Contracted Services	163,500	141,038	22,462
Telecommunication Service	250,000	125,032	124,968
Other Equipment	18,000	-	18,000
Capital Outlay	-	-	-
Total Expenditures	<u>\$ 566,482</u>	<u>\$ 359,039</u>	<u>\$ 207,443</u>
Revenues over (under) expenditures	<u>\$ (271,982)</u>	<u>\$ (38,045)</u>	<u>\$ 233,937</u>
Other Financing Sources:			
Appropriated Fund Balance	\$ 271,982	\$ -	\$ (271,982)
Transfer from (to) general fund	-	-	-
	<u>\$ 271,982</u>	<u>\$ -</u>	<u>\$ (271,982)</u>
Revenues and Other Financing Sources			
Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (38,045)</u>	<u>\$ (38,045)</u>
Fund balance, beginning		<u>268,929</u>	
Fund balance, ending		<u>\$ 230,884</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, 2014

	Project Authorization	Actual			Variance Positive (Negative)
		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	-	488,157	(11,843)
Community Development (11 CDBG)	-	231,025	168,975	400,000	400,000
Community Development (11-C-2279)	50,000	50,000	-	50,000	-
Community Development (Scattered)	400,000	398,647	-	398,647	(1,353)
Total	\$ 1,450,000	\$ 1,665,248	\$ 168,975	\$ 1,834,223	\$ 384,223
Expenditures					
Community Development (08 Scattered Sites)					
Clearance / Demolition	\$ 25,000	\$ 24,694	\$ -	\$ 24,694	\$ 306
Relocation	345,000	346,123	-	346,123	(1,123)
Rehabilitation	85,000	76,957	-	76,957	8,043
Administration	45,000	45,000	-	45,000	-
Total	500,000	492,774	-	492,774	7,226
Community Development (10 ER Housing)					
Clearance / Demolition	-	4,500	-	4,500	(4,500)
Rehabilitation	450,000	408,472	80,552	489,024	(39,024)
Administration	50,000	73,690	-	73,690	(23,690)
Total	500,000	486,662	80,552	567,214	(67,214)
Community Development (11 CDBG)					
Clearance / Demolition	-	20,499	134	20,633	(20,633)
Rehabilitation	-	187,335	37,836	225,171	(225,171)
Administration	-	60,327	3,032	63,359	(63,359)
Total	-	268,161	41,002	309,163	(309,163)
Community Development (Scattered)					
Clearance / Demolition	46,000	40,413	-	40,413	5,587
Relocation	230,000	265,564	-	265,564	(35,564)
Rehabilitation	84,000	51,266	-	51,266	32,734
Administration	36,500	36,413	-	36,413	87
Planning	3,500	3,500	-	3,500	-
Total	400,000	397,156	-	397,156	2,844
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	\$ 1,450,000	\$ 1,694,753	\$ 121,554	\$ 1,816,307	\$ (366,307)
Revenues over (under) expenditures	\$ -	\$ (29,505)	\$ 47,421	\$ 17,916	\$ 17,916
Other Financing Sources:					
Appropriated Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$ -	\$ (29,505)	\$ 47,421	\$ 17,916	\$ 17,916
Fund balance, beginning			(33,005)		
Fund balance, ending			\$ 14,416		

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, 2014

	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	\$ 54,179	\$ (1,846)	\$ 52,333	\$ 30,531
Utilities	28,851	21,485	1,746	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>\$ 195,427</u>	<u>\$ (100)</u>	<u>\$ 195,327</u>	<u>\$ 79,673</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ (4,863)</u>	<u>\$ 100</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>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 100</u>
Fund balance, beginning			<u>-</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, 2014**

	NON-MAJOR				Combining Totals June 30, 2014
	School Capital Project Fund	Vehicle Replacement Fund	Capital Improvements Fund	Capital Facilities Reserve Fund	
Assets					
Current Assets:					
Cash and Investments	\$ 3,006,478	\$ -	\$ 2,043,019	\$ 99,148	\$ 5,148,645
Due from other governments	224	-	34,036	-	34,260
Restricted cash	-	-	-	-	-
Total assets	<u>\$ 3,006,702</u>	<u>\$ -</u>	<u>\$ 2,077,055</u>	<u>\$ 99,148</u>	<u>\$ 5,182,905</u>
Liabilities and Fund Balances					
Liabilities:					
Advance funding of projects	\$ -	\$ 214,063	\$ -	\$ -	\$ 214,063
Accounts payable and accrued liabilities	-	-	683,706	-	683,706
Due to other funds	-	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ 214,063</u>	<u>\$ 683,706</u>	<u>\$ -</u>	<u>\$ 897,769</u>
Fund balances:					
Restricted					
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -
School Capital Projects	3,006,702	-	-	-	3,006,702
Committed:					
Capital Outlay and Improvements	-	(214,063)	1,393,349	99,148	1,278,434
Unassigned					
Total fund balances	<u>\$ 3,006,702</u>	<u>\$ (214,063)</u>	<u>\$ 1,393,349</u>	<u>\$ 99,148</u>	<u>\$ 4,285,136</u>
Total liabilities and fund balances	<u>\$ 3,006,702</u>	<u>\$ -</u>	<u>\$ 2,077,055</u>	<u>\$ 99,148</u>	<u>\$ 5,182,905</u>

Pender County, North Carolina
Capital Projects Fund
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2014

	NON-MAJOR				Combining Totals June 30, 2014
	School Capital Project Fund	Vehicle Replacement Fund	Capital Improvements Fund	Capital Facilities Reserve Fund	
Revenues					
Interest Income	\$ 5	\$ -	\$ -	\$ -	\$ 5
Restricted intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Donations	-	-	-	-	-
Miscellaneous	-	-	2,852	-	2,852
Local Match	-	-	-	-	-
Total Revenue	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 2,852</u>	<u>\$ -</u>	<u>\$ 2,857</u>
Expenditures					
Capital Outlay	\$ -	\$ 288,568	\$ 2,658,709	\$ -	\$ 2,947,277
Other Equipment	-	-	-	-	-
Titles/Tags/Tax	-	22,968	-	-	22,968
Education	37,367	-	-	-	37,367
Total Expenditures	<u>\$ 37,367</u>	<u>\$ 311,536</u>	<u>\$ 2,658,709</u>	<u>\$ -</u>	<u>\$ 3,007,612</u>
Revenues over (under) expenditures	<u>\$ (37,362)</u>	<u>\$ (311,536)</u>	<u>\$ (2,655,857)</u>	<u>\$ -</u>	<u>\$ (3,004,755)</u>
Other financing sources (uses)					
Transfers from (to):					
General Fund	\$ -	\$ -	\$ 1,621,040	\$ -	\$ 1,621,040
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,621,040</u>	<u>\$ -</u>	<u>\$ 1,621,040</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (37,362)</u>	<u>\$ (311,536)</u>	<u>\$ (1,034,817)</u>	<u>\$ -</u>	<u>\$ (1,383,715)</u>
Fund balances, beginning	3,044,064	97,473	2,428,166	99,148	5,668,851
Fund balances, ending	<u>\$ 3,006,702</u>	<u>\$ (214,063)</u>	<u>\$ 1,393,349</u>	<u>\$ 99,148</u>	<u>\$ 4,285,136</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, 2014

Exhibit D-3

	Project Author- ization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Closed Projects	
Revenues					
Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax Refund	500,000	820,142	-	-	320,142
Lottery Funds	1,518,876	1,518,876	-	-	-
PSBCF - State Revenue	1,545,815	1,545,816	-	-	1
Interest Income	2,071,803	1,541,640	5	-	(530,158)
Total revenues	\$ 5,636,494	\$ 5,426,474	\$ 5	\$ -	\$ (210,015)
Expenditures					
Intergovernmental:					
Schools:					
Burgaw Middle	\$ 227,517	\$ 689,517	\$ -	\$ -	\$ (462,000)
Topsail Middle	3,093,945	3,035,255	-	-	58,690
Pender High School	2,821,446	-	-	-	2,821,446
Burgaw Elementary Land	100,721	-	-	-	100,721
Burgaw Elementary Sch Add	5,977,888	5,976,942	-	-	946
Topsail High Land	1,510,017	1,510,017	-	-	-
Topsail High School	36,638,466	36,606,888	-	-	31,578
Central Topsail Elementary	750,000	750,766	-	-	(766)
Penderlea School	500,000	500,158	-	-	(158)
Rocky Point Primary School	1,929,000	1,903,848	-	-	25,152
West Pender Middle School	500,000	499,967	-	-	33
Performing Arts Center	6,793,914	6,615,641	37,367	-	140,906
Bond Closing Costs	160,000	178,494	-	-	(18,494)
Contract Service - Arbitrage	4,550	4,550	-	-	-
Interest Expenditures	87,161	-	-	-	87,161
Total Expenditures	\$ 61,094,625	\$ 58,272,043	\$ 37,367	\$ -	\$ 2,785,215
Revenues under expenditures	\$ (55,458,131)	\$ (52,845,569)	\$ (37,362)	\$ -	\$ 2,575,200
Other financing sources (uses)					
Public School Capital Fd	\$ (252,319)	\$ -	\$ -	\$ -	\$ 252,319
Premium on Debt Issued	426,319	426,319	-	-	-
Bond Proceeds	55,875,000	55,875,000	-	-	-
Reserve for Arbitrage	(590,869)	(585,686)	-	-	5,183
Public School Capital Fd	-	174,000	-	-	174,000
Fund Balance Appropriated	-	-	-	-	-
	\$ 55,458,131	\$ 55,889,633	\$ -	\$ -	\$ 431,502
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 3,044,064	\$ (37,362)	\$ -	\$ 3,006,702
Fund balance, beginning			3,044,064		
Fund balance, ending			\$ 3,006,702		

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, 2014

	Budget	Actual	Variance Positive (Negative)
Revenues			
Proceeds From Vehicle Disposals	\$ -	\$ -	\$ -
Other Income	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Capital Outlay - Vehicle	\$ -	\$ 288,568	\$ (288,568)
Other Equipment	-	-	-
Titles/tags/tax	-	22,968	(22,968)
Total Expenditures	<u>-</u>	<u>311,536</u>	<u>(311,536)</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ (311,536)</u>	<u>\$ (311,536)</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>\$ (311,536)</u>	<u>\$ (311,536)</u>
Fund balances:			
Beginning of year, July 1		<u>97,473</u>	
End of year, June 30		<u>\$ (214,063)</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, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental	\$ 57,320	\$ -	\$ (57,320)
Sales tax refund	-	-	-
Miscellaneous	-	2,852	2,852
Total revenues	<u>\$ 57,320</u>	<u>\$ 2,852</u>	<u>\$ (54,468)</u>
Expenditures			
Capital Outlay:			
Undefined Projects	\$ -	\$ -	\$ -
Industrial Infrastructure Development	36,794	43,099	(6,305)
Parks & Recreation	239,883	162,168	77,715
Pender Memorial Park	17,942	-	17,942
Hampstead District Park	8,475	-	8,475
Hampstead Annex	3,584,000	2,042,263	1,541,737
Facilities Maintenance	21,540	-	21,540
Pender Progress Industrial Shell Building	120,462	-	120,462
Hampstead Kiwanis Park	-	-	-
Animal Shelter	2,387	-	2,387
Courthouse Sidewalk Replacement	-	-	-
York House Renovation	-	-	-
US 421 Property Acquisition	(326,277)	326,277	(652,554)
Jail Renovations	892,551	84,902	807,649
DSS Building	-	-	-
Total Expenditures	<u>\$ 4,597,757</u>	<u>\$ 2,658,709</u>	<u>\$ 1,939,048</u>
Revenues under expenditures	<u>\$ (4,540,437)</u>	<u>\$ (2,655,857)</u>	<u>\$ 1,884,580</u>
Other financing sources:			
Operating Transfer In (Out)			
General Fund	\$ (225,000)	\$ -	\$ 225,000
General Fund	1,621,040	1,621,040	-
Appropriated Fund Balance	3,144,397	-	(3,144,397)
Total Other Financing Sources (Uses)	<u>\$ 4,540,437</u>	<u>\$ 1,621,040</u>	<u>\$ (2,919,397)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (1,034,817)</u>	<u>\$ (1,034,817)</u>
Fund balances:			
Beginning of year, July 1		<u>2,428,166</u>	
End of year, June 30		<u>\$ 1,393,349</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, 2014

	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, 2014

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	PCP Wastewater Treatment Plant	Moore's Creek Water District	Central Pender Water District	Total Non-Major Proprietary Funds
Assets										
Current assets:										
Cash and cash equivalents	\$ 24,990	\$ 2,972,705	\$ 265,589	\$ 42,686	\$ 72,809	\$ -	\$ -	\$ -	\$ -	\$ 3,378,779
Accounts receivable (net)	28,498	42,177	8,649	-	37,989	-	-	-	-	117,313
Due from other governments	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Prepaid expense	-	-	-	-	-	-	-	-	-	-
Restricted Cash	1,441	-	-	1,850	424,879	-	-	-	-	428,170
Due from Districts - Current portion of LOBs	-	-	-	-	-	-	-	-	-	-
Total current assets	<u>54,929</u>	<u>3,014,882</u>	<u>274,238</u>	<u>44,536</u>	<u>535,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,924,262</u>
Non-current assets:										
Temporary Construction	131,830	-	-	-	-	4,360,626	1,242,226	106,732	105,826	5,947,240
Capital assets (net)	4,866,364	103,665	7,705	170,172	2,854,972	2,721,785	-	-	-	10,724,663
Due from Districts - Non-current portion of LOBs	-	-	-	-	-	-	-	-	-	-
Total non-current assets	<u>4,998,194</u>	<u>103,665</u>	<u>7,705</u>	<u>170,172</u>	<u>2,854,972</u>	<u>7,082,411</u>	<u>1,242,226</u>	<u>106,732</u>	<u>105,826</u>	<u>16,671,903</u>
Total assets	<u>5,053,123</u>	<u>3,118,547</u>	<u>281,943</u>	<u>214,708</u>	<u>3,390,649</u>	<u>7,082,411</u>	<u>1,242,226</u>	<u>106,732</u>	<u>105,826</u>	<u>20,596,165</u>
Deferred Outflows of Resources										
Unamortized bond refunding charges	3,419	-	-	-	40,019	-	-	-	-	43,438
Total deferred outflows of resources	<u>3,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,438</u>
Liabilities and Fund Equities										
Current liabilities:										
Advance Funding of Projects	-	-	-	-	-	1,119,450	1,242,226	67,861	81,676	2,511,213
Accounts payable and accrued liabilities	7,034	28	30,321	487	1,052	283,153	-	12,055	-	334,130
Accrued interest	651	-	-	-	8,541	-	-	-	-	9,192
Customer deposits	1,441	-	-	1,850	515	-	-	-	-	3,806
Deferred Revenue	-	-	4,023	-	-	-	-	-	-	4,023
Current portion of long-term debt	-	-	-	6,646	-	-	-	-	-	6,646
Due to County - Current portion of LOBs	10,000	-	-	-	50,000	-	-	-	-	60,000
Due to other funds	-	-	-	-	678,906	2,893,239	-	-	-	3,572,145
Total current liabilities	<u>19,126</u>	<u>28</u>	<u>34,344</u>	<u>8,983</u>	<u>739,014</u>	<u>4,295,842</u>	<u>1,242,226</u>	<u>79,916</u>	<u>81,676</u>	<u>6,501,155</u>
Noncurrent liabilities:										
Compensated absences payable	3,666	-	6,249	-	16	-	-	-	-	9,931
OPEB payable	17,470	-	37,223	-	1,847	-	-	-	-	56,540
Due to County - Noncurrent portion of LOBs	185,000	-	-	-	2,415,000	-	-	-	-	2,600,000
Unamortized bond premium	23,490	-	-	-	196,165	-	-	-	-	219,655
Non-current portion of long-term debt	-	-	-	115,429	-	-	-	-	-	115,429
Total noncurrent liabilities	<u>229,626</u>	<u>-</u>	<u>43,472</u>	<u>115,429</u>	<u>2,613,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,001,555</u>
Total liabilities	<u>248,752</u>	<u>28</u>	<u>77,816</u>	<u>124,412</u>	<u>3,352,042</u>	<u>4,295,842</u>	<u>1,242,226</u>	<u>79,916</u>	<u>81,676</u>	<u>9,502,710</u>
Net Position										
Net investment in capital assets	4,779,704	103,665	7,705	48,097	618,686	7,082,411	1,242,226	106,732	105,826	14,095,052
Restricted	-	-	166,432	-	-	-	-	-	-	166,432
Unrestricted	28,086	3,014,854	29,990	42,199	(540,060)	(4,295,842)	(1,242,226)	(79,916)	(81,676)	(3,124,591)
Total net position	<u>\$ 4,807,790</u>	<u>\$ 3,118,519</u>	<u>\$ 204,127</u>	<u>\$ 90,296</u>	<u>\$ 78,626</u>	<u>\$ 2,786,569</u>	<u>\$ -</u>	<u>\$ 26,816</u>	<u>\$ 24,150</u>	<u>\$ 11,136,893</u>

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, 2014

	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	PCP Wastewater Treatment Plant	Moore's Creek Water District	Central Pender Water District	Total Non-Major Proprietary Funds
Operating revenues:										
Charges for services	\$ 176,167	\$ 877,092	\$ -	\$ -	\$ 241,324	\$ -	\$ -	\$ -	\$ -	\$ 1,294,583
Dwelling Rental	-	-	-	59,999	-	-	-	-	-	59,999
Other operating revenues	2,982	-	-	3,231	-	-	31,554	24,150	-	61,917
Total operating revenues	<u>179,149</u>	<u>877,092</u>	<u>-</u>	<u>63,230</u>	<u>241,324</u>	<u>-</u>	<u>31,554</u>	<u>24,150</u>	<u>-</u>	<u>1,416,499</u>
Operating expenses:										
Personnel	73,194	-	116,747	-	20,177	-	-	-	-	210,118
Contracted Services	17,420	-	-	17,898	-	-	-	-	-	35,318
Water Purchases	47,573	-	-	-	40,000	-	-	-	-	87,573
System Maintenance / Other Operating Costs	37,082	28	16,290	27,854	14,007	-	-	4,738	-	99,999
Administration and Housing Assistance	-	-	1,079,731	-	-	-	-	-	-	1,079,731
OPEB Expense	3,164	-	5,520	-	923	-	-	-	-	9,607
Depreciation	140,283	6,283	4,061	7,710	82,027	157,511	-	-	-	397,875
Total operating expenses	<u>318,716</u>	<u>6,311</u>	<u>1,222,349</u>	<u>53,462</u>	<u>157,134</u>	<u>157,511</u>	<u>-</u>	<u>4,738</u>	<u>-</u>	<u>1,920,221</u>
Operating income	(139,567)	870,781	(1,222,349)	9,768	84,190	(157,511)	-	26,816	24,150	(503,722)
Nonoperating revenues (expenses):										
Interest and Investment revenue	-	-	32	37	1,655	-	-	-	-	1,724
Fraud recovery	-	-	18,170	-	-	-	-	-	-	18,170
Operating Subsidy - HUD	-	-	1,119,455	-	-	-	-	-	-	1,119,455
Miscellaneous Revenue	-	-	79,202	-	-	-	-	-	-	79,202
Interest and other charges	(7,250)	-	-	-	(98,208)	-	-	-	-	(105,458)
Total Nonoperating Revenues (Expenses)	<u>(7,250)</u>	<u>-</u>	<u>1,216,859</u>	<u>37</u>	<u>(96,553)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,113,093</u>
Revenues over (under) expenditures	(146,817)	870,781	(5,490)	9,805	(12,363)	(157,511)	-	26,816	24,150	609,371
Other financing sources (uses):										
Transfers from (to):										
Water Treatment Plant Fund	-	(176,449)	-	-	-	-	-	-	-	(176,449)
Total other financing sources (uses)	<u>-</u>	<u>(176,449)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,449)</u>
Change in net position	(146,817)	694,332	(5,490)	9,805	(12,363)	(157,511)	-	26,816	24,150	432,922
Total net position, beginning	4,954,607	2,424,187	209,617	80,491	90,989	2,761,367	-	-	-	10,521,258
Prior Period Adjustment	-	-	-	-	-	182,713	-	-	-	182,713
Total net position, ending	<u>\$ 4,807,790</u>	<u>\$ 3,118,519</u>	<u>\$ 204,127</u>	<u>\$ 90,296</u>	<u>\$ 78,626</u>	<u>\$ 2,786,569</u>	<u>\$ -</u>	<u>\$ 26,816</u>	<u>\$ 24,150</u>	<u>\$ 11,136,893</u>

Pender County, North Carolina
Combining Statement of Cash Flows - Non-Major Enterprise Funds
Proprietary Funds
For The Fiscal Year Ended June 30, 2014

	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	PCP Wastewater Treatment Plant	Moore's Creek Water District	Central Pender Water District	Total Non- Major Proprietary Funds
Cash flows from operating activities:										
Cash received from customers	\$ 174,282	\$ 875,349	\$ (42,052)	\$ 62,808	\$ 238,396	\$ -	\$ -	\$ 31,554	\$ 24,150	\$1,364,487
Cash paid for goods and services	(99,757)	-	(1,083,561)	(46,143)	(63,465)	-	-	-	-	(1,292,926)
Cash paid to employees for services	(72,580)	-	(116,844)	-	(20,243)	-	-	-	-	(209,667)
Customer deposits received	-	-	-	(4,255)	-	-	-	-	-	(4,255)
Other operating revenue	2,982	-	-	3,231	-	-	-	-	-	6,213
Net cash provided (used) by operating activities	4,927	875,349	(1,242,457)	15,641	154,688	-	-	31,554	24,150	(136,148)
Cash flows from noncapital financing										
Transfers in (out)	-	(176,449)	-	-	-	-	-	-	-	(176,449)
Due to/from	12,568	24,507	-	-	-	-	-	-	-	37,075
General Fund Advance to cover expenses	-	-	-	-	(302,950)	1,119,450	1,242,226	67,861	81,676	2,208,263
Operating Subsidy	-	-	1,119,455	-	-	-	-	-	-	1,119,455
Miscellaneous Revenue	-	-	97,372	-	-	-	-	-	-	97,372
Net cash provided (used) by capital and related financing activities	12,568	(151,942)	1,216,827	-	(302,950)	1,119,450	1,242,226	67,861	81,676	3,285,716
Cash flows from capital and related financing activities:										
Acquisition and construction of capital assets	-	-	-	-	(23,931)	(1,297,481)	(1,242,226)	(99,415)	(105,826)	(2,768,879)
Proceeds from Grants, Loans and Debt	-	-	-	-	-	-	-	-	-	-
Principal paid on bond maturities and equipment contracts	(10,000)	-	-	(6,580)	(55,000)	-	-	-	-	(71,580)
Interest paid on bond maturities and equipment contracts	(8,013)	-	-	(1,256)	(103,587)	-	-	-	-	(112,856)
Net cash provided (used) by capital and related financing activities	(18,013)	-	-	(7,836)	(182,518)	(1,297,481)	(1,242,226)	(99,415)	(105,826)	(2,953,315)
Cash flows from investing activities:										
Interest on investments	-	-	32	37	1,655	-	-	-	-	1,724
Net increase (decrease) in cash and cash equivalents	(518)	723,407	(25,598)	7,842	(329,125)	(178,031)	-	-	-	197,977
Cash and cash equivalents, July 1	26,949	2,249,298	291,187	36,694	826,813	178,031	-	-	-	3,608,972
Cash and cash equivalents, June 30	\$ 26,431	\$2,972,705	\$ 265,589	\$ 44,536	\$ 497,688	\$ -	\$ -	\$ -	\$ -	\$3,806,949

Pender County, North Carolina
Combining Statement of Cash Flows - Non-Major Enterprise Funds
Proprietary Funds
For The Fiscal Year Ended June 30, 2014

	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	PCP Wastewater 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)	\$ (139,567)	\$ 870,781	\$ (1,222,349)	\$ 9,768	\$ 84,190	\$ (157,511)	\$ -	\$ 26,816	\$ 24,150	(503,722)
Adjustments to reconcile operating income to net cash provided by operating activities:										
Depreciation	140,283	6,283	4,061	7,710	82,027	157,511	-	-	-	397,875
OPEB Expense	3,164	-	5,520	-	923	-	-	-	-	9,607
Landfill closure and postclosure care costs	-	-	-	-	-	-	-	-	-	-
Changes in assets and liabilities:										
(Increase) Decrease in accounts receivable	(1,026)	(1,743)	(2,654)	2,809	(1,243)	-	-	-	-	(3,857)
(Increase) in prepaid items	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	2,318	28	12,460	(391)	(9,458)	-	4,738	-	-	9,695
(Decrease) in deferred revenues	-	-	(39,398)	-	-	-	-	-	-	(39,398)
(Decrease) in customer deposits	(859)	-	-	(4,255)	(1,685)	-	-	-	-	(6,799)
Increase (decrease) in accrued vacation pay	614	-	(97)	-	(66)	-	-	-	-	451
Total adjustments	144,494	4,568	(20,108)	5,873	70,498	157,511	-	4,738	-	367,574
Net cash provided (used) by operating activities	<u>\$ 4,927</u>	<u>\$ 875,349</u>	<u>\$ (1,242,457)</u>	<u>\$ 15,641</u>	<u>\$ 154,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,554</u>	<u>\$ 24,150</u>	<u>\$ (136,148)</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, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Landfill Fees	\$ 1,136,109	\$ 1,067,601	\$ (68,508)
User Fees	3,100,000	3,198,448	98,448
Recycling	33,000	42,418	9,418
Disposal Tax	-	-	-
Miscellaneous Revenues	75,000	157	(74,843)
Total Revenues	<u>4,344,109</u>	<u>4,308,624</u>	<u>(35,485)</u>
Expenditures			
Salaries & Employee Benefits	185,471	181,097	4,374
Contracted Services	4,232,937	4,541,642	(308,705)
Other Operating Expenditures	38,609	74,110	(35,501)
Capital Outlay	229,157	-	229,157
Total Expenditures	<u>4,686,174</u>	<u>4,796,849</u>	<u>(110,675)</u>
Revenues over (under) expenditures	<u>(342,065)</u>	<u>(488,225)</u>	<u>(146,160)</u>
Other financing sources (uses):			
White Goods	-	-	-
Scrap Tire	60,000	66,474	6,474
Solid Waste Disposal Tax	20,000	32,166	12,166
Reimbursement from Schools	250,000	280,939	30,939
Scrap Tire - DEHNR Grant	7,800	7,283	(517)
Fund Balance Appropriated	4,265	-	(4,265)
Total other financing sources (uses)	<u>342,065</u>	<u>386,862</u>	<u>44,797</u>
Revenues and Other Financing Sources			
Over/(Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (101,363)</u>	<u>\$ (101,363)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (101,363)</u>	
Reconciling items:			
Capital Outlay Expenditures		-	
OPEB Expense		(8,894)	
Depreciation Expense		(21,321)	
Total reconciling items		<u>(30,215)</u>	
Change in net position		<u>\$ (131,578)</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, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Payment from District - Investment Income	\$ -	\$ 906,925	\$ 906,925
Payment from District - Principal	-	360,000	360,000
Total Revenues	<u>-</u>	<u>1,266,925</u>	<u>1,266,925</u>
Expenditures			
Debt Service Payments:			
Principal	-	360,000	(360,000)
Interest	-	906,925	(906,925)
Total	<u>-</u>	<u>1,266,925</u>	<u>(1,266,925)</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, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
School Fees - Sewer	\$ 32,425	\$ 32,891	\$ 466
Commercial Sewer Fees	80,000	75,091	(4,909)
Water Fees	2,862,200	2,888,359	26,159
Connections Fees - Water	85,000	123,898	38,898
Other Fees	635,000	63,451	(571,549)
Total Revenues	<u>3,694,625</u>	<u>3,183,690</u>	<u>(510,935)</u>
Expenditures			
Sewer Operations			
Salaries & Benefits	35,520	35,173	347
Contracted Services	57,500	58,220	(720)
Other Operating Expenditures	19,405	11,866	7,539
Capital Outlay	-	-	-
Total	<u>112,425</u>	<u>105,259</u>	<u>7,166</u>
Water Operations			
Salaries & Benefits	670,631	623,091	47,540
Contracted Services	241,319	247,693	(6,374)
Water Purchases	950,000	950,000	-
Other Operating Expenditures	430,250	482,458	(52,208)
Capital Outlay	75,000	89,631	(14,631)
Debt Service Payments:			
Principal	300,000	295,000	5,000
Bond Issuance Cost	-	-	-
Interest	915,000	805,438	109,562
Total	<u>3,582,200</u>	<u>3,493,311</u>	<u>88,889</u>
Revenues over (under) expenditures	<u>-</u>	<u>(414,880)</u>	<u>(414,880)</u>
Other financing sources (uses):			
Transfer from general fund	-	-	-
Refunding bonds issued	-	-	-
Premium	-	-	-
Payment to bond holders	-	-	-
Fund Balance Appropriated	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (414,880)</u>	<u>\$ (414,880)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		\$ (414,880)	
Reconciling items:			
Refunding bonds issued		-	
Premium		-	
Payment to bond holders		-	
Depreciation		(719,705)	
Long Term Debt Repayments		295,000	
Capital Outlay		80,328	
OPEB Expense		(25,716)	
Amortized Bond Premium		49,206	
Investment Income (Exhibit E-6a, E-6b, E-6c)		<u>104</u>	
Change in net position		<u>\$ (735,663)</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, 2014

	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	-	168,212	-	168,212	(168,212)	-
Total Revenues	<u>9,406,127</u>	<u>9,676,239</u>	<u>-</u>	<u>9,676,239</u>	<u>(9,676,239)</u>	<u>(9,406,127)</u>
Expenditures						
Contracted Services	845,107	421,175	-	421,175	(421,175)	845,107
Construction	8,123,949	5,464,244	-	5,464,244	(5,464,244)	8,123,949
Interest During Construction	527,702	842,694	-	842,694	(842,694)	527,702
Contingency	33,492	350	-	350	(350)	33,492
Reserve for Arbitrage	2,627	8,700	-	8,700	(8,700)	2,627
Other	12,750	1,004	-	1,004	(1,004)	12,750
Total Expenditures	<u>9,545,627</u>	<u>6,738,167</u>	<u>-</u>	<u>6,738,167</u>	<u>(6,738,167)</u>	<u>9,545,627</u>
Revenues over (under) expenditures	<u>(139,500)</u>	<u>2,938,072</u>	<u>-</u>	<u>2,938,072</u>	<u>(2,938,072)</u>	<u>139,500</u>
Other financing sources (uses):						
Donations	53,000	53,000	-	53,000	(53,000)	(53,000)
Bond Principal	-	-	-	-	-	-
Transfer from (to):						
Rocky Point Water & Sewer	86,500	86,500	-	86,500	(86,500)	(86,500)
Total other financing sources (uses)	<u>139,500</u>	<u>139,500</u>	<u>-</u>	<u>139,500</u>	<u>(139,500)</u>	<u>(139,500)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,077,572</u>	<u>\$ -</u>	<u>\$ 3,077,572</u>	<u>\$ (3,077,572)</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, 2014

	Project Authorization	Actual			Completed Project	Variance Positive (Negative)
		Prior Years	Current Year	Total to Date		
Revenues						
USDA Rural Development - Loan	\$ 1,529,000	\$ 1,529,000	\$ -	\$ 1,529,000	\$ (1,529,000)	\$ (1,529,000)
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	-	79,030	13	79,043	(79,043)	-
Total Revenues	<u>2,653,000</u>	<u>1,785,080</u>	<u>13</u>	<u>1,785,093</u>	<u>(1,785,093)</u>	<u>(2,653,000)</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>(118,750)</u>	<u>(442,177)</u>	<u>13</u>	<u>(442,164)</u>	<u>442,164</u>	<u>118,750</u>
Other financing sources (uses):						
Bond Principal	-	-	-	-	-	-
Transfer from (to):						
Rocky Point Water & Sewer	118,750	90,850	-	90,850	(90,850)	(118,750)
Total Other Financing Sources (uses)	<u>118,750</u>	<u>90,850</u>	<u>-</u>	<u>90,850</u>	<u>(90,850)</u>	<u>(118,750)</u>
Revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ (351,327)</u>	<u>\$ 13</u>	<u>\$ (351,314)</u>	<u>\$ 351,314</u>	<u>\$ -</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, 2014

	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	549,249	91	549,340	(549,340)	(95,374)
Total Revenues	<u>10,720,374</u>	<u>11,189,193</u>	<u>91</u>	<u>11,189,284</u>	<u>(11,189,284)</u>	<u>(10,720,374)</u>
Expenditures						
Capital Outlay	9,101,391	8,336,582	-	8,336,582	(8,336,582)	9,101,391
Contracted Services	602,561	604,933	-	604,933	(604,933)	602,561
Bond Interest	-	202,510	-	202,510	(202,510)	-
Interest During Constuction	667,678	718,039	-	718,039	(718,039)	667,678
Reserve for Arbitage	252,870	94,895	-	94,895	(94,895)	252,870
Contingency	95,874	6,550	-	6,550	(6,550)	95,874
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	<u>\$ -</u>	<u>\$ 1,225,684</u>	<u>\$ 91</u>	<u>\$ 1,225,775</u>	<u>\$ (1,225,775)</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, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water Fees	\$ 928,773	\$ 686,356	\$ (242,417)
Connection Fees	-	-	-
Other Fees	10,428	-	(10,428)
Total Operating Revenues	<u>939,201</u>	<u>686,356</u>	<u>(252,845)</u>
Expenditures			
Salaries and Employee Benefits	323,722	340,848	(17,126)
Contract Services	45,000	51,290	(6,290)
Other Operating Expenditures	397,928	533,156	(135,228)
Capital Outlay	129,000	8,069	120,931
Debt Service:			
Principal	-	51,983	(51,983)
Interest	220,000	229,100	(9,100)
Total	<u>1,115,650</u>	<u>1,214,446</u>	<u>(98,796)</u>
Revenues over (under) expenditures	<u>(176,449)</u>	<u>(528,090)</u>	<u>(351,641)</u>
Other financing sources (uses):			
Operating Transfers From:			
Water Capacity Fees Fund	176,449	176,449	-
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>176,449</u>	<u>176,449</u>	<u>-</u>
Revenues over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ (351,641)</u>	<u>\$ (351,641)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (351,641)</u>	
Reconciling items:			
Long Term Debt Repayments		51,983	
OPEB Expense		(15,221)	
Capital Outlay		-	
Depreciation Expense		(14,591)	
Investment Income (Exhibit E-7a)		2,587	
Capital contributions (Exhibit E-7a)		343,080	
Total reconciling items		<u>367,838</u>	
Change in net position		<u>\$ 16,197</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, 2014

	Project Authorization	Actual			Total to Date	Completed Project	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project			
Revenues							
Investment Income	\$ 4,100	\$ 49,710	\$ 2,587	\$ -	\$ 52,297	\$ -	\$ 48,197
USDA RD Grant	7,594,000	7,250,920	343,080	-	7,594,000	-	-
Sales Tax Refund	215,009	-	-	-	-	-	(215,009)
Total Revenues	<u>7,813,109</u>	<u>7,300,630</u>	<u>345,667</u>	<u>-</u>	<u>7,646,297</u>	<u>-</u>	<u>(166,812)</u>
Expenditures							
Contracted Services	2,664,079	2,776,748	27,906	-	2,804,654	-	(140,575)
Capital Outlay	28,756,000	29,320,760	633,904	-	29,954,664	-	(1,198,664)
Water Treatment Plant	4,125,455	164,609	6,378	-	170,987	-	3,954,468
Reserve for Arbitrage	4,100	2,935	-	-	2,935	-	1,165
Interest During Construction	1,541,686	743,566	588,853	-	1,332,419	-	209,267
Total Expenditures	<u>37,091,320</u>	<u>33,008,618</u>	<u>1,257,041</u>	<u>-</u>	<u>34,265,659</u>	<u>-</u>	<u>2,825,661</u>
Revenues over (under) expenditures	<u>(29,278,211)</u>	<u>(25,707,988)</u>	<u>(911,374)</u>	<u>-</u>	<u>(26,619,362)</u>	<u>-</u>	<u>2,658,849</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)
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>-</u>	<u>-</u>	<u>23,632,624</u>	<u>-</u>	<u>(5,645,587)</u>
Revenues and other financing sources over (under) expenditures and other Financing Uses	<u>\$ -</u>	<u>\$ (2,075,364)</u>	<u>\$ (911,374)</u>	<u>\$ -</u>	<u>\$ (2,986,738)</u>	<u>\$ -</u>	<u>\$ (2,986,738)</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, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water Fees	\$ 138,000	\$ 120,844	\$ (17,156)
Sewer Fees	59,578	55,323	(4,255)
Connection Fees	-	-	-
Other Fees	2,000	2,982	982
Total Operating Revenues	<u>199,578</u>	<u>179,149</u>	<u>(20,429)</u>
Expenditures			
Water			
Salaries and Employee Benefits	48,181	48,715	(534)
Contract Services	13,000	12,345	655
Water Purchases	43,000	47,573	(4,573)
Other Operating Expenditures	13,819	13,516	303
Debt Service:			
Principal	7,000	10,000	(3,000)
Bond issuance cost	-	-	-
Interest	15,000	8,033	6,967
Total	<u>140,000</u>	<u>140,182</u>	<u>(182)</u>
Sewer			
Salaries and Employee Benefits	26,295	24,479	1,816
Contract Services	5,000	5,075	(75)
Other Operating Expenditures	28,283	23,566	4,717
Total	<u>59,578</u>	<u>53,120</u>	<u>6,458</u>
Revenues over (under) expenditures	<u>-</u>	<u>(14,153)</u>	<u>(14,153)</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>\$ (14,153)</u>	<u>\$ (14,153)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other financing sources over (under) expenditures and other uses		<u>\$ (14,153)</u>	
Reconciling items:			
Refunding bonds issued		-	
Premium		-	
Payment to bond holders		-	
Long Term Debt Repayments		10,000	
OPEB Expense		(3,164)	
Depreciation Expense		(140,283)	
Amortized Bond Premium		783	
Connection fees (Exhibit E-8a)		-	
Capital contributions (Exhibit E-8a)		-	
Total reconciling items		<u>(132,664)</u>	
Change in net position		<u>\$ (146,817)</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, 2014

	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, 2014

	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, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Del Lab Fees	\$ -	\$ -	\$ -
Other	-	-	-
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Sewer Operations	-	28	(28)
Total Expenditures	<u>-</u>	<u>28</u>	<u>(28)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(28)</u>	<u>(28)</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>\$ (28)</u>	<u>\$ (28)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over (under) expenditures and other uses		<u>\$ (28)</u>	
Reconciling items:			
Depreciation Expense		(6,283)	
Water and Wastewater Capacity Fees (Exhibit E-9a)		877,092	
Transfers out (Exhibit E-9a)		<u>(176,449)</u>	
Total reconciling items		<u>694,360</u>	
Change in net position		<u>\$ 694,332</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, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues			
Water Capacity Fees	\$ 241,449	\$ 826,172	\$ 584,723
Wastewater Capacity Fees	60,000	50,920	(9,080)
Interest	-	-	-
Total revenues	<u>301,449</u>	<u>877,092</u>	<u>575,643</u>
Expenditures			
Capital Outlay	-	-	-
Reserves	125,000	-	125,000
Total Expenditures	<u>125,000</u>	<u>-</u>	<u>125,000</u>
Revenues over (under) expenditures	<u>\$ 176,449</u>	<u>\$ 877,092</u>	<u>\$ 700,643</u>
Other financing sources:			
Transfer from (to)			
Water Treatment Plant	(176,449)	(176,449)	-
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>(176,449)</u>	<u>(176,449)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 700,643</u>	<u>\$ 700,643</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, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Nonoperating revenues			
Investment earnings	\$ -	\$ 32	\$ 32
Other Revenue	72,411	79,202	6,791
Fraud recovery	5,000	18,170	13,170
Total Revenues	<u>77,411</u>	<u>97,404</u>	<u>19,993</u>
Expenditures			
Salaries and Benefits	115,871	116,747	(876)
Housing Assistance Payments	1,133,052	1,079,731	53,321
Other Operating Expenditures	22,200	16,290	5,910
Capital Outlay	-	-	-
Total Expenditures	<u>1,271,123</u>	<u>1,212,768</u>	<u>58,355</u>
Revenues over (under) expenditures	<u>(1,193,712)</u>	<u>(1,115,364)</u>	<u>78,348</u>
Other financing sources (uses):			
Operating Subsidy - HUD	1,142,724	1,119,455	(23,269)
Fund Balance Appropriated	50,988	-	(50,988)
	<u>1,193,712</u>	<u>1,119,455</u>	<u>(74,257)</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 4,091</u>	<u>\$ 4,091</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ 4,091</u>	
Reconciling items:			
OPEB Expense		(5,520)	
Depreciation Expense		(4,061)	
Capital Outlay		<u>-</u>	
Change in net position		<u>\$ (5,490)</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, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues:			
Dwelling Rental	\$ 53,376	\$ 59,999	\$ 6,623
Miscellaneous	100	3,231	3,131
Total Operating Revenues	<u>53,476</u>	<u>63,230</u>	<u>9,754</u>
Nonoperating Revenues:			
Interest Income	100	37	(63)
Total Nonoperating Revenues	<u>100</u>	<u>37</u>	<u>(63)</u>
Expenditures			
Administration and Tenant Services	27,942	26,598	1,344
Contracted Services	17,798	17,898	(100)
FMHA Debt Service Payments	7,836	7,836	-
Total Expenditures	<u>53,576</u>	<u>52,332</u>	<u>1,244</u>
Revenues over (under) expenditures	<u>-</u>	<u>10,935</u>	<u>10,935</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>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 10,935</u>	<u>\$ 10,935</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ 10,935</u>	
Reconciling items:			
Mortgage Principal Payment		6,580	
Depreciation Expense		(7,710)	
Total reconciling items		<u>(1,130)</u>	
Change in net position		<u>\$ 9,805</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, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water Fees	\$ 232,814	\$ 235,495	\$ 2,681
Connection Fees	-	1,850	1,850
Other Fees	2,000	3,979	1,979
Total Operating Revenues	<u>234,814</u>	<u>241,324</u>	<u>6,510</u>
Expenditures			
Salaries and Employee Benefits	23,426	20,177	3,249
Contract Services	1,319	-	1,319
Water Purchases	40,000	40,000	-
Other Operating Expenditures	11,481	14,007	(2,526)
Capital Outlay	-	-	-
Debt Service:			
Principal	55,000	55,000	-
Bond Issuance Cost	-	-	-
Interest	103,588	104,747	(1,159)
Total Expenditures	<u>234,814</u>	<u>233,931</u>	<u>883</u>
Revenues over (under) expenditures	<u>-</u>	<u>7,393</u>	<u>7,393</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ 7,393</u>	<u>\$ 7,393</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ 7,393</u>	
Reconciling items:			
Long Term Debt Repayments		55,000	
OPEB Expense		(923)	
Depreciation Expense		(82,027)	
Amortized Bond Premium		6,539	
Connection fees (Exhibit E-12a)		-	
Investment Income (Exhibit E-12a)		1,655	
Total reconciling items		<u>(19,756)</u>	
Change in net position		<u>\$ (12,363)</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, 2014

	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	-	6,519	1,655	8,174	(8,174)	-
Total Revenues	<u>84,000</u>	<u>112,079</u>	<u>1,655</u>	<u>113,734</u>	<u>(113,734)</u>	<u>(84,000)</u>
Expenditures						
Administrative and Legal Fees	15,000	1,268	-	1,268	(1,268)	15,000
Capital Outlay	2,355,000	1,859,522	-	1,859,522	(1,859,522)	2,355,000
Contracted Services	272,000	257,298	-	257,298	(257,298)	272,000
Interest During Constuction	131,000	14,085	-	14,085	(14,085)	131,000
Contingency	227,000	128,987	23,931	152,918	(152,918)	227,000
Total Expenditures	<u>3,000,000</u>	<u>2,261,160</u>	<u>23,931</u>	<u>2,285,091</u>	<u>(2,285,091)</u>	<u>3,000,000</u>
Revenues over (under) expenditures	<u>(2,916,000)</u>	<u>(2,149,081)</u>	<u>(22,276)</u>	<u>(2,171,357)</u>	<u>2,171,357</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>\$ 561,919</u>	<u>\$ (22,276)</u>	<u>\$ 539,643</u>	<u>\$ (539,643)</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, 2014

	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		(157,511)	
Investment Income (Exhibit E-13a)		-	
Capital contributions (Exhibit E-13a)		-	
Transfers (Exhibit E-13a)		-	
Total reconciling items		<u>(157,511)</u>	
Change in net position		<u>\$ (157,511)</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, 2014

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Contracted Services	192,510	49,000	30,306	79,306	113,204
Burgaw Sewer Project	2,005,440	2,005,440	-	2,005,440	-
Wastewater Treatment Plant	1,001,073	393,965	1,549,298	1,943,263	(942,190)
Capital Outlay	-	331,587	-	331,587	(331,587)
Total Expenditures	<u>3,199,023</u>	<u>2,779,992</u>	<u>1,579,604</u>	<u>4,359,596</u>	<u>(1,160,573)</u>
Revenues over (under) expenditures	<u>(3,199,023)</u>	<u>(2,779,992)</u>	<u>(1,579,604)</u>	<u>(4,359,596)</u>	<u>1,160,573</u>
Other financing sources (uses):					
Transfer to Cap Imp Fund	(905,440)	(126,900)	-	(126,900)	778,540
Loan from General Fund	4,104,463	2,893,239	-	2,893,239	(1,211,224)
Total other financing sources	<u>3,199,023</u>	<u>2,766,339</u>	<u>-</u>	<u>2,766,339</u>	<u>(432,684)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (13,653)</u>	<u>\$ (1,579,604)</u>	<u>\$ (1,593,257)</u>	<u>\$ (1,593,257)</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, 2014

	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-14a)		-	
Capital contributions (Exhibit E-14a)		-	
Transfers (Exhibit E-14a)		<u>-</u>	
Total reconciling items		<u>-</u>	
Change in net position		<u>\$ -</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, 2014

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Construction	-	-	1,242,226	1,242,226	(1,242,226)
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,242,226</u>	<u>1,242,226</u>	<u>(1,242,226)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(1,242,226)</u>	<u>(1,242,226)</u>	<u>1,242,226</u>
Other financing sources (uses):					
Transfer to Cap Imp Fund	-	-	-	-	-
Loan from General Fund	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,242,226)</u>	<u>\$ (1,242,226)</u>	<u>\$ (1,242,226)</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, 2014

	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)		31,554	
Total reconciling items		<u>31,554</u>	
Change in net position		<u>\$ 26,816</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, 2014

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Fees	-	-	31,554	31,554	31,554
Total Revenues	-	-	31,554	31,554	31,554
Expenditures					
Construction	-	-	106,732	106,732	(106,732)
Total Expenditures	-	-	106,732	106,732	(106,732)
Revenues over (under) expenditures	-	-	(75,178)	(75,178)	(75,178)
Other financing sources (uses):					
Transfer to Cap Imp Fund	-	-	-	-	-
Loan from General Fund	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$ (75,178)	\$ (75,178)	\$ (75,178)

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, 2014

	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)		24,150	
Total reconciling items		<u>24,150</u>	
Change in net position		<u>\$ 24,150</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, 2014

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Fees	-	-	24,150	24,150	24,150
Total Revenues	-	-	24,150	24,150	24,150
Expenditures					
Construction	-	-	105,826	105,826	(105,826)
Total Expenditures	-	-	105,826	105,826	(105,826)
Revenues over (under) expenditures	-	-	(81,676)	(81,676)	(81,676)
Other financing sources (uses):					
Transfer to Cap Imp Fund	-	-	-	-	-
Loan from General Fund	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$ (81,676)	\$ (81,676)	\$ (81,676)

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, 2014

	Financial Plan	Actual	Variance Favorable (Unfavorable)
Revenues			
Operating Revenues			
Premiums Received	\$ 3,248,000	\$ 3,380,723	\$ 132,723
Total Operating Revenues	<u>3,248,000</u>	<u>3,380,723</u>	<u>132,723</u>
Nonoperating Revenues			
Interest on Investments	-	-	-
Total Nonoperating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 3,248,000</u>	<u>\$ 3,380,723</u>	<u>\$ 132,723</u>
Expenditures			
Claims	\$ 3,623,000	\$ 4,331,159	\$ (708,159)
Total Expenditures	<u>\$ 3,623,000</u>	<u>\$ 4,331,159</u>	<u>\$ (708,159)</u>
Revenues over (under) expenditures	<u>\$ (375,000)</u>	<u>\$ (950,436)</u>	<u>\$ (575,436)</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>\$ (575,436)</u>	<u>\$ (575,436)</u>
Reconciliation from Financial Plan basis (modified accrual) to full accrual:			
Revenues and Other Sources Over (Under) Expenditures and Other Uses		\$ (575,436)	
Reconciling items:			
Capital Outlay		-	
Total Reconciling Items		<u>-</u>	
Change in net position		<u>\$ (575,436)</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, 2014**

	Agency							Totals
	Tax Clearing Fund	Four H Fund	Extension Education	Sea Oats Travel	Pesticide Recycling Grant	Tourism Development Authority	DMV 3% Collections	June 30, 2014
Assets								
Cash and cash equivalents	\$ -	\$ 1,354	\$ 16,391	\$ 313	\$ 1,558	\$ 18,767	\$ -	\$ 38,383
Accounts receivable	<u>271,064</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,064</u>
Total assets	<u><u>271,064</u></u>	<u><u>1,354</u></u>	<u><u>16,391</u></u>	<u><u>313</u></u>	<u><u>1,558</u></u>	<u><u>18,767</u></u>	<u><u>-</u></u>	<u><u>309,447</u></u>
Liabilities and Fund Balances								
Liabilities:								
Miscellaneous liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental payable	<u>271,064</u>	<u>1,354</u>	<u>16,391</u>	<u>313</u>	<u>1,558</u>	<u>18,767</u>	<u>-</u>	<u>309,447</u>
Total liabilities	<u><u>271,064</u></u>	<u><u>1,354</u></u>	<u><u>16,391</u></u>	<u><u>313</u></u>	<u><u>1,558</u></u>	<u><u>18,767</u></u>	<u><u>-</u></u>	<u><u>309,447</u></u>

Pender County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Tax Clearing Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 2,529,159	\$ 2,529,159	\$ -
Accounts receivable	-	271,064	-	271,064
Liabilities:				
Intergovernmental payable	\$ -	\$ 2,529,159	\$ 2,800,223	\$ 271,064
Four H Fund:				
Assets:				
Cash and cash equivalents	\$ 1,354	\$ -	\$ -	\$ 1,354
Liabilities:				
Intergovernmental payable	\$ 1,354	\$ -	\$ -	\$ 1,354
Extension Education:				
Assets:				
Cash and cash equivalents	\$ 13,768	\$ 3,158	\$ 535	\$ 16,391
Liabilities:				
Intergovernmental payable	\$ 13,768	\$ 535	\$ 3,158	\$ 16,391
Sea Oats Travel:				
Assets:				
Cash and cash equivalents	\$ 313	\$ -	\$ -	\$ 313
Liabilities:				
Intergovernmental payable	\$ 313	\$ -	\$ -	\$ 313
Pesticide Recycling Grant:				
Assets:				
Cash and cash equivalents	\$ 1,558	\$ -	\$ -	\$ 1,558
Liabilities:				
Intergovernmental payable	\$ 1,558	\$ -	\$ -	\$ 1,558
Tourism Development Authority:				
Assets:				
Cash and cash equivalents	\$ 32,978	\$ -	\$ 14,211	\$ 18,767
Liabilities:				
Intergovernmental payable	\$ 32,978	\$ 14,211	\$ -	\$ 18,767
DMV 3% Collections				
Assets:				
Cash and cash equivalents	\$ 2,950	\$ -	\$ 2,950	\$ -
Liabilities:				
Intergovernmental payable	\$ 2,950	\$ 2,950	\$ -	\$ -
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 52,921	\$ 2,532,317	\$ 2,546,855	\$ 38,383
Accounts receivable	-	271,064	-	271,064
Liabilities:				
Intergovernmental payable	\$ 52,921	\$ 2,546,855	\$ 2,803,381	\$ 309,447

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, 2014

Exhibit G-1

Year	Uncollected Balance June 30, 2013	Additions	Collections And Credits	Uncollected Balance June 30, 2014
2013-14	\$ -	\$ 33,353,790	\$ 32,491,366	\$ 862,424
2012-13	1,142,763	-	791,203	351,560
2011-12	579,442	-	353,742	225,700
2010-11	309,128	-	77,835	231,293
2009-10	155,719	-	29,154	126,565
2008-09	125,647	-	21,965	103,682
2007-08	110,458	-	9,612	100,846
2006-07	155,899	-	3,947	151,952
2005-06	68,392	-	3,254	65,138
2004-05	73,144	-	2,888	70,256
2003-04	56,443	-	56,443	-
Totals	<u>\$ 2,777,035</u>	<u>\$ 33,353,790</u>	<u>\$ 33,841,409</u>	<u>\$ 2,289,416</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>970,480</u>
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 1,318,936</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 33,772,956
Reconciling items:				
Penalties and Interest				(357,277)
Discounts, Releases, Refunds				<u>425,730</u>
Total Collections and Credits				<u>\$ 33,841,409</u>

Pender County, North Carolina
Analysis of Current Tax Levy
County - Wide Levy
For the Fiscal Year Ended June 30, 2014

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	\$ 6,525,281,641	0.512	\$ 33,421,373	\$ 30,475,160	\$ 2,946,213
Penalties	-		-	-	-
Total	<u>\$ 6,525,281,641</u>		<u>\$ 33,421,373</u>	<u>\$ 30,475,160</u>	<u>\$ 2,946,213</u>
Discoveries:					
Current year taxes	\$ 11,714,454	0.512	\$ 59,978	\$ 46,113	\$ 13,865
Penalties	-		-	-	-
Total	<u>\$ 11,714,454</u>		<u>\$ 59,978</u>	<u>\$ 46,113</u>	<u>\$ 13,865</u>
Abatements					
Current year taxes	\$ (24,914,258)		\$ (127,561)	\$ (101,237)	\$ (26,324)
Penalties	-		-	-	-
Total	<u>\$ (24,914,258)</u>		<u>\$ (127,561)</u>	<u>\$ (101,237)</u>	<u>\$ (26,324)</u>
Total For Year	<u>\$ 6,512,081,837</u>		<u>\$ 33,353,790</u>	<u>\$ 30,420,036</u>	<u>\$ 2,933,754</u>
Net levy			33,353,790	30,420,036	2,933,754
Less Uncollected taxes at June 30, 2014			<u>862,424</u>	<u>707,181</u>	<u>155,243</u>
Current year's taxes collected			<u>\$ 32,491,366</u>	<u>\$ 29,712,855</u>	<u>\$ 2,778,511</u>
Current levy collection percentage			<u>97.41%</u>	<u>97.68%</u>	<u>94.71%</u>

**Pender County, North Carolina
 Analysis of Current Tax Levy
 County - wide Levy
 For the Fiscal Year Ended June 30, 2014**

Secondary Market Disclosures:

Assessed Valuation		
Assessment Ratio		100 %
Real Property	\$	5,657,299,613
Personal Property		178,223,758
Public Service Companies		<u>109,604,634</u>
Total Assessed Valuation	\$	<u>5,945,128,005</u>
Tax Rate per \$100		<u>0.512</u>
Levy (includes discoveries, releases and abatements)	\$	<u><u>30,439,055</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>8,213,752</u>
Total	\$	<u><u>8,213,752</u></u>

**Pender County, North Carolina
Ten Largest Taxpayers
June 30, 2014**

<u>Taxpayers</u>	<u>Type of Business</u>	2013 Assessed <u>Valuation</u>	% of Total <u>Valuation</u>
Red Mountain Timber Co I, LLC	Timber Production	\$ 51,107,088	0.86%
Progress Energy Carolinas (Duke Energy)	Utilites	40,102,750	0.67%
Four County EMC	Utilites	33,295,819	0.56%
LL Building Products	Communications	17,534,923	0.29%
Weingarten Investments	Timber Production	11,637,418	0.20%
Bellsouth Telephone	Utilites	11,500,800	0.19%
Jones Onslow EMC	Retail	10,992,530	0.18%
TC & I Timber Co, LLC	Real Estate Holdings	10,937,444	0.18%
Lowes Home Centers	Retail	10,261,512	0.17%
First Troy SPE, LLC	Real Estate Holdings	<u>9,677,696</u>	<u>0.16%</u>
Totals		<u>\$ 207,047,980</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, 2014, and the related notes to the financial statements, which collectively comprises Pender County's basic financial statements, and have issued our report thereon dated February 5, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses [14-01, 14-02, 14-03].

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. All findings were noted as material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Pender'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
February 5, 2015



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

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**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

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 the 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, 2014. 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, 2014.

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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. 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
February 5, 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, 2014. 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, 2014.

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
February 5, 2015

PENDER COUNTY, NORTH CAROLINA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2014

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 no
- Significant Deficiency(s) identified that are not considered to be material weaknesses yes none reported
- Noncompliance material to financial statements noted yes no

Federal Awards

Internal control over major federal programs

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

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
93.778	Title XIX Medicaid
10.557	Special Supplemental Nutrition Program for Women, Infants and Children

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 \$ 1,511,304

Auditee qualified as low-risk auditee? yes no

PENDER COUNTY, NORTH CAROLINA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2014

State Awards

Internal control over major State programs

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

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act ___yes X no

Identification of major State programs:

Program Name

SC/SA Domiciliary Care
 Public School Building Capital Fund

Section II. Financial Statement Findings

Finding 14-01 Reconciliation of Records

MATERIAL WEAKNESS

Criteria: Finance Office should prepare timely reconciliations of records.

Condition: In reviewing bank reconciliations and other subsidiary ledger reconciliations, it was noted that reconciliations were not prepared timely. As a result of the findings in the previous audit, the County hired interim finance directors to assist in reconciling the records, but they were not hired until after the close of the current year being audited.

Effect: This indicates that management may have not had accurate information to base decisions on in conducting business for the County. Additionally, amounts were recorded to incorrect funds because the funds were not 'set up' in the accounting records.

Cause: The previous finance officer did not perform his duties. His assumption was that it was being prepared by other staff members and he did not follow up. Upon the results of the previous audit, the finance officer was replaced.

Recommendation: The finance office should make sure that timely reconciliations are being prepared for all finance functions so that management has accurate information to rely on in making decisions for the County. Funds should be set up in the ledger when resolutions are passed, even if there is no activity associated with the fund at that particular time. The Board should be requesting periodic information to ensure that these procedures are being done.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Efforts will be made to properly train employees and make sure that qualified staff is in position to ensure that accurate financial information is presented.

PENDER COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Finding 14-02 Budgetary Violations

MATERIAL WEAKNESS

Criteria: Finance Office should review financial information and propose and record proper budget amendments.

Condition: In reviewing budget to actual reports, it was noted that deficits existed in several areas. This was a result of the records not being reconciled timely, so there was no way to know what amendments were needed without having reconciled figures to review. Several expenditures were charged to 'contingency' accounts and capital reserve funds, and once they were reclassified, deficits were created in budget comparisons.

Effect: This indicates that management may have not had accurate information to base decisions on in conducting business for the County.

Cause: The finance officer did not reconcile and review the records, which would have indicated that there were budget amendments that were not posted, or that there were additional budget amendments needed

Recommendation: The finance office should make sure that timely reconciliations are being prepared for all finance functions so that management has accurate information to rely on in making decisions for the County. In addition, each department should be reviewing their financial information each month to make sure that the information on the ledger agrees with the activity conducted by their respective departments

Views of responsible officials and planned corrective actions: The County agrees with this finding. Efforts will be made to ensure timely reconciliations in the future.

Finding 14-03 Prior Period Adjustments

MATERIAL WEAKNESS

Criteria: SAS 115 requires communication of certain matters related to internal control over financial reporting.

Condition: The Board recorded prior period adjustments to adjust fixed asset balances (for items that were added in previous years after the audit was complete, to remove items that should not have been included on the fixed asset schedule, to adjust depreciation on an asset that was recorded with an unreasonable useful life, and to remove amounts included as CIP that should have been expensed).

Effect: This is an indicator of a control deficiency.

Cause: The fixed asset records were not properly monitored in the past few years, so adjustments had to be made to reconcile the audited balances to the fixed asset system maintained by the County.

Recommendation: The Board should implement internal control procedures that will monitor accounts to ensure that fixed assets are properly added and disposed of, and that depreciation is recorded using reasonable useful lives.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Responsible officials will review the financial statements and the notes for accuracy before finalizing the report.

Section III. Federal Award Findings and Questioned Costs

None Reported.

Section IV. State Award Findings and Questioned Costs

None Reported.

PENDER COUNTY, NORTH CAROLINA
Corrective Action Plan
For the Year Ended June 30, 2014

Section II - Financial Statement Findings

Finding 14-01 Reconciliation of Records

Name of contact person: Sylvia Blinson, Interim Finance Officer

Corrective Action: Responsible officials will oversee the financial reporting process and ensure that adequate training is provided to personnel in order to prepare timely financial reports for management use.

Proposed Completion Date: Immediately

Finding 14-02 Budgetary Violations

Name of contact person: Sylvia Blinson, Interim Finance Officer

Corrective Action: Responsible officials will oversee the financial reporting process and ensure that adequate training is provided to personnel in order to prepare timely financial reports for management use.

Proposed Completion Date: Immediately

Finding 14-03 Prior Period Adjustments

Name of contact person: Sylvia Blinson, Interim Finance Officer

Corrective Action: Responsible officials will review the financial statements and the notes for accuracy before finalizing the report.

Proposed Completion Date: Immediately

Section III - Federal Award Findings and Question Costs

None Reported

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, 2014

Finding: 13-01 Reconciliation of Records

Status: The finding is repeated as 14-01

Finding: 13-02 Budget Violations

Status: The finding is repeated as 14-02.

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2014

Grantor/Pass-through	Federal	State/ Pass-through	Fed (Direct & Pass-through	State	Local
Grantor/Program Title	CFDA	Grantor's	Expenditures	Expenditures	Expenditures
	Number	Number			
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 Supplemental Nutrition Assistance Program	10.561		\$ 449,933	\$ -	\$ 449,933
Fraud	10.561		30,328	-	30,328
Supplemental Nutrition Assist Program Cluster			<u>\$ 480,261</u>	<u>\$ -</u>	<u>\$ 480,261</u>
Passed-through N.C. Dept of Health and Human Services:					
Division of Public Health					
Special Supplemental Nutrition Program for Women, Infants and Children					
	10.557		\$ 246,911	\$ -	\$ -
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants and Children					
	10.557		690,860	-	-
Rural Utilities Service					
Water and Waste Disposal Systems for Rural Communities	10.760		\$ 343,080	\$ -	\$ -
Total			<u>\$ 343,080</u>	<u>\$ -</u>	<u>\$ -</u>
Total U.S. Dept. of Agriculture			<u>\$ 1,761,112</u>	<u>\$ -</u>	<u>\$ 480,261</u>
U.S. Department of Homeland Security					
Passed-through N.C. Department of Public Safety					
Division of Emergency Management					
EMG Performance Grant	97.042		\$ 35,317	\$ -	\$ -
Total U.S. Department of Homeland Security			<u>\$ 35,317</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		10,783	-	-
Maternal and Child Health Services Block Grant	93.994		72,577	56,363	-
Immunization	93.268		12,750	-	-
Comprehensive Breast and Cervical Cancer Early	93.919		5,610	5,100	-
Social Service Block Grant	93.667		-	500	-
Public Health Emergency Preparedness	93.069		36,466	-	-
Family Planning Services	93.217		33,093	-	-
CDC - Tuberculosis	93.116		30,420	-	-

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2014

Grantor/Pass-through	Federal	State/ Pass-through	Fed (Direct & Pass-through	State	Local
Grantor/Program Title	CFDA	Grantor's	Expenditures	Expenditures	Expenditures
	Number	Number			
Passed-through N.C. Dept of Health and Human Services:					
Administration on Aging:					
Passed-through Cape Fear Council of Governments					
Special Programs for the Aging Title IIIB					
Access	93.044		\$ 82,914	\$ 4,919	\$ -
In Home Support Services	93.667		202,604	5,835	-
Title IIIC Nutrition	93.045		138,259	8,198	-
NISP Congregate USDA	93.053		18,802	-	-
Family Caregiver Services	93.052		-	23,872	-
Total Aging Cluster			\$ 442,579	\$ 42,824	\$ -
Division of Social Services:					
Administration:					
Adult Care Home Case Management	93.778		\$ 6,919	\$ 3,459	\$ 3,459
Special Children Adoption	93.558		-	-	-
Low Income Energy Asst.	93.568		39,270	-	-
Social Services Block Grant	93.667		120,109	12,508	44,205
Family Preservation	93.556		11,265	-	-
Adoption/Foster Care	N/A		62,104	25,872	312,817
Refugee Assistance Admin	93.566		79	-	-
State County Special Assistance	93.778		18,187	-	18,187
IV-D Administration	93.563		229,437	-	118,195
IV-D Offset Fees	93.563		1,392	-	717
Temporary Assistance for Needy Families - Adm	93.558		53,716	-	90,545
Temporary Assistance for Needy Families- Services	93.558		358,746	-	533,303
AFDC Payment & Penalties	93.560		(199)	(54)	(54)
					-
Direct Benefit Payments					
Temporary Assistance Needy Families	93.558		307,264	-	-
Low Income Energy Assistance	93.568		229,100	-	-
Crisis Intervention					
Low Income Energy Assistance	93.568		127,618	-	-
Administration for Children and Families					
Foster Care and Adoption Cluster					
Title IV-E Foster Care - Administration	93.658		24,534	12,231	12,303
IV-E Foster Care	93.658		58,709	12,070	21,131
IV-E Foster Care Max	93.658		208	-	108
IV-E CPS	93.658		122,888	22,514	100,374
IV-E Adoption Subsidy & Vendor	93.659		190,365	49,972	50,016
Total Foster Care and Adoption			396,704	96,787	183,932
Permanency Planning	93.645		36,550	-	12,183
Independent Living Initiative	93.674		18,992	4,076	-
Total Division of Social Services			\$ 2,017,253	\$ 142,648	\$ 1,317,489

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2014

Grantor/Pass-through	Federal	State/ Pass-through	Fed (Direct & Pass-through	State	Local
Grantor/Program Title	CFDA	Grantor's	Expenditures	Expenditures	Expenditures
	Number	Number			
Subsidized Child Care					
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		513,848	-	-
Child Care and Development Fund - Mandatory	93.596		358,622	-	-
Child Care and Development Fund - Match	93.596		122,822	31,019	-
Total Child Care Fund Cluster			<u>1,075,292</u>	<u>31,019</u>	<u>-</u>
Social Services Block Grant	93.667		-	-	-
Temporary Assistance for Needy Families	93.558		282,088	-	-
ARRA - Emergency Contingency Fund for Social Services Block Grant	93.667		-	-	-
Foster Care Title IV-E	93.658		14,669	7,662	-
Smart Start			-	4,295	-
State Appropriations			-	71,542	-
TANF - MOE			-	214,863	-
Total Subsidized Child Care Cluster			<u>\$ 1,372,049</u>	<u>\$ 329,381</u>	<u>\$ -</u>
Division of Medical Assistance					
Administration					
Medical Assistance Program	93.778		\$ 712,428	\$ 6,599	\$ 542,467
Medical Transportation	93.778		42,618		42,618
NC Health Choice	93.767		98,874	2,348	28,825
Direct Benefit Payments					
Title XIX - Medicaid	93.778		41,392,753	22,837,578	(5,000)
Health Choice Claims	93.767		940,687	296,782	-
Transportation Services					
Medical Assistance Program	93.778		53,341	27,833	-
Division of Medical Assistance					
In-Home Services	93.667		9,532	-	1,362
Adult Day Care	93.667		4,423	2,146	938
Total U.S. Dept. of Health and Human Services			<u>\$ 47,291,936</u>	<u>\$ 23,750,102</u>	<u>\$ 1,928,699</u>
U.S. Dept. of Housing and Urban Development					
Direct Program					
Lower Income Housing Assistance Program - Section 8 Housing Voucher Program	14.871		\$ 1,119,455	\$ -	\$ -
Passed-through N.C. Dept. of Economic and Community Development:					
Community Development Block Grant	14.228	11-C-2279	\$ 168,975	\$ -	\$ -
Total U.S. Dept. of Housing and Urban Development			<u>\$ 1,288,430</u>	<u>\$ -</u>	<u>\$ -</u>
Total Federal Programs			<u>\$ 50,376,795</u>	<u>\$ 23,750,102</u>	<u>\$ 2,408,960</u>

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2014

Grantor/Pass-through	Federal	State/ Pass-through	Fed (Direct & Pass-through	State	Local
Grantor/Program Title	CFDA	Grantor's	Expenditures	Expenditures	Expenditures
	Number	Number			
State Awards:					
N.C. Dept. of Health and Human Services					
Division of Public Health					
General Health			\$ -	\$ 77,085	\$ -
Environmental Health			-	4,000	-
NC Certified Well Contractor Training			-	2,500	-
Maternal Health			-	1,472	-
Mosquito Public Health Pesticide			-	6,339	-
Food & Lodging Fees			-	6,355	-
WHSF			-	9,933	-
School Nurse Funding Initiative			-	133,706	-
Communicable Diseases			-	9,999	-
Risk Reduction/Health Promotion			-	6,286	-
Tuberculosis			-	5,459	-
Division of Social Services:					
CP&L Energy Assistance			-	4,446	-
SC/SA Domiciliary Care			-	343,942	343,942
Non Allocating County Cost			-	-	455,927
County Fund Programs			-	-	896,151
IV-D Adoption			-	-	135
CWS - Adoption			-	143,966	11,382
AFDC Incentive Program Integrity			-	28	-
Work First Non Reimbursable			-	-	417,737
Foster Home			-	83,127	83,127
SFHF Maximization			-	88,880	90,679
Cape Fear Council of Governments					
Division of Aging					
Senior Center General Purpose			-	23,359	-
Fans			-	1,312	-
Total N.C. Dept. of Health and Human Services			\$ -	\$ 952,194	\$ 2,299,080
N.C. Dept. of Transportation					
Elderly and Handicapped Transportation Assistance		36228.22.5.1	\$ -	\$ 85,782	\$ -
ROAP EDTAP		36220.10.4.1	-	67,079	-
Work First Transportation Non-Recipient		36236.11.3.1	-	14,905	-
Total of N.C. Dept. of Transportation			\$ -	\$ 167,766	\$ -
N.C. Dept of Administration					
Veterans Services			\$ -	\$ 1,452	\$ -
Total of N.C. Dept of Administration			\$ -	\$ 1,452	\$ -

**Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2014**

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. Dept. of Environment and Natural Resources					
Division of Waste Management					
Scrap Tire Fund SWMGT			\$ -	\$ 7,283	\$ -
Scrap Tire Program			-	66,474	-
Total of N.C. Dept. of Environment and Natural Resources			\$ -	\$ 73,757	\$ -
N.C. Dept. of Cultural Resources					
State Aid to Libraries					
Total of N.C. Dept. of Cultural Resources			\$ -	\$ 99,420	\$ -
N.C. Department of Public Safety					
Teen Court					
Counseling Service			\$ -	\$ 19,884	\$ -
JCPC POSTIVE ACTION			-	54,871	-
Restitution			-	4,625	-
Total of N.C. Dept. of Public Safety			\$ -	\$ 106,061	\$ -
N.C. Department of Public Instruction					
Public School Building Capital Fund					
			\$ -	\$ 2,709,249	\$ -
Total State Awards					
			\$ -	\$ 4,109,899	\$ 2,299,080
Total Federal and State Awards					
			\$ 50,376,795	\$ 27,860,001	\$ 4,708,040

Notes to the Schedule of Expenditures of Federal and State Awards

1 Basis of Presentation

The schedule of expenditures of federal and State awards includes the federal and State grant activity of Pender County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, (Audits of States, Local Governments, and Non-Profit Organizations) and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

2 Loans Outstanding

Pender County had the following balances outstanding at June 30, 2014. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Water and Waste Water Disposal Systems for Rural Communities	10.760	\$ 22,455,000

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>Federal Expenditures</u>	<u>State Expenditures</u>
School Nurse Funding Initiative	-	133,706

4 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