

**PENDER COUNTY
NORTH CAROLINA**

FINANCIAL AND COMPLIANCE REPORTS

FOR THE YEAR ENDED JUNE 30, 2023

Pender County, North Carolina

**List of Principal Officials
June 30, 2023**

Board of County Commissioners

Jaqueline A. (Jackie) Newton – Chairman

Wendy Fletcher-Hardee – Vice Chairman

Jerry Groves
Brad George
Archibald “Fred” McCoy

County Manager

David Andrews

Finance Officer

Margaret Blue

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

To the Honorable Chairman and
Members of the Board of County Commissioners
Pender County, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pender County, North Carolina (the County) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pender County, North Carolina, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Public School Special Revenue Fund, the Rescue District Fund, and the Opioid Settlement Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Pender County Alcoholic Beverage Control ("ABC") Board, which represents 97.32%, 92.56%, and 99.47%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. 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 ABC Board, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements, budgetary schedules, and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Financial Data Schedule is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual financial statements, budgetary schedules, other schedules, Financial Data Schedule, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2024, on our consideration of the County's 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 of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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Management's Discussion and Analysis

As management of Pender County, we offer readers of Pender County, North Carolina's financial statements this narrative overview and analysis of the financial activities of Pender County for the fiscal year ended June 30, 2023. 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

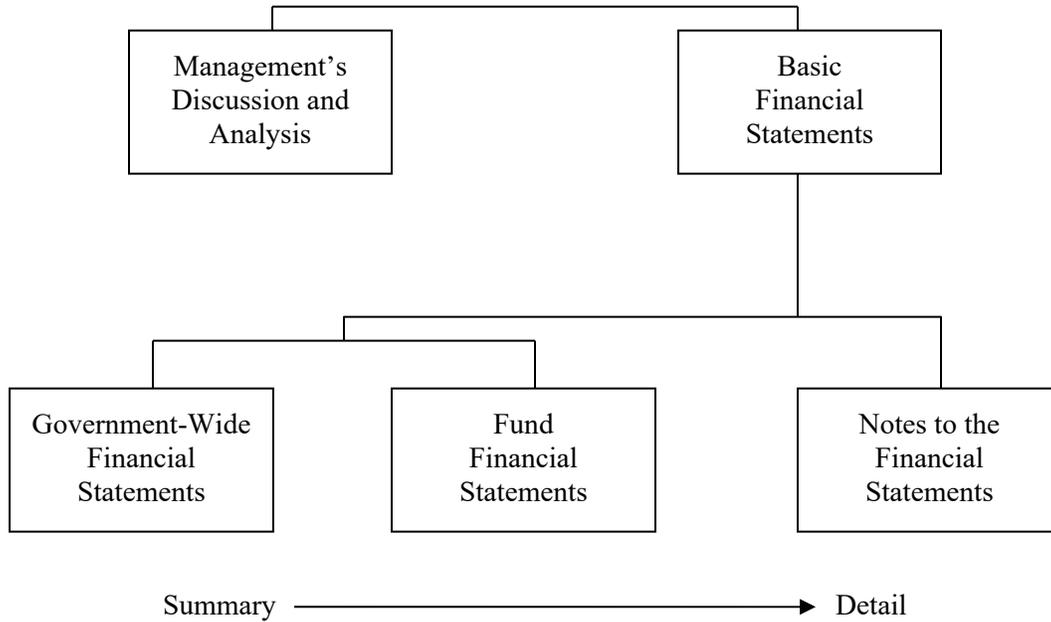
- The assets and deferred outflows of resources of Pender County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$86,887,381 (net position).
- The government's total net position produced an increase of \$22,647,605 during the fiscal year. This included an increase of \$22,569,505 from governmental sources, and business-type funds produced an increase of \$78,100.
- As of the close of the current fiscal year, Pender County's governmental funds reported combined ending fund balances of \$90,075,327, an increase of \$14,126,141 in comparison with the prior year. Approximately 70.1% of this total amount, or \$63,186,193, 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 \$63,186,193, or 75.7%, of total General Fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is 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 A and B) in the basic financial statements are the **government-wide financial statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits C through K) are **fund financial statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is the **required supplemental information**. This section contains funding information about the County's pension plans. After the required supplemental information, **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.

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 (deficit) 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.

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. In addition, the Tourism Development Authority Board's governing board is appointed by the County.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) 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 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 North Carolina 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 fund. *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 two fiduciary funds, which are custodial funds.

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

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 and OPEB benefits to its employees. Required supplementary information can be found following the notes to the financial statements.

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 \$86,887,381 net position as of June 30, 2023. The County's net position increased \$22,647,605 for the fiscal year ended June 30, 2023. Net position is reported in three categories: net investment in capital assets of \$70,884,729, restricted net position of \$14,344,900, and unrestricted net position of \$1,657,752.

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 totaled \$1,657,752 at June 30, 2023. This 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 \$64.3 million of the outstanding debt on the County's financial statements was related to assets included in the public school's financial statements.

However, since the majority of this school’s 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	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 117,544,025	\$ 94,580,436	\$ 20,955,262	\$ 24,433,617	\$ 138,499,287	\$ 119,014,053
Capital assets, net	38,972,947	35,184,337	101,903,379	99,888,087	140,876,326	135,072,424
Total assets	156,516,972	129,764,773	122,858,641	124,321,704	279,375,613	254,086,477
Deferred Outflows of Resources						
	15,386,989	12,426,249	1,120,981	747,158	16,507,970	13,173,407
Liabilities:						
Current and other liabilities	26,685,406	20,413,694	4,728,857	4,047,026	31,414,263	24,460,720
Long-term liabilities	102,966,663	106,162,261	62,820,775	64,930,286	165,787,438	171,092,547
Total liabilities	129,652,069	126,575,955	67,549,632	68,977,312	197,201,701	195,553,267
Deferred Inflows of Resources						
	10,467,754	9,418,291	1,326,747	1,066,407	11,794,501	10,484,698
Net Position:						
Net investment in capital assets	31,740,904	29,185,261	39,143,825	35,774,457	70,884,729	64,959,718
Restricted	14,337,740	17,095,653	7,160	7,949	14,344,900	17,103,602
Unrestricted	(14,294,506)	(40,084,138)	15,952,258	19,242,737	1,657,752	(20,841,401)
Total net position	\$ 31,784,138	\$ 6,196,776	\$ 55,103,243	\$ 55,025,143	\$ 86,887,381	\$ 61,221,919

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 obtaining a collection percentage of 96.83% with plans for additional measures of collection in future years.
- Conservative budgeting and continued growth in local options sales taxes as well as other growth driven revenues, including ad valorem taxes based on valuation.
- Additionally, significant increase in interest income based on rising rates.

Pender County's Changes in Net Position

Figure 3

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program revenues:						
Charges for services	\$ 6,439,141	\$ 7,302,992	\$ 18,321,670	\$ 20,523,825	\$ 24,760,811	\$ 27,826,817
Operating grants and contributions	13,507,027	13,921,813	1,083,958	1,069,199	14,590,985	14,991,012
Capital grants and contributions	2,282,520	2,629,283	384,403	10,000	2,666,923	2,639,283
General revenues:						
Property taxes	73,869,770	70,366,152	-	-	73,869,770	70,366,152
Other taxes	25,904,148	23,257,031	-	-	25,904,148	23,257,031
Investment earnings, unrestricted	4,052,449	161,634	54,826	2,452	4,107,275	164,086
Miscellaneous, unrestricted	716,641	1,006,308	503,652	372,912	1,220,293	1,379,220
Loss on sale of asset	451,573	4,092,536	(206,886)	295,650	244,687	4,388,186
Total revenues	<u>127,223,269</u>	<u>122,737,749</u>	<u>20,141,623</u>	<u>22,274,038</u>	<u>147,364,892</u>	<u>145,011,787</u>
Expenses:						
General government	16,553,159	16,154,657	-	-	16,553,159	16,154,657
Public safety	35,243,617	28,950,049	-	-	35,243,617	28,950,049
Economic and physical development	4,692,093	5,398,788	-	-	4,692,093	5,398,788
Human services	15,736,118	16,180,831	-	-	15,736,118	16,180,831
Cultural and recreation	2,335,662	2,273,896	-	-	2,335,662	2,273,896
Education	28,513,836	25,593,621	-	-	28,513,836	25,593,621
Interest on long-term debt	2,027,946	2,424,019	-	-	2,027,946	2,424,019
Solid waste	-	-	6,161,973	6,038,746	6,161,973	6,038,746
Combined sewer	-	-	2,207,455	-	2,207,455	-
Combined water	-	-	9,825,125	-	9,825,125	-
Rocky Point/Topsail water & sewer	-	-	-	5,764,845	-	5,764,845
Water & water treatment plant	-	-	-	4,051,378	-	4,051,378
Waste water treatment & sewer	-	-	-	1,779,619	-	1,779,619
Section 8 housing	-	-	1,347,699	1,329,201	1,347,699	1,329,201
Country Court apartments	-	-	72,604	88,446	72,604	88,446
Water districts	-	-	-	1,940,377	-	1,940,377
Total expenses	<u>105,102,431</u>	<u>96,975,861</u>	<u>19,614,856</u>	<u>20,992,612</u>	<u>124,717,287</u>	<u>117,968,473</u>
Change in net position before transfers	22,120,838	25,761,888	526,767	1,281,426	22,647,605	27,043,314
Transfers	448,667	(1,080,216)	(448,667)	1,080,216	-	-
Change in net position	<u>22,569,505</u>	<u>24,681,672</u>	<u>78,100</u>	<u>2,361,642</u>	<u>22,647,605</u>	<u>27,043,314</u>
Net Position:						
Beginning of year, July 1	6,196,776	(18,571,854)	55,025,143	52,663,501	61,221,919	34,091,647
Restatement	3,017,857	86,958	-	-	3,017,857	86,958
Beginning of year, as restated	<u>9,214,633</u>	<u>(18,484,896)</u>	<u>55,025,143</u>	<u>52,663,501</u>	<u>64,239,776</u>	<u>34,178,605</u>
End of year, June 30	<u>\$ 31,784,138</u>	<u>\$ 6,196,776</u>	<u>\$ 55,103,243</u>	<u>\$ 55,025,143</u>	<u>\$ 86,887,381</u>	<u>\$ 61,221,919</u>

Governmental Activities. The County's governmental activities net position increased by \$22,569,505 primarily due to the following:

- Increased ad valorem collections from increased valuation as a result of recent new construction
- Continued sales tax increases as well as other growth driven revenues from Register of Deeds and Building Permits and Inspections
- Over \$4 million in interest income based on rising rates

Business-Type Activities. Business-type activities increased Pender County's net position by \$78,100. Key elements of this increase are as follows:

- Diligence in collections for current and past due charges for services
- Closely monitoring expenditures for major operations of each fund

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Pender County. At the end of the current fiscal year, Pender County's fund balance available in the General Fund was \$66,800,793, while total fund balance reached \$74,604,215. 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 69.7% of General Fund expenditures and transfers out less debt issued, while total fund balance represents 77.8% of that same amount.

At June 30, 2023, the governmental funds of Pender County reported a combined fund balance of \$90,075,327, a 18.6% increase over last year.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$1,120,359 and increased expenditures by \$4,104,856.

Proprietary Funds. Pender County's proprietary funds provide the same type of information found in the business activities columns of the government-wide statements but in more detail. The County has three major proprietary funds: Solid Waste Fund, Combined Sewer Fund, and Combined Water Fund. Unrestricted net position of the proprietary funds at the end of the fiscal year was \$15,952,258. The total growth in net position for those funds was \$78,100. 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, 2023, totals \$140,876,326 (net of accumulated depreciation). These assets include buildings, roads and bridges, utility plants and distribution lines, land, machinery and equipment, park facilities, intangibles, and vehicles.

Major capital asset transactions during the year include:

- Purchase of land for future construction projects
- Vehicle replacement for damaged or surplus vehicles
- Addition of Subscription Based Information Technology Agreement Assets

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 14,811,158	\$ 14,170,608	\$ 627,210	\$ 612,610	\$ 15,438,368	\$ 14,783,218
Buildings	13,896,612	14,213,244	90,897,289	95,178,109	104,793,901	109,391,353
Furniture, vehicles, and equipment	4,383,278	3,391,096	699,982	385,744	5,083,260	3,776,840
Other	1,338,368	1,458,425	1,312,346	1,727,305	2,650,714	3,185,730
Construction in progress	1,776,566	1,546,966	8,281,440	1,984,319	10,058,006	3,531,285
Right to use leased assets	169,747	403,998	-	-	169,747	403,998
Subscription assets	2,597,218	-	85,112	-	2,682,330	-
Total	<u>\$ 38,972,947</u>	<u>\$ 35,184,337</u>	<u>\$ 101,903,379</u>	<u>\$ 99,888,087</u>	<u>\$ 140,876,326</u>	<u>\$ 135,072,424</u>

Long-Term Debt. As of June 30, 2023, Pender County had total bonded debt outstanding of \$128,809,000, all of which is debt backed by the full faith and credit of the County.

Pender County's Long-Term Debt
Figure 5

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Limited obligation debt	\$ 4,329,636	\$ 4,631,041	\$ 44,895,364	\$ 46,818,959	\$ 49,225,000	\$ 51,450,000
General obligation bonds	64,310,000	71,800,000	11,080,000	11,325,000	75,390,000	83,125,000
Revenue bonds	-	-	4,194,000	4,288,000	4,194,000	4,288,000
Federal revolving loan	-	-	540,754	577,500	540,754	577,500
Lease liabilities	170,277	404,576	-	-	170,277	404,576
Subscription liabilities	2,127,070	-	71,870	-	2,198,940	-
Direct placement installment purchase contracts	605,060	963,459	-	67,035	605,060	1,030,494
Net pension liability (LEOSSA)	2,445,185	2,635,853	-	-	2,445,185	2,635,853
Net pension liability (LGERS)	15,830,890	4,269,785	1,267,150	261,838	17,098,040	4,531,623
Total other post-employment benefits	13,607,687	20,719,165	704,121	1,322,510	14,311,808	22,041,675
Compensated absences	1,292,134	1,258,277	136,539	119,247	1,428,673	1,377,524
Unamortized bond premiums	8,490,067	9,153,851	2,519,641	2,655,769	11,009,708	11,809,620
Total	\$ 113,208,006	\$ 115,836,007	\$ 65,409,439	\$ 67,435,858	\$ 178,617,445	\$ 183,271,865

Pender County's total debt decreased by \$4,654,420 (2.5%) during the past fiscal year, primarily due to regularly scheduled debt service payment reductions and no issuance of new debt.

Pender County has a credit rating by Standard and Poor's of AA and a rating of Aa2 by Moody's Investors.

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 \$591,388,585. The County does not have any unissued bonds at June 30, 2023.

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

Economic Factors and Next Year's Budgets and Rates

Pender County has been one of the fastest growing counties in North Carolina during the last decade. The 2020 census population estimate was 64,103 with a growth rate of 1.65%, up 23% from the 2010 population estimate of 52,217. The County's unemployment rate continues to gradually decrease from 3.8% in June 2022 to 3.4% in June 2023. Pender County remains a Tier 3 County as reflected in the 2023 & 2024 County Tier Designations published by the North Carolina Department of Commerce, indicating that the County is one of the 20 "least distressed" counties within the State. This designation results from the high population growth in the eastern part of the County and the increase in fair market values of homes in the area and is not indicative of the true County-wide economic picture.

As Pender County and its citizens continue to recover from the lasting impacts of both Hurricane Florence in September 2018 and the global COVID-19 pandemic onset in March 2020, the economic outlook is more promising than ever. Pender County's diverse landscape and convenient geography, along with cultural and educational efforts, are attracting more and more residential growth every day. Pender County is facing the challenge of keeping pace of expanding infrastructure to meet the needs of this residential growth.

Encouraging Business and Industry Development

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

A vital element for the economic viability of Pender County long term is success with economic development. In simple terms, economic development is the creation of wealth in a county through the creation of jobs and investment. Central to creating jobs and investment is creating a climate that is attractive to new business and industry, and for the expansion of existing industry. As mentioned above, the County's proximity to major transportation corridors is a major asset for economic development. Pender County is poised to reap significant economic benefits over the next years due to the investment made by the Board in much-needed infrastructure.

Pender Commerce Park (PCP) along US Highway 421 continues to fuel strong economic development activities in Pender County. In previous years, additional announcements and closings occurred within the park. A major distribution company purchased several lots and has plans for a distribution facility that will bring increased commerce to the region. Also, Project Ramm resulting in several major industrial developments within the park for the construction of spec buildings to attract major industry to the area, including cold storage and distribution. This is in addition to the existing industrial presence of, Project Ramm, Polyhose, Acme Smoked Fish, Empire Distributors, Coastal Beverage, and FedEx Freight. These announcements and purchases significantly add to the cumulative total of capital investment within the Pender Commerce Park. The continued success and interest in Pender Commerce Park has necessitated the need for Pender County to look at park expansion in the coming years. These efforts will allow Pender County to further diversify and expand its tax base and workforce in years to come.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities. The County Commissioners approved a \$100,365,047 General Fund Budget on June 5, 2023, which was included within a total budget ordinance of \$202,901,198, adopted on the same date, with a tax rate of \$.7375 per 100 of assessed valuation. In FY 2022-2023 the tax rate was unchanged from previous at 64.5 cents per \$100 of ad valorem value. For FY 2023-2024 the tax rate is to be set at 73.75 cents per \$100 of ad valorem value, an increase of 9.25 cents. This increase of 9.25 cents has been calculated to be used to fund the authorized and soon-to-be-issued \$178 million voter approved school bonds. The initial budget ordinance does not include an appropriation from the Fund Balance of the General Fund.

Many projects are underway to provide for the quality of life and opportunities of service to the growing population of Pender County citizens. Some of these projects include major parks improvements like the addition of shelter and restroom facilities at Penderlea Park, expansion of the current Hampstead Kiwanis Park, Phase 1 of the Central Pender Park, and maintaining Abbey Nature Preserve as a public attraction. Much needed facility projects are in design stages for a Department of Health and Human Services facility and a Law Enforcement and Detention Center, as well as a future Hampstead Branch Library. The voter approved \$178 million school bonds were authorized for various school projects, including a new K-8 in the rapidly growing Hampstead area.

Business-Type Activities. The business-type activities total budget is \$35,411,486, of which \$1,245,444 is attributed to the Housing Authority. The vision and priority of expanding public water and sewer infrastructure within the County has been many years in development and implementation. Diverse solutions are being considered and a phased implementation is addressing the need to plan for current and future growth and the impact to utilities infrastructure.

Infrastructure projects are underway to meet the current and future demands as well as expansion for economic development opportunities to provide for Pender County citizens. A new groundwater treatment plant as well as an expansion of the current surface water treatment plant are in the works to strategically address Pender County's unique water distribution situation, as well as distribution and collection system expansions along the US 421 corridor to allow for future economic development projects.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Pender County, 805 S. Walker Street, P.O. Box 1578, Burgaw, North Carolina 28425. You can also call (910) 259-1407, visit our website at www.pendercountync.gov.

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BASIC FINANCIAL STATEMENTS

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PENDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Pender County ABC Board	Pender Tourism Development Authority
Assets:					
Cash and cash equivalents	\$ 82,830,224	\$ 17,956,138	\$ 100,786,362	\$ 619,734	\$ 114,178
Accounts receivables (net)	6,695,263	1,469,920	8,165,183	984	6,813
Taxes receivables (net)	4,004,583	681,916	4,686,499	-	-
Internal balances	98,690	(98,690)	-	-	-
Due from other governments	10,286,349	-	10,286,349	-	-
Notes receivable	416,661	-	416,661	-	-
Prepaid items	-	-	-	41,634	-
Inventories	18,621	-	18,621	1,403,487	-
Restricted cash and cash equivalents	13,088,569	945,978	14,034,547	-	-
Restricted net pension asset, Register of Deeds	105,065	-	105,065	-	-
Other assets	-	-	-	67,594	-
Capital assets:					
Land and construction in progress	16,587,724	8,908,650	25,496,374	1,310,182	-
Other capital assets, net of depreciation	19,618,258	92,909,617	112,527,875	94,059	-
Right-to-use leased assets, net of amortization	169,747	-	169,747	416,613	-
Subscription assets, net of amortization	2,597,218	85,112	2,682,330	-	-
Total capital assets	38,972,947	101,903,379	140,876,326	1,820,854	-
Total assets	156,516,972	122,858,641	279,375,613	3,954,287	120,991
Deferred Outflows of Resources:					
Pension deferrals	11,431,223	777,002	12,208,225	431,065	-
OPEB deferrals	3,955,766	343,979	4,299,745	-	-
Total deferred outflows of resources	15,386,989	1,120,981	16,507,970	431,065	-
Liabilities:					
Accounts payable and accrued liabilities	4,009,542	1,504,878	5,514,420	1,591,672	1,810
Accrued interest payable	852,270	445,985	1,298,255	-	-
Liabilities payable from restricted assets:					
Customer deposits	-	189,330	189,330	-	-
Prepaid fees	9,493	-	9,493	-	-
Advances from grantors	11,572,758	-	11,572,758	-	-
Long-term liabilities:					
Due within one year	10,241,343	2,588,664	12,830,007	96,901	-
Due in more than one year	71,082,901	60,849,504	131,932,405	714,034	-
Net pension liability (LGERS)	15,830,890	1,267,150	17,098,040	361,616	-
Total OPEB liability	13,607,687	704,121	14,311,808	-	-
Total pension liability (LEOSSA)	2,445,185	-	2,445,185	-	-
Total liabilities	129,652,069	67,549,632	197,201,701	2,764,223	1,810
Deferred Inflows of Resources:					
Deferred gain on refunding	-	457,979	457,979	-	-
Pension deferrals	537,414	5,779	543,193	138,249	-
OPEB deferrals	9,924,370	862,989	10,787,359	-	-
Prepaid taxes	5,970	-	5,970	-	-
Total deferred inflows of resources	10,467,754	1,326,747	11,794,501	138,249	-

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

PENDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Pender County ABC Board	Pender Tourism Development Authority
Net Position:					
Net investment in capital assets	31,740,904	39,143,825	70,884,729	543,419	-
Restricted for:					
Stabilization by state statute	10,188,062	-	10,188,062	-	6,813
Health and human services	2,547,563	-	2,547,563	-	-
Public safety	788,141	-	788,141	-	-
Sheriff's seizures	86,222	-	86,222	-	-
Automation enhancement and preservation	562,391	-	562,391	-	-
Register of Deeds' Pension plan	165,361	-	165,361	-	-
Tourism promotion	-	-	-	-	112,368
Working capital	-	-	-	363,834	-
HUD Section 8 housing	-	7,160	7,160	-	-
Unrestricted (deficit)	(14,294,506)	15,952,258	1,657,752	575,627	-
Total net position (deficit)	\$ 31,784,138	\$ 55,103,243	\$ 86,887,381	\$ 1,482,880	\$ 119,181

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

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PENDER COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 16,553,159	\$ 4,832,471	\$ 41,028	\$ 613,554
Public safety	35,243,617	416,482	1,154,438	233,292
Economic and physical development	4,692,093	983,020	1,150,711	1,435,674
Human services	15,736,118	-	11,014,806	-
Cultural and recreation	2,335,662	207,168	146,044	-
Education	28,513,836	-	-	-
Interest on long-term debt	2,027,946	-	-	-
Total governmental activities	<u>105,102,431</u>	<u>6,439,141</u>	<u>13,507,027</u>	<u>2,282,520</u>
Business-Type Activities:				
Solid Waste Fund	6,161,973	6,170,697	-	-
Combined Sewer Fund	2,207,455	3,140,433	-	122,403
Combined Water Fund	9,825,125	8,782,950	-	262,000
Section 8 Housing	1,347,699	213,455	1,083,958	-
Country Court Apartments	72,604	14,135	-	-
Total business-type activities	<u>19,614,856</u>	<u>18,321,670</u>	<u>1,083,958</u>	<u>384,403</u>
Total primary government	<u>\$ 124,717,287</u>	<u>\$ 24,760,811</u>	<u>\$ 14,590,985</u>	<u>\$ 2,666,923</u>
Component Units:				
Pender County ABC Board	\$ 11,925,911	\$ 12,292,736	\$ -	\$ -
Pender Tourism Development Authority	30,875	-	-	-
Total component units	<u>\$ 11,956,786</u>	<u>\$ 12,292,736</u>	<u>\$ -</u>	<u>\$ -</u>

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

PENDER COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Pender County ABC Board	Pender Tourism Development Authority
Primary Government:					
Governmental Activities:					
General government	\$ (11,066,106)	\$ -	\$ (11,066,106)		
Public safety	(33,439,405)	-	(33,439,405)		
Economic and physical development	(1,122,688)	-	(1,122,688)		
Human services	(4,721,312)	-	(4,721,312)		
Cultural and recreation	(1,982,450)	-	(1,982,450)		
Education	(28,513,836)	-	(28,513,836)		
Interest on long-term debt	(2,027,946)	-	(2,027,946)		
Total governmental activities	<u>(82,873,743)</u>	<u>-</u>	<u>(82,873,743)</u>		
Business-Type Activities:					
Resource Recovery Fund	-	8,724	8,724		
Combined Sewer Fund	-	1,055,381	1,055,381		
Combined Water Fund	-	(780,175)	(780,175)		
Section 8 Housing	-	(50,286)	(50,286)		
Country Court Apartments	-	(58,469)	(58,469)		
Total business-type activities	<u>-</u>	<u>175,175</u>	<u>175,175</u>		
Total primary government	<u>(82,873,743)</u>	<u>175,175</u>	<u>(82,698,568)</u>		
Component Units:					
Pender County ABC Board				\$ 366,825	\$ -
Pender Tourism Development Authority				-	(30,875)
Total component units				<u>366,825</u>	<u>(30,875)</u>
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	73,869,770	-	73,869,770	-	-
Local option sales tax	24,720,617	-	24,720,617	-	-
Other taxes	1,183,531	-	1,183,531	-	65,096
Investment earnings, unrestricted	4,052,449	54,826	4,107,275	210	-
Miscellaneous, unrestricted	716,641	503,652	1,220,293	-	-
Gain (loss) on sale of assets	451,573	(206,886)	244,687	-	-
Transfers	448,667	(448,667)	-	-	-
Total general revenues and transfers	<u>105,443,248</u>	<u>(97,075)</u>	<u>105,346,173</u>	<u>210</u>	<u>65,096</u>
Change in net position	<u>22,569,505</u>	<u>78,100</u>	<u>22,647,605</u>	<u>367,035</u>	<u>34,221</u>
Net Position:					
Beginning of year, July 1	6,196,776	55,025,143	61,221,919	1,115,845	84,960
Restatement	<u>3,017,857</u>	<u>-</u>	<u>3,017,857</u>	<u>-</u>	<u>-</u>
Beginning of year, as restated	<u>9,214,633</u>	<u>55,025,143</u>	<u>64,239,776</u>	<u>1,115,845</u>	<u>84,960</u>
End of year, June 30	<u>\$ 31,784,138</u>	<u>\$ 55,103,243</u>	<u>\$ 86,887,381</u>	<u>\$ 1,482,880</u>	<u>\$ 119,181</u>

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

PENDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Public School Special Revenue Fund	ARPA Fund	Rescue District Fund	Opioid Settlement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:							
Cash and cash equivalents	\$ 69,805,003	\$ 1,690,642	\$ -	\$ 478,345	\$ -	\$ 10,856,234	\$ 82,830,224
Accounts receivable, net	1,455,555	-	-	153,814	5,062,042	23,852	6,695,263
Taxes receivable, net	3,144,241	-	-	466,375	-	393,967	4,004,583
Due from other governments	7,644,093	1,882,078	-	-	-	760,178	10,286,349
Due from other funds	98,690	-	-	-	-	-	98,690
Inventory	18,621	-	-	-	-	-	18,621
Notes receivable	416,661	-	-	-	-	-	416,661
Restricted cash	1,026,750	-	11,568,544	-	489,061	4,214	13,088,569
Total assets	<u>\$ 83,609,614</u>	<u>\$ 3,572,720</u>	<u>\$ 11,568,544</u>	<u>\$ 1,098,534</u>	<u>\$ 5,551,103</u>	<u>\$ 12,038,445</u>	<u>\$ 117,438,960</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ 3,146,450	\$ -	\$ -	\$ 308,858	\$ -	\$ 554,234	\$ 4,009,542
Prepaid fees	9,493	-	-	-	-	-	9,493
Advances from grantors	-	-	11,568,544	-	-	4,214	11,572,758
Total liabilities	<u>3,155,943</u>	<u>-</u>	<u>11,568,544</u>	<u>308,858</u>	<u>-</u>	<u>558,448</u>	<u>15,591,793</u>
Deferred Inflows of Resources:							
Property taxes receivable	3,144,241	-	-	466,375	-	393,967	4,004,583
Grants receivable	2,699,245	-	-	-	-	-	2,699,245
Unavailable revenues	-	-	-	-	5,062,042	-	5,062,042
Prepaid taxes	5,970	-	-	-	-	-	5,970
Total deferred inflows of resources	<u>5,849,456</u>	<u>-</u>	<u>-</u>	<u>466,375</u>	<u>5,062,042</u>	<u>393,967</u>	<u>11,771,840</u>
Fund Balances:							
Non-spendable:							
Inventory	18,621	-	-	-	-	-	18,621
Notes receivable	416,661	-	-	-	-	-	416,661
Restricted:							
Stabilization by state statute	7,368,140	1,882,078	-	153,814	-	784,030	10,188,062
Health and human services	2,058,502	-	-	-	489,061	-	2,547,563
Public safety	-	-	-	169,487	-	618,654	788,141
Sheriff's seizures	86,222	-	-	-	-	-	86,222
Automation enhancement and preservation	562,391	-	-	-	-	-	562,391
Committed:							
Tax revaluation	721,001	-	-	-	-	-	721,001
Cultural and recreation	186,484	-	-	-	-	-	186,484
Capital outlay and improvements	-	1,690,642	-	-	-	9,675,909	11,366,551
Assigned:							
Economic and physical development	-	-	-	-	-	7,437	7,437
Unassigned	63,186,193	-	-	-	-	-	63,186,193
Total fund balances	<u>74,604,215</u>	<u>3,572,720</u>	<u>-</u>	<u>323,301</u>	<u>489,061</u>	<u>11,086,030</u>	<u>90,075,327</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 83,609,614</u>	<u>\$ 3,572,720</u>	<u>\$ 11,568,544</u>	<u>\$ 1,098,534</u>	<u>\$ 5,551,103</u>	<u>\$ 12,038,445</u>	<u>\$ 117,438,960</u>

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

PENDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

Amounts reported for the governmental activities in the Statement of Net Position (Exhibit A) are different because:

Total fund balance, governmental funds	\$	90,075,327
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.		36,205,982
Right to use leased assets and subscription assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,766,965
Net pension asset, ROD		105,065
Net pension liability - LGERS		(15,830,890)
Total pension liability - LEOSSA		(2,445,185)
Total OPEB liability		(13,607,687)
Deferred outflows of resources related to pensions are not reported in the funds.		11,431,223
Deferred outflows of resources related to OPEB are not reported in the funds.		3,955,766
Deferred inflows of resources for taxes, grants receivable, and unavailable revenues		11,765,870
Deferred inflows of resources related to pensions are not reported in the funds.		(537,414)
Deferred inflows of resources related to OPEB are not reported in the funds.		(9,924,370)
Some liabilities, including bonds payable, lease liability, subscription liability, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(81,324,244)
Accrued interest payable on the Statement of Net Position		<u>(852,270)</u>
Total net position of governmental activities	\$	<u>31,784,138</u>

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

PENDER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Public School Special Revenue Fund	ARPA Fund	Rescue District Fund	Opioid Settlement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Ad valorem taxes	\$ 58,804,857	\$ -	\$ -	\$ 8,381,611	\$ -	\$ 6,254,590	\$ 73,441,058
Unrestricted intergovernmental	18,847,522	7,056,626	-	-	-	-	25,904,148
Restricted intergovernmental	11,039,544	1,150,711	457,872	-	489,061	1,267,283	14,404,471
Permits and fees	2,153,886	-	-	-	-	-	2,153,886
Charges for services	4,276,448	-	-	-	-	-	4,276,448
Interest	4,038,775	-	-	-	-	13,674	4,052,449
Miscellaneous	519,003	-	-	-	-	62,278	581,281
Total revenues	<u>99,680,035</u>	<u>8,207,337</u>	<u>457,872</u>	<u>8,381,611</u>	<u>489,061</u>	<u>7,597,825</u>	<u>124,813,741</u>
Expenditures:							
General government	16,832,847	-	-	-	-	-	16,832,847
Public safety	15,328,569	-	-	12,533,674	-	7,918,448	35,780,691
Economic and physical development	3,651,360	-	-	-	-	1,036,782	4,688,142
Human services	15,426,500	-	-	-	-	238,281	15,664,781
Culture and recreation	2,257,637	-	-	-	-	7,012	2,264,649
Education	28,166,879	346,957	-	-	-	-	28,513,836
Debt service:							
Principal	1,615,723	7,490,000	-	-	-	-	9,105,723
Interest	201,916	2,571,163	-	-	-	-	2,773,079
Total expenditures	<u>83,481,431</u>	<u>10,408,120</u>	<u>-</u>	<u>12,533,674</u>	<u>-</u>	<u>9,200,523</u>	<u>115,623,748</u>
Revenues over (under) expenditures	<u>16,198,604</u>	<u>(2,200,783)</u>	<u>457,872</u>	<u>(4,152,063)</u>	<u>489,061</u>	<u>(1,602,698)</u>	<u>9,189,993</u>
Other Financing Sources (Uses):							
Subscription liabilities issued	2,848,690	-	-	-	-	-	2,848,690
Sale of surplus property	675,379	-	-	-	-	-	675,379
Insurance proceeds	135,360	-	-	-	-	-	135,360
Transfers in	1,566,149	4,112,387	-	3,615,431	-	8,522,165	17,816,132
Transfers out	(15,256,066)	-	(457,872)	-	-	(825,475)	(16,539,413)
Total other financing sources (uses)	<u>(10,030,488)</u>	<u>4,112,387</u>	<u>(457,872)</u>	<u>3,615,431</u>	<u>-</u>	<u>7,696,690</u>	<u>4,936,148</u>
Net change in fund balances	6,168,116	1,911,604	-	(536,632)	489,061	6,093,992	14,126,141
Fund Balances:							
Beginning of year, July 1	<u>68,436,099</u>	<u>1,661,116</u>	<u>-</u>	<u>859,933</u>	<u>-</u>	<u>4,992,038</u>	<u>75,949,186</u>
End of year, June 30	<u>\$ 74,604,215</u>	<u>\$ 3,572,720</u>	<u>\$ -</u>	<u>\$ 323,301</u>	<u>\$ 489,061</u>	<u>\$ 11,086,030</u>	<u>\$ 90,075,327</u>

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

PENDER COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Amounts reported for the governmental activities in the Statement of Activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds	\$ 14,126,141
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>	
Capital outlay	3,003,619
Depreciation	(2,093,530)
Net book value of capital assets disposed of during the year, not recognized on the modified accrual basis.	(328,034)
Contribution of capital assets is reported as a revenue in the Statement of Activities and is not reported in the governmental funds.	843,588
Right to use leased asset and subscription assets capital outlay expenditures which were capitalized.	2,871,712
Amortization of right to use assets is not reported as an expenditure in the governmental funds statement.	(508,745)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	979,007
Consolidation adjustment for the Internal Service Fund and the governmental funds:	
Net revenue of the Internal Service Fund	(828,052)
<p>The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term and related items.</p>	
Issuance of long-term debt	(2,848,690)
Principal payment on long-term debt	9,105,723
Amortization and accrued interest	745,133
Pension expense - LEOSSA	(258,292)
Pension expense - LGERS	(1,750,555)
Pension expense - ROD	(5,868)
OPEB plan expense	(449,795)
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	<u>(33,857)</u>
Change in net position of governmental activities	<u>\$ 22,569,505</u>

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

PENDER COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED
MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund			Variance With Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 58,861,400	\$ 58,861,400	\$ 58,804,857	\$ (56,543)
Unrestricted intergovernmental	17,963,749	17,963,749	18,847,522	883,773
Restricted intergovernmental	9,606,739	10,291,524	11,039,544	748,020
Permits and fees	1,916,150	1,931,885	2,153,886	222,001
Charges for services	4,183,580	4,438,580	4,276,448	(162,132)
Interest	70,000	70,000	4,038,775	3,968,775
Miscellaneous	187,140	351,979	519,003	167,024
Total revenues	<u>92,788,758</u>	<u>93,909,117</u>	<u>99,680,035</u>	<u>5,770,918</u>
Expenditures:				
General government	16,162,398	16,356,251	16,832,847	(476,596)
Public safety	15,018,634	15,832,583	15,328,569	504,014
Economic and physical development	3,740,190	4,029,726	3,651,360	378,366
Human services	17,477,089	17,960,522	15,426,500	2,534,022
Culture and recreation	2,796,499	2,928,732	2,257,637	671,095
Education, schools	27,034,879	28,166,879	28,166,879	-
Debt service:				
Principal	557,564	1,615,723	1,615,723	-
Interest	201,097	202,790	201,916	874
Total expenditures	<u>82,988,350</u>	<u>87,093,206</u>	<u>83,481,431</u>	<u>3,611,775</u>
Revenues over expenditures	<u>9,800,408</u>	<u>6,815,911</u>	<u>16,198,604</u>	<u>9,382,693</u>
Other Financing Sources (Uses):				
Subscription liabilities issued	-	-	2,848,690	2,848,690
Note receivable payments	200,000	200,000	-	(200,000)
Sale of surplus property	125,000	471,909	675,379	203,470
Insurance proceeds	-	482,717	135,360	(347,357)
Transfers from other funds	8,956,239	10,178,239	1,566,149	(8,612,090)
Transfers to other funds	(19,121,536)	(26,609,659)	(15,491,566)	11,118,093
Appropriated fund balance	39,889	8,460,883	-	(8,460,883)
Total other financing sources (uses)	<u>(9,800,408)</u>	<u>(6,815,911)</u>	<u>(10,265,988)</u>	<u>(3,450,077)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	5,932,616	<u>\$ 5,932,616</u>
Fund Balance:				
Beginning of year, July 1			67,715,098	
End of year, June 30			73,647,714	
A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Transfer from General Fund			235,500	
Fund balance, beginning of year			721,001	
Fund balance, end of year			<u>\$ 74,604,215</u>	

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

PENDER COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED
MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Public School Special Revenue Fund			Variance With Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Unrestricted intergovernmental	6,405,492	6,405,492	7,056,626	651,134
Restricted intergovernmental	635,000	635,000	1,150,711	515,711
Permits and fees	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>7,040,492</u>	<u>7,040,492</u>	<u>8,207,337</u>	<u>1,166,845</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Education, schools	380,000	380,000	346,957	33,043
Debt service:				
Principal	9,368,561	9,368,561	7,490,000	1,878,561
Interest	<u>2,571,163</u>	<u>2,571,163</u>	<u>2,571,163</u>	<u>-</u>
Total expenditures	<u>12,319,724</u>	<u>12,319,724</u>	<u>10,408,120</u>	<u>1,911,604</u>
Revenues over expenditures	<u>(5,279,232)</u>	<u>(5,279,232)</u>	<u>(2,200,783)</u>	<u>3,078,449</u>
Other Financing Sources (Uses):				
Subscription liabilities issued	-	-	-	-
Note receivable payments	-	-	-	-
Sale of surplus property	-	-	-	-
Insurance proceeds	-	-	-	-
Transfers from other funds	5,279,232	5,279,232	4,112,387	(1,166,845)
Transfers to other funds	-	-	-	-
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>5,279,232</u>	<u>5,279,232</u>	<u>4,112,387</u>	<u>(1,166,845)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,911,604	<u>\$ 1,911,604</u>
Fund Balance:				
Beginning of year, July 1			<u>1,661,116</u>	
End of year, June 30			<u>\$ 3,572,720</u>	

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

PENDER COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED
MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Rescue District Fund			Variance With Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 8,074,850	\$ 8,611,465	\$ 8,381,611	\$ (229,854)
Unrestricted intergovernmental	-	-	-	-
Restricted intergovernmental	-	-	-	-
Permits and fees	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>8,074,850</u>	<u>8,611,465</u>	<u>8,381,611</u>	<u>(229,854)</u>
Expenditures:				
General government	-	-	-	-
Public safety	16,252,536	12,226,896	12,533,674	(306,778)
Economic and physical development	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Education, schools	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>16,252,536</u>	<u>12,226,896</u>	<u>12,533,674</u>	<u>(306,778)</u>
Revenues over expenditures	<u>(8,177,686)</u>	<u>(3,615,431)</u>	<u>(4,152,063)</u>	<u>(536,632)</u>
Other Financing Sources (Uses):				
Subscription liabilities issued	-	-	-	-
Note receivable payments	-	-	-	-
Sale of surplus property	-	-	-	-
Insurance proceeds	-	-	-	-
Transfers from other funds	8,177,686	3,615,431	3,615,431	-
Transfers to other funds	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>8,177,686</u>	<u>3,615,431</u>	<u>3,615,431</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(536,632)</u>	<u>\$ (536,632)</u>
Fund Balance:				
Beginning of year, July 1			<u>859,933</u>	
End of year, June 30			<u>\$ 323,301</u>	

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

PENDER COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED
MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Opioid Settlement Fund			Variance With Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Unrestricted intergovernmental	-	-	-	-
Restricted intergovernmental	-	-	489,061	489,061
Permits and fees	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>489,061</u>	<u>489,061</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Education, schools	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>489,061</u>	<u>489,061</u>
Other Financing Sources (Uses):				
Subscription liabilities issued	-	-	-	-
Note receivable payments	-	-	-	-
Sale of surplus property	-	-	-	-
Insurance proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>489,061</u>	<u>\$ 489,061</u>
Fund Balance:				
Beginning of year, July 1			<u>-</u>	
End of year, June 30			<u>\$ 489,061</u>	

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Business-Type Activities		
	Enterprise Funds		
	Solid Waste Fund	Combined Sewer Fund	Combined Water Fund
Assets:			
Current assets:			
Cash and cash equivalents	\$ 4,555,549	\$ 7,677,631	\$ 5,379,412
Accounts receivable, net	104,280	118,726	1,246,914
Taxes receivables (net)	681,916	-	-
Due from other funds	-	-	-
Restricted cash and cash equivalents	-	550,375	388,443
Total current assets	<u>5,341,745</u>	<u>8,346,732</u>	<u>7,014,769</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	246,417	518,585	8,143,648
Other capital assets, net of depreciation	2,605,399	21,826,590	68,477,628
Subscription assets, net of amortization	-	-	54,769
Total capital assets	<u>2,851,816</u>	<u>22,345,175</u>	<u>76,676,045</u>
Total assets	<u>8,193,561</u>	<u>30,691,907</u>	<u>83,690,814</u>
Deferred Outflows of Resources:			
Pension deferrals	169,169	76,817	481,651
OPEB deferrals	68,796	30,958	220,146
Total deferred outflows of resources	<u>237,965</u>	<u>107,775</u>	<u>701,797</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	486,033	37,319	979,223
Accrued interest payable	1,140	126,344	317,914
Due to other funds	20,786	9,521	62,936
Liabilities payable from restricted assets:			
Customer deposits payable	-	8,300	181,030
Compensated absences liability - current	15,955	7,468	40,624
Subscription liabilities - current	-	-	21,158
Federal revolving loan - current	30,170	6,576	-
Revenue bonds payable - current	-	-	96,000
Limited obligation bonds payable - current	-	870,000	1,095,000
General obligation bonds payable - current	-	-	251,000
Bond premiums - current	-	76,476	59,652
Total current liabilities	<u>554,084</u>	<u>1,142,004</u>	<u>3,104,537</u>

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Business-Type Activities</u>		<u>Governmental</u>
	<u>Enterprise Funds</u>		<u>Activities</u>
	<u>Total</u>		<u>Internal</u>
	<u>Aggregate</u>	<u>Total</u>	<u>Service Funds</u>
	<u>Nonmajor Funds</u>	<u>Total</u>	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 343,546	\$ 17,956,138	\$ -
Accounts receivable, net	-	1,469,920	-
Taxes receivables (net)	-	681,916	-
Due from other funds	578	578	-
Restricted cash and cash equivalents	7,160	945,978	-
Total current assets	<u>351,284</u>	<u>21,054,530</u>	<u>-</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	-	8,908,650	-
Other capital assets, net of depreciation	-	92,909,617	-
Subscription assets, net of amortization	30,343	85,112	-
Total capital assets	<u>30,343</u>	<u>101,903,379</u>	<u>-</u>
Total assets	<u>381,627</u>	<u>122,957,909</u>	<u>-</u>
Deferred Outflows of Resources:			
Pension deferrals	49,365	777,002	-
OPEB deferrals	24,079	343,979	-
Total deferred outflows of resources	<u>73,444</u>	<u>1,120,981</u>	<u>-</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	2,303	1,504,878	-
Accrued interest payable	587	445,985	-
Due to other funds	6,025	99,268	-
Liabilities payable from restricted assets:			
Customer deposits payable	-	189,330	-
Compensated absences liability - current	4,222	68,269	-
Subscription liabilities - current	14,363	35,521	-
Federal revolving loan - current	-	36,746	-
Revenue bonds payable - current	-	96,000	-
Limited obligation bonds payable - current	-	1,965,000	-
General obligation bonds payable - current	-	251,000	-
Bond premiums - current	-	136,128	-
Total current liabilities	<u>27,500</u>	<u>4,828,125</u>	<u>-</u>

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Business-Type Activities		
	Enterprise Funds		
	Solid Waste Fund	Combined Sewer Fund	Combined Water Fund
Non-current liabilities:			
Compensated absences liability	15,955	7,468	40,625
Other postemployment benefit liability	180,497	103,045	371,291
Net pension liability	262,568	118,102	800,660
Subscription liabilities	-	-	21,748
Federal revolving loan	392,208	111,800	-
Revenue bonds payable	-	-	4,098,000
Limited obligation bonds payable	-	11,265,364	31,665,000
General obligation bonds payable	-	-	10,829,000
Bond premiums	-	841,241	1,542,272
Total non-current liabilities	<u>851,228</u>	<u>12,447,020</u>	<u>49,368,596</u>
Total liabilities	<u>1,405,312</u>	<u>13,589,024</u>	<u>52,473,133</u>
Deferred Inflows of Resources:			
Deferred gain on refunding	-	-	457,979
Pension deferrals	1,155	520	3,699
OPEB deferrals	172,598	77,669	552,313
Total deferred inflows of resources	<u>173,753</u>	<u>78,189</u>	<u>1,013,991</u>
Net Position:			
Net investment in capital assets	2,429,438	9,715,793	26,997,215
Restricted for HUD Section 8 housing	-	-	-
Unrestricted	<u>4,423,023</u>	<u>7,416,676</u>	<u>3,908,272</u>
Total net position	<u>\$ 6,852,461</u>	<u>\$ 17,132,469</u>	<u>\$ 30,905,487</u>

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Business-Type Activities</u>		<u>Governmental</u>
	<u>Enterprise Funds</u>		<u>Activities</u>
	<u>Total</u>		<u>Internal</u>
	<u>Aggregate</u>		<u>Service Funds</u>
	<u>Nonmajor Funds</u>	<u>Total</u>	
Non-current liabilities:			
Compensated absences liability	4,222	68,270	-
Other postemployment benefit liability	49,288	704,121	-
Net pension liability	85,820	1,267,150	-
Subscription liabilities	14,601	36,349	-
Federal revolving loan	-	504,008	-
Revenue bonds payable	-	4,098,000	-
Limited obligation bonds payable	-	42,930,364	-
General obligation bonds payable	-	10,829,000	-
Bond premiums	-	2,383,513	-
Total non-current liabilities	<u>153,931</u>	<u>62,820,775</u>	<u>-</u>
Total liabilities	<u>181,431</u>	<u>67,648,900</u>	<u>-</u>
Deferred Inflows of Resources:			
Deferred gain on refunding	-	457,979	-
Pension deferrals	405	5,779	-
OPEB deferrals	60,409	862,989	-
Total deferred inflows of resources	<u>60,814</u>	<u>1,326,747</u>	<u>-</u>
Net Position:			
Net investment in capital assets	1,379	39,143,825	-
Restricted for HUD Section 8 housing	7,160	7,160	-
Unrestricted	204,287	15,952,258	-
Total net position	<u>\$ 212,826</u>	<u>\$ 55,103,243</u>	<u>\$ -</u>

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities		
	Enterprise Funds		
	Solid Waste Fund	Combined Sewer Fund	Combined Water Fund
Operating Revenues:			
Charges for services	\$ 6,116,796	\$ 3,140,433	\$ 8,782,950
Dwelling rental	-	-	-
Miscellaneous	53,901	-	-
Total operating revenues	<u>6,170,697</u>	<u>3,140,433</u>	<u>8,782,950</u>
Operating Expenses:			
Cost of services	6,048,975	796,220	5,700,146
Depreciation and amortization	105,542	886,891	2,782,207
Total operating expenses	<u>6,154,517</u>	<u>1,683,111</u>	<u>8,482,353</u>
Operating income (loss)	<u>16,180</u>	<u>1,457,322</u>	<u>300,597</u>
Non-Operating Revenues (Expenses):			
Restricted intergovernmental	-	122,403	262,000
Interest income	-	48,442	6,228
Miscellaneous income	481,583	-	21,379
Gain (loss) on disposal/transfers of capital assets	-	(286,939)	307,755
Interest and other charges	(7,456)	(524,344)	(1,342,772)
Total non-operating revenues (expenses)	<u>474,127</u>	<u>(640,438)</u>	<u>(745,410)</u>
Income (loss) before transfers	<u>490,307</u>	<u>816,884</u>	<u>(444,813)</u>
Transfers in	-	27,916	925,838
Transfers out	-	(467,966)	(527,916)
Total transfers in (out)	<u>-</u>	<u>(440,050)</u>	<u>397,922</u>
Change in net position	490,307	376,834	(46,891)
Net Position:			
Beginning of year, July 1	<u>6,362,154</u>	<u>16,755,635</u>	<u>30,952,378</u>
End of year, June 30	<u>\$ 6,852,461</u>	<u>\$ 17,132,469</u>	<u>\$ 30,905,487</u>

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Business-Type Activities</u>		<u>Governmental</u>
	<u>Enterprise Funds</u>		<u>Activities</u>
	<u>Total</u>		<u>Internal</u>
	<u>Aggregate</u>	<u>Total</u>	<u>Service Funds</u>
	<u>Nonmajor Funds</u>	<u>Total</u>	<u>Service Funds</u>
Operating Revenues:			
Charges for services	\$ -	\$ 18,040,179	\$ -
Dwelling rental	13,209	13,209	-
Miscellaneous	214,381	268,282	-
Total operating revenues	<u>227,590</u>	<u>18,321,670</u>	<u>-</u>
Operating Expenses:			
Cost of services	1,370,625	13,915,966	-
Depreciation and amortization	47,699	3,822,339	-
Total operating expenses	<u>1,418,324</u>	<u>17,738,305</u>	<u>-</u>
Operating income (loss)	<u>(1,190,734)</u>	<u>583,365</u>	<u>-</u>
Non-Operating Revenues (Expenses):			
Restricted intergovernmental	1,083,958	1,468,361	-
Interest income	156	54,826	-
Miscellaneous income	690	503,652	-
Gain (loss) on disposal/transfers of capital assets	(227,702)	(206,886)	-
Interest and other charges	(1,979)	(1,876,551)	-
Total non-operating revenues (expenses)	<u>855,123</u>	<u>(56,598)</u>	<u>-</u>
Income (loss) before transfers	<u>(335,611)</u>	<u>526,767</u>	<u>-</u>
Transfers in	-	953,754	-
Transfers out	(406,539)	(1,402,421)	(828,052)
Total transfers in (out)	<u>(406,539)</u>	<u>(448,667)</u>	<u>(828,052)</u>
Change in net position	(742,150)	78,100	(828,052)
Net Position:			
Beginning of year, July 1	<u>954,976</u>	<u>55,025,143</u>	<u>828,052</u>
End of year, June 30	<u>\$ 212,826</u>	<u>\$ 55,103,243</u>	<u>\$ -</u>

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities		
	Enterprise Funds		
	Solid Waste Fund	Combined Sewer Fund	Combined Water Fund
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 6,242,898	\$ 3,079,807	\$ 8,702,266
Payments to customers and suppliers	(5,495,101)	(568,077)	(3,962,183)
Payments to employees	(476,711)	(227,085)	(1,509,489)
Net cash provided (used) by operating activities	<u>271,086</u>	<u>2,284,645</u>	<u>3,230,594</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition & construction of capital assets	(68,273)	(195,594)	(5,984,355)
Proceeds from sale of asset	-	-	20,816
Repayment of debt	(30,170)	(850,171)	(1,441,734)
Proceeds from issuance of debt	-	-	65,640
Interest paid and issuance costs	(7,558)	(535,844)	(1,342,711)
Net cash provided (used) by capital and related financing activities	<u>(106,001)</u>	<u>(1,581,609)</u>	<u>(8,682,344)</u>
Cash Flows From Non-Capital Financing Activities:			
State and federal grants	-	122,403	262,000
Miscellaneous revenues	481,583	-	21,379
Advances to and from other funds	2,594	1,323	(358,815)
Transfers in (out)	-	(440,050)	397,922
Net cash provided (used) by non-capital financing activities	<u>484,177</u>	<u>(316,324)</u>	<u>322,486</u>
Cash Flows From Non-Capital Financing Activities:			
Interest on cash and cash equivalents	-	48,442	6,228
Net increase (decrease) in cash and cash equivalents	649,262	435,154	(5,123,036)
Cash and Cash Equivalents:			
Beginning of year, July 1	<u>3,906,287</u>	<u>7,792,852</u>	<u>10,890,891</u>
End of year, June 30	<u>\$ 4,555,549</u>	<u>\$ 8,228,006</u>	<u>\$ 5,767,855</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 16,180	\$ 1,457,322	\$ 300,597
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	105,542	886,891	2,782,207
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	72,201	(61,726)	(96,039)
Increase (decrease) in accounts payable and accrued expenses	23,387	(24,403)	18,600
Increase (decrease) in customer deposits payable	-	1,100	15,355
Increase (decrease) in compensated absences	5,233	1,863	11,708
Increase (decrease) in OPEB liability	(123,678)	(55,655)	(395,769)
(Increase) in deferred outflows of resources for OPEB	164	5,019	(46,250)
Increase (decrease) in deferred inflows of resources for OPEB	127,021	36,686	319,004
(Increase) in deferred outflows of resources for pensions	(65,933)	(29,670)	(210,985)
Increase (decrease) in net pension liability	201,063	90,477	643,400
Increase (decrease) in deferred inflows of resources for pensions	(90,094)	(23,259)	(111,234)
Net cash provided (used) by operating activities	<u>\$ 271,086</u>	<u>\$ 2,284,645</u>	<u>\$ 3,230,594</u>
Non-Cash Transactions:			
Transfer of capital assets (to) from other funds	\$ -	\$ (286,939)	\$ 286,939
Subscription assets acquired in exchange for subscription liability	\$ -	\$ -	\$ 65,715

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Business-Type Activities</u>		<u>Governmental</u>
	<u>Enterprise Funds</u>		<u>Activities</u>
	<u>Total</u>		<u>Internal</u>
	<u>Aggregate</u>		<u>Service Funds</u>
	<u>Nonmajor Funds</u>	<u>Total</u>	
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 239,665	\$ 18,264,636	\$ -
Payments to customers and suppliers	(1,180,722)	(11,206,083)	(18,432)
Payments to employees	(174,018)	(2,387,303)	-
Net cash provided (used) by operating activities	<u>(1,115,075)</u>	<u>4,671,250</u>	<u>(18,432)</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition & construction of capital assets	(43,926)	(6,292,148)	-
Proceeds from sale of asset	655,000	675,816	-
Repayment of debt	(81,989)	(2,404,064)	-
Proceeds from issuance of debt	43,918	109,558	-
Interest paid and issuance costs	(1,415)	(1,887,528)	-
Net cash provided (used) by capital and related financing activities	<u>571,588</u>	<u>(9,798,366)</u>	<u>-</u>
Cash Flows From Non-Capital Financing Activities:			
State and federal grants	1,083,958	1,468,361	-
Miscellaneous revenues	690	503,652	-
Advances to and from other funds	(30,308)	(385,206)	-
Transfers in (out)	(406,539)	(448,667)	(828,052)
Net cash provided (used) by non-capital financing activities	<u>647,801</u>	<u>1,138,140</u>	<u>(828,052)</u>
Cash Flows From Non-Capital Financing Activities:			
Interest on cash and cash equivalents	156	54,826	-
Net increase (decrease) in cash and cash equivalents	104,470	(3,934,150)	(846,484)
Cash and Cash Equivalents:			
Beginning of year, July 1	246,236	22,836,266	846,484
End of year, June 30	<u>\$ 350,706</u>	<u>\$ 18,902,116</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (1,190,734)	\$ 583,365	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	47,699	3,822,339	-
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	14,975	(70,589)	-
Increase (decrease) in accounts payable and accrued expenses	(7,544)	10,040	(18,432)
Increase (decrease) in customer deposits payable	(2,900)	13,555	-
Increase (decrease) in compensated absences	(1,512)	17,292	-
Increase (decrease) in OPEB liability	(43,287)	(618,389)	-
(Increase) in deferred outflows of resources for OPEB	(3,092)	(44,159)	-
Increase (decrease) in deferred inflows of resources for OPEB	46,538	529,249	-
(Increase) in deferred outflows of resources for pensions	(23,076)	(329,664)	-
Increase (decrease) in net pension liability	70,372	1,005,312	-
Increase (decrease) in deferred inflows of resources for pensions	(22,514)	(247,101)	-
Net cash provided (used) by operating activities	<u>\$ (1,115,075)</u>	<u>\$ 4,671,250</u>	<u>\$ (18,432)</u>
Non-Cash Transactions:			
Transfer of capital assets (to) from other funds	\$ -	\$ -	\$ -
Subscription assets acquired in exchange for subscription liability	<u>\$ 43,926</u>	<u>\$ 109,641</u>	<u>\$ -</u>

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

PENDER COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2023

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 96,218
Receivables, net	<u>130,335</u>
Total assets	<u>226,553</u>
Liabilities:	
Accounts payable and accrued liabilities	<u>94,678</u>
Net Position:	
Restricted for:	
Individuals, organizations and other governments	<u>\$ 131,875</u>

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

PENDER COUNTY, NORTH CAROLINA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Custodial Funds</u>
Additions:	
Ad valorem taxes for other governments	\$ 2,179,247
Collections on behalf of inmates	<u>146,236</u>
Total additions	<u>2,325,483</u>
Deductions:	
Tax distributions to other governments	2,179,209
Payments on behalf of inmates	<u>173,106</u>
Total deductions	<u>2,352,315</u>
Net increase (decrease) in fiduciary net position	(26,832)
Net Position:	
Net position - beginning	<u>158,707</u>
Net position - ending	<u>\$ 131,875</u>

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

1. Summary of Significant Accounting Policies

A. Reporting Entity

Pender County, North Carolina, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under General Statute 153A-10. The County is located in the southeastern part of the state in the coastal region and has a population of approximately 62,000. As required by generally accepted accounting principles (GAAP), these financial statements present the County and its component units, legally separate entities for which the County is financially accountable.

Blended Component Units

The blended presentation method presents component units, presented below, as a department or unit of the County, and offers no separate presentation as with the discrete method. These units are reported as major enterprise funds.

Pender County Water and Sewer Districts (the “Districts”): Pender County Board of County Commissioners have established 5 “Water and Sewer Districts” for the purpose of constructing and operating Water and Sewer Distribution Systems for the residents of Pender County to provide potable water and access to sewer services. Under state law, NCGS 162A-89, the Pender County Board of Commissioners also serve as the governing board of the Districts. On June 21, 2021, the Pender County Board of Commissioners determined that the operations of these Districts are to be interconnected and combined for efficiencies and overall provision of services, effective for reporting period July 1, 2022. The County and the Districts entered into an interlocal agreement pursuant to the authority of NCGS 160A-461, under which local governments may contract or enter into agreements with another local government “in order to execute any undertaking”. That agreement sets forth the terms pursuant to which the County and the Districts will jointly exercise their respective authority in connection with the operation of public water and sewer services. These Districts, as listed below, are now presented as combined water and sewer major enterprise funds in the Pender County financials as of Fiscal Year 2022-2023.

- **Maple Hill Water and Sewer District (“the 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.
- **Rocky Point-Topsail Water and Sewer District (“the District”):** The District was established by the Pender County Board of Commissioners in 1996. This district covers the largest area, from Rocky-Point east to Topsail Township, and the majority of the customers for Pender County Utilities.-
- **Scotts Hill Water and Sewer District (“the District”):** The District was established by the Pender County Board of Commissioners on February 20, 2006 and began serving customers in November 2011. 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.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

- **Moore’s Creek Water and Sewer District (“the 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 on US 421. Approximately 700 potential customers (households and businesses) are within the District. The citizens within the Moore’s Creek Water and Sewer District approved a General Obligation Bond Referendum on November 7, 2006 to fund the future construction of a water distribution system to serve the District. The GO Bond Referendum, which took effect upon its approval by the qualified voters in the District on November 7, 2006, was extended from seven to ten years after the date such bond order took effect.
- **Central Pender Water and Sewer District (“the District”):** The District was established by the Pender County Board of Commissioners on February 20, 2006. It includes a section of Southeast and Central Pender County in the vicinity of the Town of Burgaw. Approximately 850 potential customers (households and businesses) are within the District. The citizens within the Central Pender Water and Sewer District approved a General Obligation Bond Referendum on November 7, 2006, to fund the future construction of a water distribution system to serve the District. The GO Bond Referendum, which took effect upon its approval by the qualified voters in the District on November 7, 2006, was extended from seven to ten years after the date such bond order took effect.

Pender County Housing Authority (“the Authority”): The 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. Separate financial statements are not issued for the Authority.

Pender FinCorp: Pender FinCorp (“the FinCorp”) is a nonprofit corporation duly organized and validly existing. The FinCorp exists to assist Pender County, North Carolina, in carrying out the County’s public functions, and in particular to facilitate the County’s financing of capital projects. The County’s Board of Commissioners are responsible for appointing the members of the board of the FinCorp, and the County can remove any member of the board with or without cause. The FinCorp is initially involved in the debt refunding transactions of the 2020 Series refunding bonds. The FinCorp has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Pender FinCorp does not issue separate financial statements.

Pender County Public Facilities Company: Pender County Public Facilities Company (“the Company”) is a nonprofit corporation duly organized and validly existing. The Company exists to assist Pender County, North Carolina, in carrying out the County’s public functions to promote the general welfare of the citizens, and in particular to facilitate the County’s financing of capital projects. The County’s Board of Commissioners are responsible for appointing the members of the board of the Company, and the County can remove any member of the board with or without cause. The Company is initially involved in the debt refunding transactions of the 2015 Series refunding bonds. The Company has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Pender County Public Facilities Company does not issue separate financial statements.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Discretely Presented Component Units

The discretely presented component units presented below are reported in separate columns in the County's government-wide financial statements in order to emphasize that they are legally separate from the County.

Pender County ABC Board: The members of the Alcoholic Beverage Control (ABC) 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 Pender County ABC Board may be obtained at:

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

Pender Tourism Development Authority: The Pender County Board of Commissioners may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the County that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3) and from the rental of private residences and cottages, whether or not the residence or cottage is rented for fewer than 15 days. This tax is in addition to any state or local sales tax. When the Board of Commissioners adopts a resolution levying a room occupancy tax, it shall also adopt a resolution creating a county Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. At least one-third of the members must be individuals who are affiliated with businesses that collect the tax in the county, and at least three-fourths of the members must be individuals who are currently active in the promotion of travel and tourism in the County. The Authority shall expend the net proceeds of the tax remitted to it to promote travel, tourism, and conventions in the County, sponsor tourist-related events and activities in the County, and finance tourist-related capital projects in the County. The TDA, which has a June 30 year-end, and is presented as if it were a governmental fund (discrete presentation), has elected not to issue separate financial statements, but to include all relevant information required by generally accepted accounting principles as supplementary information in the County's Annual Financial Report.

B. Basis of Presentation

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 discretely presented 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.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, as applicable.

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

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund.

Public School Special Revenue Fund. This fund is used to track debt service for public school bonds.

ARPA Fund. The ARPA Fund is a grant project special revenue fund used to account for the County's portion of the American Rescue Plan Act (ARPA) funding.

Rescue District Fund. This fund is a Special Revenue Fund used to account for the tax revenues collected by the County on behalf of rescue districts located within the County.

Opioid Settlement Fund. This fund is a Special Revenue Fund used to account for settlement proceeds that are restricted for use for a particular purpose.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The County reports the following major enterprise funds:

Solid Waste Fund. This fund accounts for the services contracted for the operation, maintenance, and development of various convenience sites and the transfer station. The Solid Waste Capital Project Fund has been consolidated into the Solid Waste Fund for reporting purposes. Budgetary comparisons for these funds have been included in the supplementary information.

Combined Sewer Fund. This fund is used to account for the operations of the wastewater treatment facilities. The Maple Hill Sewer Capital Project Fund and the PCP Wastewater Treatment Plant Capital Project Fund have been consolidated into the Combined Sewer Fund for reporting purposes. Budgetary comparisons for these funds have been included in the supplementary information.

Combined Water Fund. This fund is used to account for the operations of the water treatment plant and the interconnected distribution systems. The Scotts Hill Elevated Tank & Wells Capital Project Fund, the Rocky Point/Topsail Water Treatment Plant Upgrade Capital Project Fund, the Rocky Point/Topsail Water Phase V Capital Project Fund, the Scotts Hill Water & Sewer Capital Project Fund, the Water Treatment Plant Capital Project Fund, and the US 421 Water & Sewer Expansion Capital Project Fund have been consolidated into the Combined Water Fund for reporting purposes. Budgetary comparisons for these funds have been included in the supplementary information.

Internal Service Funds – The internal service funds are used to account for the financial activities of the County’s self-insured employee health insurance and workers' compensation. These funds are closed at the end of fiscal year 2023.

Fiduciary Funds – include the following fund types:

Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Collections Fund, which is used to account for monies collected from ad valorem taxes for the benefit of municipalities located in the County and monies collected from gross receipts taxes for the benefit of municipalities located in the County; the Jail Inmate Fund, which is used to account for the monies of jail inmates for the benefit of the jail inmates.

The County reports the following nonmajor funds:

Governmental Funds: Fire Service District Fund, 911 Emergency Telephone Fund, Cooperative Extension Fund, Capital Improvements Fund, and School Capital Projects Fund

Enterprise Funds: Section 8 Admin. Fund and Country Court Apartments Fund

Internal Service Funds: Employee Health Insurance Fund and Workers’ Compensation Fund

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

C. Measurement Focus and Basis of Accounting

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

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise fund 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 system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under leases and IT subscriptions are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 the utilities franchise tax, collected and held by the state at year-end on behalf of the County, are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

D. 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, Revaluation Fund, 911 Emergency Telephone Systems, Fire Service District Fund, Rescue District Fund, Cooperative Extension Fund, Public School Special Revenue Fund, Opioid Settlement Fund, and the Enterprise Operating Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the ARPA Fund, Capital Improvements Fund, School Capital Fund, 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 the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$10,000. The governing board must approve all amendments. During the year, several material amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Deposits and Investments

All deposits of the County, the ABC Board, and the Tourism Authority are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County, the ABC Board, and the Tourism Authority 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 Super NOW accounts, money market accounts, and certificates of deposit.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

The majority of the County, the ABC Board, and the Tourism Authority's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The NCCMT Government Portfolio, an SEC-registered (2a-7) government money market mutual fund, is measured at fair value and is rated AAAm by S&P and AAA-mf by Moody Investor Services. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost.

F. Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The County, the ABC Board, and the Tourism Authority considers demand deposits and investments with a maturity date of 90 days or less at the time of purchase to be cash and cash equivalents.

G. Restricted Assets

Unexpended bond proceeds are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued. Debt service reserve is required balances held for debt purposes by the financial institutions. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Representative payee deposits held by the County are restricted for the beneficiaries it is being held for. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Restrictions are also in place for grants in the Section 8 Admin. Fund. Advances from grantors in the ARPA Fund, and the Capital Improvements Fund are classified as restricted because their use is completely restricted for the purpose for which the grants were awarded. Unexpended settlement proceeds are classified as restricted assets because these funds have been awarded to the County and the use is completely restricted by the agreement between the state of North Carolina and the pharmaceutical companies involved in the opioid litigation.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Governmental Activities:

General Fund	Representative payee deposits	\$ 70,249
General Fund	Tax revaluation	956,501
Opioid Settlement Fund	Unspent opioid settlement proceeds	489,061
ARPA Fund	Advances from grantors	11,568,544
Capital Improvements Fund	Advances from grantors	4,214
Total governmental activities		13,088,569

Business-Type Activities:

Combined Water Fund	Debt service reserve	207,413
Combined Water Fund	Customer deposits	181,030
Combined Sewer Fund	Unexpended bond proceeds	542,075
Combined Sewer Fund	Customer deposits	8,300
Section 8 Admin. Fund	Grant restrictions	7,160
Total business-type activities		945,978

Total restricted cash	\$ 14,034,547
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H. 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, 2022. As allowed by state law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

I. Allowances for Doubtful Accounts

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

J. Inventories and Prepaid Items

The inventories of the County and the ABC Board are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recognized as expenditures when purchased. If significant, the amount of inventory on hand at year end is reported on the balance sheet in the governmental funds. However, in the Government-wide Statement Activities the cost of these inventories is expensed as the items are used.

The inventories of the County's enterprise fund, and those of the ABC Board consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 and expensed as the items are used.

K. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015, are recorded at their estimated value at the date of donation. Donated capital assets received after July 1, 2015, are recorded at acquisition value. All other purchased or constructed capital assets with an estimated useful life greater than one year are reported at cost or estimated historical cost. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$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 after 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.

The County's capital assets also include certain right-to-use assets. These right-to-use assets arise in association with agreements where the County reports a lease (only applies when the County is the lessee) or agreements where the County reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

The right-to-use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right-to-use subscription assets should be amortized on a straight-line basis over the subscription term.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

	<u>Years</u>
Buildings	50
Infrastructure	40
Other 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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense until then. The County has several items that meet this criterion – pension and OPEB related deferrals. In addition to liabilities, the statement of net position and balance sheet can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets or fund balance that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category – property taxes receivable, grants receivable, unavailable revenues (reported only on the Balance Sheet of the Governmental Funds), prepaid taxes, deferred gain on refunding, and other pension-related and OPEB deferrals.

M. Long-Term Obligations

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

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

N. Compensated Absences

The vacation policies of the County provide 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, 2023 amounted to \$1,428,673 in total, \$1,292,134 of which represents the liability of the governmental funds and is recorded in the government-wide financial statements and \$136,539 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 240 hours earned vacation, and such leave is fully vested when earned. Accumulated earned vacation amounted to approximately \$39,051 at June 30, 2023. 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.

O. Opioid Settlement Funds

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

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

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

The County received \$489,061 during fiscal year 2023 as part of this settlement. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2023. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

P. Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The County was allocated \$12,248,666 of fiscal recovery funds to be paid in two equal installments. The first installment of \$6,124,333 was received in October 2021. The second installment was received in November 2022. County staff and the Board of Commissioners have elected to use all of these funds toward the Pender County Utilities US 421 Sewer Pump Station, Force Main, & Water Line Project. During fiscal year ended June 30, 2023, a total of \$457,872 was expended in the project. As of fiscal year ended June 30, 2023, \$680,122 have been spent-to-date.

Q. Net Position/Fund Balances

Net Position

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

Net position classified as net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted for HUD Section 8 housing – represents a portion of net position restricted by HUD related to the Housing Choice Voucher Program to be used for future HAP payments.

Unrestricted net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

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

Notes Receivable – portion of fund balance that is not an available resource because it represents long-term receivables, which are not spendable resources.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Restricted Fund Balance

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

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

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 Health and Human Services – portion of fund balance that is restricted by revenue source for the health and human services.

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

Restricted for Automation Enhancement and Preservation – the portion of fund balance constituting the Automation Enhancement and Preservation Fund, funded by 10% of the fees collected and maintained by the Register of Deeds' office. The funds are available for appropriation but are legally restricted for computer and imaging technology in the Register of Deeds' office.

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount restricted for Register of Deeds pension plan of \$165,361 as of June 30, 2023.

Committed Fund Balance

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Committed for Tax Revaluation – portion of fund balance committed for Tax Revaluation.

Committed for Cultural and Recreation – portion of fund balance committed for library improvements.

Committed for Capital Outlay and Improvements – portion of fund balance committed for capital outlay and improvements.

Assigned Fund Balance

This classification represents the portions of fund balance that Iredell County intends to use for specific purposes, but do not meet the criteria to be classified as committed. Assignments of fund balance are generally created by action of the County's governing body, such as the adoption of an annual budget or project ordinance. However, an additional Board action is not required for the removal of an assignment.

Economic and Physical Development – portion of fund balance set aside for the County's cooperative extension programs.

Unassigned Fund Balance – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund which can report a positive unassigned 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.

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 a certain percentage 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.

R. Estimates

Significant Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts, depreciation lives, and the closure/post-closure costs of the landfill.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

S. Defined Benefit Pension Plans

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

2. Stewardship, Compliance, and Accountability

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

Budget Violations – Excess of Expenditures over Appropriations

The County is in violation of state law (G.S. 159-28). State law requires that obligations of the unit be pre-audited in accordance with the Local Government Budget and Fiscal Control Act. For the fiscal year ended June 30, 2023, actual expenditures exceeded budgeted expenditures for the following funds: Rescue District Fund, Cooperative Extension Fund, and General Fund. Management concurs. Management and the Board will more closely review the budget reports to ensure compliance in future years.

B. Non-Compliance with North Carolina General Statutes

N.C. General Statute 159-34 requires the County to have an audit as soon as possible after the close of each fiscal year. The 2023 audit was delayed; refer to finding 2023-004 for further information.

C. Finance Officer Bonding

For the fiscal year ended June 30, 2023, the Board-appointed Finance Officer for the County and the Tourism Authority is not individually bonded to meet the requirements of N.C. General Statute 159-29 and the requirements of S.L. 2022-53 Section 9(a).

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

3. Detail Notes on All Funds

A. Assets

Deposits

All the County's, the ABC Board's and the Tourism Authority'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 are collateralized with securities held by the County's, the ABC Board's, or the Tourism Authority'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, ABC Board and Tourism Authority, 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 noninterest-bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, ABC Board and Tourism Authority, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the units under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability and minimum capitalization 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, ABC Board, and Tourism Authority 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, 2023, the County's deposits had a carrying amount of \$5,658,362 and a bank balance of \$6,165,398. Of the bank balance, \$329,033 was covered by federal depository insurance and \$5,836,365 was covered by collateral held under the Pooling Method. At June 30, 2023, Pender County had \$2,386 cash on hand.

At June 30, 2023, the carrying amount of deposits for Pender County ABC Board was \$618,934 and the bank balance was \$491,670. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining was covered by collateral held under the Pooling Method. At June 30, 2023, Pender County ABC Board had \$800 cash on hand.

At June 30, 2023, the Pender Tourism Development Authority's deposits had a carrying amount of \$114,178 and a bank balance of \$114,178. Of the bank balance, \$114,178 was covered by collateral held under the Pooling Method.

First Citizens Bank and Trust Company has selected the Pooling Method to secure public deposits.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Investments

As of June 30, 2023, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than</u>		
			<u>6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
NC Capital Management Trust:					
Government Portfolio	Fair Value-Level 1	<u>\$109,256,379</u>	<u>\$109,256,379</u>	<u>N/A</u>	<u>N/A</u>

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

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

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

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County’s investment policy limits no less than 30% of the total investment portfolio shall mature within 30 days. No less than 75% of the portfolio shall mature in 90 days, and the average maturity of the portfolio shall not exceed one year.

Credit Risk. The NC Capital Management Trust Government Portfolio is rated AAAM by Standard & Poor’s and AAA-mf by Moody’s Investor Services. The County has no policy regarding credit risk.

Property Tax - Use-Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed at present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years along with accrued interest from the original due date. This tax is immediately due and payable. Shown below are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year of Levy</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,917,729	\$ 635,248	\$ 2,552,977
2021	1,924,714	461,932	2,386,646
2022	1,888,967	280,511	2,169,478
2023	<u>2,150,288</u>	<u>123,104</u>	<u>2,273,392</u>
Total	<u>\$ 7,881,698</u>	<u>\$ 1,500,795</u>	<u>\$ 9,382,493</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Receivables

Receivables at the government-wide level at June 30, 2023, were as follows:

	<u>Accounts Receivable</u>	<u>Property Taxes</u>	<u>Sales Tax</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:					
General	\$ 863,812	\$ 3,875,886	\$ 591,743	\$ 7,644,093	\$ 12,975,534
Public School Special Revenue	-	-	-	1,882,078	1,882,078
Rescue District	153,814	550,841	-	-	704,655
Opioid Settlement	6,327,553	-	-	-	6,327,553
Other nonmajor governmental	<u>23,852</u>	<u>453,225</u>	-	<u>760,178</u>	<u>1,237,255</u>
Total receivables	7,369,031	4,879,952	591,743	10,286,349	23,127,075
Allowance for doubtful accounts	<u>1,265,511</u>	<u>875,369</u>	-	-	<u>2,140,880</u>
Total governmental activities	<u>\$ 6,103,520</u>	<u>\$ 4,004,583</u>	<u>\$ 591,743</u>	<u>\$ 10,286,349</u>	<u>\$ 20,986,195</u>
Business-Type Activities:					
Solid Waste	\$ 121,925	\$ 1,142,933	\$ -	\$ -	\$ 1,264,858
Combined Sewer	174,713	-	-	-	174,713
Combined Water	<u>2,440,072</u>	-	-	-	<u>2,440,072</u>
Total receivables	2,736,710	1,142,933	-	-	3,879,643
Allowance for doubtful accounts	<u>1,266,790</u>	<u>461,017</u>	-	-	<u>1,727,807</u>
Total business-type activities	<u>\$ 1,469,920</u>	<u>\$ 681,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,151,836</u>

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

Local option sales tax	\$ 6,000,435
FEMA grants	2,699,245
Other grants	693,469
DMV - vehicle tax	611,594
Health grants	13,009
DSS grants	268,597
Total	<u>\$ 10,286,349</u>

The Custodial Funds' accounts receivable is presented net of the allowance for uncollectible accounts of \$14,415.

Notes receivable at June 30, 2023 of \$416,661 consists of an interest free note from a developer with a maturity date of August 31, 2025.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Capital Assets

A summary of changes in the County's governmental capital assets are as follows:

	Balance				Balance
	July 1, 2022	Additions	Retirements	Transfers	June 30, 2023
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 14,170,608	\$ 660,887	\$ (20,337)	\$ -	\$ 14,811,158
Construction in progress	<u>1,546,966</u>	<u>597,226</u>	<u>(223,806)</u>	<u>(143,820)</u>	<u>1,776,566</u>
Total non-depreciable capital assets	<u>15,717,574</u>	<u>1,258,113</u>	<u>(244,143)</u>	<u>(143,820)</u>	<u>16,587,724</u>
Depreciable Capital Assets:					
Buildings and improvements	32,700,957	469,314	-	143,820	33,314,091
Intangibles	2,941,895	-	-	-	2,941,895
Equipment	4,692,506	525,580	(114,601)	-	5,103,485
Vehicles	<u>6,149,064</u>	<u>1,594,200</u>	<u>(296,277)</u>	<u>-</u>	<u>7,446,987</u>
Total depreciable capital assets	<u>46,484,422</u>	<u>2,589,094</u>	<u>(410,878)</u>	<u>143,820</u>	<u>48,806,458</u>
Right-to-Use Assets:					
Leased buildings	50,126	-	(50,126)	-	-
Leased equipment	35,561	-	-	-	35,561
Leased computer equipment	542,755	-	-	-	542,755
Subscriptions	<u>-</u>	<u>2,871,712</u>	<u>-</u>	<u>-</u>	<u>2,871,712</u>
Total right-to-use assets	<u>628,442</u>	<u>2,871,712</u>	<u>(50,126)</u>	<u>-</u>	<u>3,450,028</u>
Less Accumulated Depreciation:					
Buildings and improvements	18,487,713	929,766	-	-	19,417,479
Intangibles	1,483,470	120,057	-	-	1,603,527
Equipment	2,678,064	439,371	(114,601)	-	3,002,834
Vehicles	<u>4,772,410</u>	<u>604,336</u>	<u>(212,386)</u>	<u>-</u>	<u>5,164,360</u>
Total accumulated depreciation	<u>27,421,657</u>	<u>2,093,530</u>	<u>(326,987)</u>	<u>-</u>	<u>29,188,200</u>
Less Accumulated Amortization:					
Leased buildings	20,886	29,240	(50,126)	-	-
Leased equipment	6,193	7,646	-	-	13,839
Leased computer equipment	197,365	197,365	-	-	394,730
Subscriptions	<u>-</u>	<u>274,494</u>	<u>-</u>	<u>-</u>	<u>274,494</u>
Total accumulated amortization	<u>224,444</u>	<u>508,745</u>	<u>(50,126)</u>	<u>-</u>	<u>683,063</u>
Total capital assets being depreciated, net	<u>19,466,763</u>				<u>22,385,223</u>
Governmental activity capital assets, net	<u>\$ 35,184,337</u>				<u>\$ 38,972,947</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

General government	\$ 1,606,392
Public safety	680,737
Human services	148,258
Economic and physical development	28,514
Cultural and recreational	<u>138,374</u>
Total depreciation expense	<u><u>\$ 2,602,275</u></u>

A summary of changes in the County's business-type capital assets follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2023</u>
Business-Type Activities:					
Solid Waste Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 246,417	\$ -	\$ -	\$ -	\$ 246,417
Depreciable Capital Assets:					
Buildings and improvements	3,553,015	-	-	-	3,553,015
Vehicles	29,788	59,035	-	-	88,823
Equipment	55,235	9,238	-	-	64,473
Total depreciable capital assets	<u>3,638,038</u>	<u>68,273</u>	<u>-</u>	<u>-</u>	<u>3,706,311</u>
Less Accumulated Depreciation:					
Buildings and improvements	924,990	87,025	-	-	1,012,015
Vehicles	16,881	16,234	-	-	33,115
Equipment	53,499	2,283	-	-	55,782
Total accumulated depreciation	<u>995,370</u>	<u>105,542</u>	<u>-</u>	<u>-</u>	<u>1,100,912</u>
Total depreciable capital assets, net	<u>2,642,668</u>				<u>2,605,399</u>
Solid Waste Fund capital assets, net	<u>\$ 2,889,085</u>				<u>\$ 2,851,816</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2023</u>
Business-Type Activities:					
Combined Sewer Fund:					
Non-Depreciable Capital Assets:					
Construction in progress	\$ 394,615	\$ 123,970	\$ -	\$ -	\$ 518,585
Depreciable Capital Assets:					
Buildings and improvements	28,838,080	-	-	(1,202,031)	27,636,049
Vehicles	-	25,653	-	-	25,653
Equipment	33,625	53,422	-	-	87,047
Total depreciable capital assets	<u>28,871,705</u>	<u>79,075</u>	<u>-</u>	<u>(1,202,031)</u>	<u>27,748,749</u>
Less Accumulated Depreciation:					
Buildings and improvements	5,840,258	954,230	-	(915,092)	5,879,396
Vehicles	-	5,131	-	-	5,131
Equipment	33,625	4,007	-	-	37,632
Total accumulated depreciation	<u>5,873,883</u>	<u>963,368</u>	<u>-</u>	<u>(915,092)</u>	<u>5,922,159</u>
Total depreciable capital assets, net	<u>22,997,822</u>				<u>21,826,590</u>
Combined Sewer					
Fund capital assets, net	<u>\$ 23,392,437</u>				<u>\$ 22,345,175</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2023</u>
Business-Type Activities:					
Combined Water Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 366,193	\$ 14,600	\$ -	\$ -	\$ 380,793
Construction in progress	<u>1,589,704</u>	<u>6,173,151</u>	<u>-</u>	<u>-</u>	<u>7,762,855</u>
Total non-depreciable capital assets	<u>1,955,897</u>	<u>6,187,751</u>	<u>-</u>	<u>-</u>	<u>8,143,648</u>
Depreciable Capital Assets:					
Buildings and improvements	85,500,710	-	-	1,202,031	86,702,741
Intangibles	4,245,518	-	-	-	4,245,518
Vehicles	830,077	247,609	(41,955)	-	1,035,731
Equipment	<u>289,970</u>	<u>61,950</u>	<u>-</u>	<u>-</u>	<u>351,920</u>
Total depreciable capital assets	<u>90,866,275</u>	<u>309,559</u>	<u>(41,955)</u>	<u>1,202,031</u>	<u>92,335,910</u>
Right-to-Use Assets:					
Subscriptions	<u>-</u>	<u>65,715</u>	<u>-</u>	<u>-</u>	<u>65,715</u>
Less Accumulated Depreciation:					
Buildings and improvements	16,865,266	2,322,747	-	915,092	20,103,105
Intangibles	2,518,213	414,959	-	-	2,933,172
Vehicles	617,700	83,987	(41,955)	-	659,732
Equipment	<u>131,246</u>	<u>31,027</u>	<u>-</u>	<u>-</u>	<u>162,273</u>
Total accumulated depreciation	<u>20,132,425</u>	<u>2,852,720</u>	<u>(41,955)</u>	<u>915,092</u>	<u>23,858,282</u>
Less Accumulated Amortization:					
Subscriptions	<u>-</u>	<u>10,946</u>	<u>-</u>	<u>-</u>	<u>10,946</u>
Total depreciable capital assets, net	<u>70,733,850</u>				<u>68,532,397</u>
Combined Water					
Fund capital assets, net	<u>\$ 72,689,747</u>				<u>\$ 76,676,045</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2023</u>
Business-Type Activities:					
Section 8 Administration Fund:					
Depreciable Capital Assets:					
Intangibles	\$ 9,383	\$ -	\$ -	\$ -	\$ 9,383
Vehicles	<u>15,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,615</u>
Total depreciable capital assets	<u>24,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,998</u>
Right-to-Use Assets:					
Subscriptions	<u>-</u>	<u>43,926</u>	<u>-</u>	<u>-</u>	<u>43,926</u>
Less Accumulated Depreciation:					
Intangibles	9,383	-	-	-	9,383
Vehicles	<u>15,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,615</u>
Total accumulated depreciation	<u>24,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,998</u>
Less Accumulated Amortization:					
Subscriptions	<u>-</u>	<u>13,583</u>	<u>-</u>	<u>-</u>	<u>13,583</u>
Total depreciable capital assets, net	<u>-</u>				<u>30,343</u>
Section 8 Administration Fund capital assets, net	<u>\$ -</u>				<u>\$ 30,343</u>

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2023</u>
Business-Type Activities:					
Country Court Apartments Fund:					
Depreciable Capital Assets:					
Buildings and improvements	\$ 1,206,449	\$ -	\$ (1,206,449)	\$ -	\$ -
Intangibles	<u>1,200</u>	<u>-</u>	<u>(1,200)</u>	<u>-</u>	<u>-</u>
Total depreciable capital assets	<u>1,207,649</u>	<u>-</u>	<u>(1,207,649)</u>	<u>-</u>	<u>-</u>
Less Accumulated Depreciation:					
Buildings and improvements	289,631	34,116	(323,747)	-	-
Intangibles	<u>1,200</u>	<u>-</u>	<u>(1,200)</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>290,831</u>	<u>34,116</u>	<u>(324,947)</u>	<u>-</u>	<u>-</u>
Country Court Apartments capital assets, net	<u>\$ 916,818</u>				<u>\$ -</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Construction Commitments

The government has active construction projects as of June 30, 2023. At year-end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Design-Build H&HS Building	\$ 143,219	\$ 2,460,643
Scotts Hill Tank & Well	4,548,575	6,227,565
Water Treatment Plant High Service Pump Station Upgrade	-	732,777
US 421 Pump Station	311,184	59,831
Wastewater Treatment Plant Berm	-	574,602
Total	<u>\$ 5,002,978</u>	<u>\$ 10,055,418</u>

Discretely Presented Component Unit

Capital asset activity for the ABC Board for the year ended June 30, 2023, was as follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>
Non-Depreciable Capital Assets:				
Land	\$ 467,543	\$ -	\$ (18,183)	\$ 449,360
Construction in progress	266,500	860,822	(266,500)	860,822
Total non-depreciable capital assets	<u>734,043</u>	<u>860,822</u>	<u>(284,683)</u>	<u>1,310,182</u>
Depreciable Capital Assets:				
Buildings	17,147	-	-	17,147
Building addition	96,564	-	-	96,564
Land improvements	13,313	-	-	13,313
Roof replacement	29,695	-	-	29,695
Equipment	264,833	-	-	264,833
Vehicles	51,267	-	-	51,267
Total depreciable capital assets	<u>472,819</u>	<u>-</u>	<u>-</u>	<u>472,819</u>
Less Accumulated Depreciation:				
Buildings	17,147	-	-	17,147
Building addition	84,255	1,932	-	86,187
Land improvements	5,326	666	-	5,992
Roof replacement	29,695	-	-	29,695
Equipment	173,695	14,777	-	188,472
Vehicles	48,704	2,563	-	51,267
Total accumulated depreciation	<u>358,822</u>	<u>19,938</u>	<u>-</u>	<u>378,760</u>
Total depreciable capital assets, net	<u>113,997</u>	<u>-</u>	<u>-</u>	<u>94,059</u>
ABC Board capital assets, net	<u>\$ 848,040</u>	<u>-</u>	<u>-</u>	<u>\$ 1,404,241</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

B. Liabilities

Payables and Accrued Liabilities

Payables and accrued liabilities at the government-wide level at June 30, 2023, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Customer Deposits</u>	<u>Total</u>
Governmental Activities:					
General	\$ 2,680,516	\$ 465,934	\$ 63,907	\$ -	\$ 3,210,357
Public School Special Revenue	-	-	788,363	-	788,363
Rescue District	308,858	-	-	-	308,858
Other non-major governmental	554,234	-	-	-	554,234
Total governmental activities	<u>\$ 3,543,608</u>	<u>\$ 465,934</u>	<u>\$ 852,270</u>	<u>\$ -</u>	<u>\$ 4,861,812</u>
Business-Type Activities:					
Solid Waste	\$ 479,002	\$ 7,031	\$ 1,140	\$ -	\$ 487,173
Combined Sewer	33,562	3,757	126,344	8,300	171,963
Combined Water	956,121	23,102	317,914	181,030	1,478,167
Other non-major business-type	549	1,754	587	-	2,890
Total business-type activities	<u>\$ 1,469,234</u>	<u>\$ 35,644</u>	<u>\$ 445,985</u>	<u>\$ 189,330</u>	<u>\$ 2,140,193</u>

Pension Plan and Other Post-Employment Liabilities

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the state of North Carolina. The state's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation.

Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service.

Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2023, was 13.10% of compensation for law enforcement officers and 12.10% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$3,043,388 for the year ended June 30, 2023.

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

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

At June 30, 2023, the County reported a liability of \$17,098,040 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023, the County's proportion was 0.30308% (measured as of June 30, 2022), which was an increase of 0.00759% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023, the County recognized pension expense of \$5,086,910. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 736,739	\$ 72,233
Changes of assumptions	1,706,001	-
Net difference between projected and actual earnings on pension plan investments	5,651,081	-
Changes in proportion and differences between County contributions and proportionate share of contributions	385,806	-
County contributions subsequent to the measurement date	3,043,388	-
Total	\$ 11,523,015	\$ 72,233

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

\$3,043,388 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2024	\$ 2,752,393
2025	2,302,700
2026	660,021
2027	2,692,280
2028	-
Thereafter	-
Total	<u>\$ 8,407,394</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions and methods used in the December 31, 2021 actuarial valuation was based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

Future and ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic fixed income	7.0%	5.0%
Inflation sensitive	<u>6.0%</u>	2.7%
Total	<u><u>100.0%</u></u>	

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	<u>\$ 30,859,760</u>	<u>\$ 17,098,040</u>	<u>\$ 5,757,583</u>

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

Law Enforcement Officers' Special Separation Allowance

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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 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. A separate report was not issued for the plan.

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2021 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Inactive members currently receiving benefits	-
Active plan members	<u>80</u>
Total	<u><u>82</u></u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2021 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.31 percent

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

The actuarial assumptions used in the December 31, 2021 valuation was based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

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

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

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

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

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

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

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
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Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$48,634 as benefits came due.

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

At June 30, 2023, the County reported a total pension liability of \$2,445,185. The total pension liability was measured as of December 31, 2022, based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2022, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the County recognized pension expense of \$312,580.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 224,580	\$ 43,376
Changes of assumptions	365,358	419,253
Contributions made subsequent to the measurement date	26,645	-
Total	<u>\$ 616,583</u>	<u>\$ 462,629</u>

\$26,645 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2024	\$ 71,949
2025	75,864
2026	60,902
2027	(13,068)
2028	(58,480)
Thereafter	(9,858)
Total	<u>\$ 127,309</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 4.31%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31%) or 1-percentage-point higher (5.31%) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
County's proportionate share of the total pension liability	\$ 2,644,155	\$ 2,445,185	\$ 2,264,492

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

	2023
Beginning balance December 31, 2021	\$ 2,635,853
Service cost	178,736
Interest on the total pension liability	58,760
Difference between expected and actual experience	51,975
Changes of assumptions or other inputs	(431,505)
Benefit payments	(48,634)
Ending balance of the total pension liability December 31, 2022	\$ 2,445,185

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.25% at December 31, 2021 (measurement date) to 4.31% at December 31, 2022 (measurement date).

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

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The state's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

The County contributed \$246,403 for the reporting year. No amounts were forfeited.

Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Source Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future year. 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 a 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 last 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.

Registers of Deeds' Supplemental Pension Fund

Plan Description. Pender County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Annual Comprehensive Financial Report for the State of North Carolina. The state's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$6,808 for the year ended June 30, 2023.

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

At June 30, 2023, the County reported an asset of \$105,065 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2023, the County's proportion was 0.79354% (measured as of June 30, 2022), which was a decrease of 0.08606% from its proportion measured as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023, the County recognized pension expense of \$12,675. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 809	\$ 1,904
Changes of assumptions	5,563	-
Net difference between projected and actual earnings on pension plan investments	43,669	-
Changes in proportion and differences between County contributions and proportionate share of contributions	11,778	6,427
County contributions subsequent to the measurement date	6,808	-
Total	\$ 68,627	\$ 8,331

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

\$6,808 was reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2024	\$ 12,405
2025	15,562
2026	14,538
2027	10,983
2028	-
Thereafter	-
Total	<u>\$ 53,488</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2021 valuation was based on the results of an actuarial experience review for LGERS for the period January 1, 2015 through December 31, 2019.

Future and ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

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

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
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real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 99.9% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2022 was 1.1%.

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.00%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension asset is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 3.00 percent, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1%	Discount	1%
	Decrease	Rate	Increase
	(2.00%)	(3.00%)	(4.00%)
	<u> </u>	<u> </u>	<u> </u>
County's proportionate share of the net pension liability (asset)	\$ (121,102)	\$ (105,065)	\$ (178,816)

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

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

The net pension liability (asset) for LGERS and ROD was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021. The total pension liability for LEOSSA was measured as of June 30, 2022, with an actuarial valuation date of December 31, 2021. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
County's proportionate share of net pension liability (asset)	\$ 17,098,040	\$ (105,065)	N/A	\$ 16,992,975
County's proportion of the net pension liability	0.30308%	0.79354%	N/A	-
Total pension liability	N/A	N/A	\$ 2,445,185	\$ 2,445,185
Pension expense	\$ 5,086,910	\$ 12,675	\$ 312,580	\$ 5,412,165

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	ROD	LEOSSA	Total
Deferred Outflows of Resources:				
Differences between expected and actual experience	\$ 736,739	\$ 809	\$ 224,580	\$ 962,128
Changes of assumptions	1,706,001	5,563	365,358	2,076,922
Net difference between projected and actual earnings on pension plan investments	5,651,081	43,669	-	5,694,750
Changes in proportion and differences between County contributions and proportionate share of contributions	385,806	11,778	-	397,584
County contributions (LGERS, ROD) and administrative costs (LEOSSA) subsequent to the measurement date	3,043,388	6,808	26,645	3,076,841
	<u>\$ 11,523,015</u>	<u>\$ 68,627</u>	<u>\$ 616,583</u>	<u>\$ 12,208,225</u>
Deferred Inflows of Resources:				
Differences between expected and actual experience	\$ 72,233	\$ 1,904	\$ 43,376	\$ 117,513
Changes of assumptions	-	-	419,253	419,253
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	6,427	-	6,427
	<u>\$ 72,233</u>	<u>\$ 8,331</u>	<u>\$ 462,629</u>	<u>\$ 543,193</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Other Post-Employment Benefits

Plan Administration. Under a County resolution, Pender County administers a single-employer defined benefit Healthcare Benefits Plan (HCB Plan), single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of credible 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.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

The County will reimburse the cost of health insurance in an amount equal to a single employee's coverage for employees, who upon retirement meet one of the following criteria:

- Age 65 or older and have been previously employed by Pender County on a continuous regular full-time basis for at least twenty (20) years. The County will pay for a Medicare supplement not to exceed the current cost of a single employee's coverage.
- Age 55 or older and have been previously employed by Pender County on a continuous regular full-time basis for at least twenty-five (25) years; the County will reimburse an amount equal to a single employee's coverage for employees and at age 65 pay for a Medicare supplement in an amount not to exceed the current cost of a single employee's coverage.
- Having been previously employed by Pender County on a continuous regular full-time basis for at least thirty years, regardless of age; the County may pay for a Medicare supplement in an amount not to exceed the current cost of a single active employee's coverage.

Membership of the HCB Plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

	<u>General Employees</u>
Inactive plan members or beneficiaries currently receiving benefit payments	32
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>431</u>
Total	<u><u>463</u></u>

Total OPEB Liability

The County's total OPEB liability of \$14,311,808 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation	
General employees	3.25% - 8.41%
Law enforcement officers	3.25% - 7.90%
Municipal bond index rate	
Prior measurement date	2.16 percent
Measurement date	3.54 percent
Healthcare cost trend rates	
Pre-Medicare medical and prescription drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare medical and prescription drug	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	\$ 22,041,675
Service cost	1,199,837
Interest	500,614
Difference between expected and actual experience	(4,239,927)
Changes of assumptions or other inputs	(5,059,837)
Benefit payments	(130,554)
Net changes	(7,729,867)
Balance at June 30, 2023	\$ 14,311,808

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.16% to 3.54%.

The County selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the total OPEB liability.

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

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increase used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County at June 30, 2023, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	<u>\$ 17,913,793</u>	<u>\$ 14,311,808</u>	<u>\$ 11,606,605</u>

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

	1% Decrease	Healthcare Cost	1% Increase
Total OPEB liability	<u>\$ 11,380,184</u>	<u>\$ 14,311,808</u>	<u>\$ 18,305,650</u>

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

For the year ended June 30, 2023, the County recognized OPEB expense of \$617,378. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,176,112
Changes of assumptions or other inputs	4,134,443	5,611,247
County contributions subsequent to the measurement date	165,302	-
Total	<u>\$ 4,299,745</u>	<u>\$ 10,787,359</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

\$165,302 benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2024	\$ (1,083,073)
2025	(1,083,073)
2026	(1,029,721)
2027	(736,738)
2028	(551,588)
Thereafter	<u>(2,168,723)</u>
Total	<u>\$ (6,652,916)</u>

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. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Deferred Outflows and Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pensions and OPEB deferrals	\$ 16,507,970	\$ 11,330,552
Taxes receivable, net (General Fund)	-	3,144,241
Taxes receivable, net (Special Revenue Funds)	-	860,342
Grant receivables	-	2,699,245
Unavailable revenues (Governmental Activities)	-	5,062,042
Charge on refunding	-	457,979
Prepaid taxes	-	5,970
Total	<u>\$ 16,507,970</u>	<u>\$ 23,560,371</u>

Risk Management

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

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

Beginning July 1, 2005, the County became partially self-insured for group medical and prescription drug coverage and self-insured for group dental coverage. The County contracted with Employers Direct Health beginning in 2007 to administer the program.

Effective January 1, 2016, the County was accepted into the North Carolina State Health Plan (SHP) and was no longer self-insured. The State Health Plan's network is through Blue Cross Blue Shield of North Carolina.

The County contracts with the NCACC to administer its workers compensation program for workers compensation claims.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The liability of unpaid claims of the County as of June 30, 2023, is as follows:

	<u>2023</u>	<u>2022</u>
Unpaid claims at July 1	\$ 18,432	\$ 18,432
Payments on claims for current and prior year events where the County has retained risk of loss	<u>18,432</u>	<u>-</u>
Unpaid claims at June 30	<u>\$ -</u>	<u>\$ 18,432</u>

G.S. 159-29 and S.L. 2022-53, Section 9(a), require that the person designated by the Board as the Finance Officer give a true accounting and faithful performance bond in an amount not less than the greater of \$50,000 or an amount equal to ten percent of the unit's annually budgeted funds, up to \$1,000,000. The Finance Officer is individually bonded for \$10,000 for the County and not individually bonded for the Tourism Development Authority, which did not meet the requirements. See Stewardship, Compliance, and Accountability note and finding 2023-005 in the Compliance Section. The County's Finance Officer also serves on the Board of Directors for Pender Tourism Development Authority as the Finance Officer.

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

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

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

Contingent Liabilities

At June 30, 2023, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

Long-Term Obligations

Leases

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Governmental Funds:

On July 1, 2021, The County entered into a 51-month lease as lessee for the use of Pitney Bowes Health. An initial lease liability was recorded in the amount of \$16,612. As of June 30, 2023, the value of the lease liability was \$8,858. The County is required to make quarterly fixed payments of \$995. The lease has an interest rate of 0.8930%. The value of the right-to-use asset as of June 30, 2023 was \$16,612 with accumulated amortization of \$7,712.

On November 19, 2021, The County entered into a 60-month lease as lessee for the use of Postage Meters. An initial lease liability was recorded in the amount of \$18,949. As of June 30, 2023, the value of the lease liability was \$12,407. The County is required to make quarterly fixed payments of \$974. The lease has an interest rate of 1.1770%. The value of the right-to-use asset as of June 30, 2023 was \$18,949 with accumulated amortization of \$6,127.

On July 1, 2021, The County entered into a 33-month lease as Lessee for the use of Huntington-002. An initial lease liability was recorded in the amount of \$542,755. As of June 30, 2023, the value of the lease liability was \$149,012. The County is required to make monthly fixed payments of \$16,607. The lease has an interest rate of 0.7270%. The value of the right-to-use asset as of June 30, 2023 was \$542,755 with accumulated amortization of \$394,730.

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

Year Ending	Governmental Activities	
June 30	Principal	Interest
2024	\$ 156,693	\$ 647
2025	7,762	116
2026	4,850	42
2027	972	3
Total	<u>\$ 170,277</u>	<u>\$ 808</u>

Subscriptions

For the year ended June 30, 2023, the County implemented the requirements of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (Subscriptions). The statement provides a definition of subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements.

Subscriptions in affect at the end of the prior fiscal year had their assets and liabilities initially measured at the present value of the subscription payments expected over the remaining term of the subscription after July 1, 2022.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On July 1, 2022, The County entered into a 60-month subscription for the use of Maintenance Edge Software. An initial subscription liability was recorded in the amount of \$14,905. As of June 30, 2023, the value of the subscription liability was \$11,961. The County is required to make annual fixed payments of \$2,944. The subscription has an interest rate of 2.3657%. The value of the right-to-use asset as of June 30, 2023 was \$14,905 with accumulated amortization of \$2,981.

On July 13, 2022, The County entered into a 23-month subscription for the use of CIS Albert MD Monitoring Primary Sensor Software. An initial subscription liability was recorded in the amount of \$22,930. As of June 30, 2023, the value of the subscription liability was \$11,350. The County is required to make annual fixed payments of \$11,580. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of June 30, 2023 was \$22,930 with accumulated amortization of \$11,271.

On July 1, 2022, The County entered into a 14-month subscription for the use of CYBRARIAN® Software. An initial subscription liability was recorded in the amount of \$947. As of June 30, 2023, the value of the subscription liability was \$0. The County is required to make annual fixed payments of \$950. The subscription has an interest rate of 1.7103%. The value of the right-to-use asset as of June 30, 2023 was \$947 with accumulated amortization of \$812.

On April 30, 2023, The County entered into a 36-month subscription for the use of DebtBook Platform Software. An initial subscription liability was recorded in the amount of \$38,106. As of June 30, 2023, the value of the subscription liability was \$25,107. The County is required to make annual fixed payments of \$13,000. The subscription has an interest rate of 2.3633%. The value of the right-to-use asset as of June 30, 2023 was \$40,107 with accumulated amortization of \$2,328.

On October 1, 2022, The County entered into a 36-month subscription for the use of Utility Cloud Software. An initial subscription liability was recorded in the amount of \$31,827. As of June 30, 2023, the value of the subscription liability was \$21,627. The County is required to make annual fixed payments of \$10,200. The subscription has an interest rate of 3.2380%. The value of the right-to-use asset as of June 30, 2023 was \$31,827 with accumulated amortization of \$7,957.

On April 1, 2023, The County entered into a 60-month subscription for the use of Axon Basic License Bundle Software. An initial subscription liability was recorded in the amount of \$407,685. As of June 30, 2023, the value of the subscription liability was \$364,786. The County is required to make annual fixed payments of \$45,812. The subscription has an interest rate of 2.3100%. The value of the right-to-use asset as was June 30, 2023 of \$407,685 with accumulated amortization of \$20,384.

On May 1, 2023, The County entered into a 36-month subscription for the use of SHI-Microsoft Enterprise Software. An initial subscription liability was recorded in the amount of \$505,966. As of June 30, 2023, the value of the subscription liability was \$333,356. The County is required to make annual fixed payments of \$184,261. The subscription has an interest rate of 2.3633%. The value of the right-to-use asset as of June 30, 2023 was \$505,966 with accumulated amortization of \$28,109.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On April 16, 2023, The County entered into a 24-month subscription for the use of GoDaddy Website Domain. An initial subscription liability was recorded in the amount of \$39. As of June 30, 2023, the value of the subscription liability was \$0. The County is required to make annual fixed payments of \$39. The subscription has an interest rate of 2.4700%. The value of the right-to-use asset as of June 30, 2023 was \$39 with accumulated amortization of \$4.

On May 30, 2023, The County entered into a 14-month subscription for the use of IE Solution-1. An initial subscription liability was recorded in the amount of \$18,798. As of June 30, 2023, the value of the subscription liability was \$0. The County is required to make annual fixed payments of \$21,480. The subscription has an interest rate of 2.5600%. The value of the right-to-use asset as of June 30, 2023 was \$18,798 with accumulated amortization of \$1,397.

On March 27, 2023, The County entered into a 16-month subscription for the use of IT Solution. An initial subscription liability was recorded in the amount of \$2,277. As of June 30, 2023, the value of the subscription liability was \$0. The County is required to make annual fixed payments of \$2,602. The subscription has an interest rate of 2.8943%. The value of the right-to-use asset as of June 30, 2023 was \$2,277 with accumulated amortization of \$446.

On May 27, 2023, The County entered into a 14-month subscription for the use of IT Services. An initial subscription liability was recorded in the amount of \$8,429. As of June 30, 2023, the value of the subscription liability was \$4,161. The County is required to make annual fixed payments of \$4,556. The subscription has an interest rate of 2.5600%. The value of the right-to-use asset as of June 30, 2023 was \$8,429 with accumulated amortization of \$682.

On July 1, 2022, The County entered into a 36-month subscription for the use of Lindsey Housing Manager Software. An initial subscription liability was recorded in the amount of \$40,013. As of June 30, 2023, the value of the subscription liability was \$26,386. The County is required to make annual fixed payments of \$13,627. The subscription has an interest rate of 2.1843%. The value of the right-to-use asset as of June 30, 2023 was \$40,013 with accumulated amortization of \$13,338.

On July 1, 2022, The County entered into a 20-month subscription for the use of MCCi-Laserfiche Software. An initial subscription liability was recorded in the amount of \$41,540. As of June 30, 2023, the value of the subscription liability was \$0. The County is required to make annual fixed payments of \$44,987. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of June 30, 2023 was \$41,540 with accumulated amortization of \$24,198.

On July 1, 2022, The County entered into a 23-month subscription for the use of VeacCloud Platform Software. An initial subscription liability was recorded in the amount of \$424. As of June 30, 2023, the value of the subscription liability was \$0. The County is required to make annual fixed payments of \$432. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of June 30, 2023 was \$424 with accumulated amortization of \$221.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On May 1, 2023, The County entered into a 36-month subscription for the use of Microsoft Software. An initial subscription liability was recorded in the amount of \$67,885. As of June 30, 2023, the value of the subscription liability was \$44,726. The County is required to make annual fixed payments of \$24,722. The subscription has an interest rate of 2.3633%. The value of the right-to-use asset as of June 30, 2023 was \$67,885 with accumulated amortization of \$3,771.

On March 21, 2023, The County entered into a 36-month subscription for the use of Nixle Data Refresh Software. An initial subscription liability was recorded in the amount of \$22,081. As of June 30, 2023, the value of the subscription liability was \$14,527. The County is required to make annual fixed payments of \$7,554. The subscription has an interest rate of 2.6560%. The value of the right-to-use asset as of June 30, 2023 was \$22,685 with accumulated amortization of \$2,101.

On February 1, 2023, The County entered into a 17-month subscription for the use of MCNC Managed Endpoint Protection Software. An initial subscription liability was recorded in the amount of \$35,428. As of June 30, 2023, the value of the subscription liability was \$24,919. The County is required to make annual fixed payments of \$10,677. The subscription has an interest rate of 2.8943%. The value of the right-to-use asset as of June 30, 2023 was \$37,928 with accumulated amortization of \$11,155.

On July 1, 2022, The County entered into an 18-month subscription for the use of TriTech Software. An initial subscription liability was recorded in the amount of \$8,899. As of June 30, 2023, the value of the subscription liability was \$0. The County is required to make annual fixed payments of \$105,655. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of June 30, 2023 was \$8,899 with accumulated amortization of \$5,690.

On February 9, 2023, The County entered into a 60-month subscription for the use of Davenport Solution. An initial subscription liability was recorded in the amount of \$224,440. As of June 30, 2023, the value of the subscription liability was \$177,145. The County is required to make annual fixed payments of \$47,295. The subscription has an interest rate of 2.6820%. The value of the right-to-use asset as of June 30, 2023 was \$224,440 with accumulated amortization of \$17,706.

On August 10, 2022, The County entered into a 36-month subscription for the use of Esri Software. An initial subscription liability was recorded in the amount of \$294. As of June 30, 2023, the value of the subscription liability was \$194. The County is required to make annual fixed payments of \$100. The subscription has an interest rate of 2.1843%. The value of the right-to-use asset as of June 30, 2023 was \$294 with accumulated amortization of \$87.

On December 20, 2022, The County entered into a 24-month subscription for the use of SaaS Service. An initial subscription liability was recorded in the amount of \$2,658. As of June 30, 2023, the value of the subscription liability was \$1,308. The County is required to make annual fixed payments of \$1,350. The subscription has an interest rate of 3.2067%. The value of the right-to-use asset as of June 30, 2023 was \$2,658 with accumulated amortization of \$705.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On February 9, 2023, The County entered into a 60-month subscription for the use of PowerEdge Software. An initial subscription liability was recorded in the amount of \$1,350,799. As of June 30, 2023, the value of the subscription liability was \$1,066,153. The County is required to make annual fixed payments of \$284,646. The subscription has an interest rate of 2.6820%. The value of the right-to-use asset as of June 30, 2023 was \$1,368,799 with accumulated amortization of \$107,983.

On July 1, 2022, The County entered into a 56-month subscription for the use of Business Application Software. An initial subscription liability was recorded in the amount of \$59,515. As of June 30, 2023, the value of the subscription liability was \$44,948. The County is required to make annual fixed payments of \$16,757. The subscription has an interest rate of 2.3657%. The value of the right-to-use asset as of June 30, 2023 was \$59,515 with accumulated amortization of \$12,633.

On February 1, 2023, The County entered into a 24-month subscription for the use of Digital Content Software. An initial subscription liability was recorded in the amount of \$1,072. As of June 30, 2023, the value of the subscription liability was \$542. The County is required to make annual fixed payments of \$530. The subscription has an interest rate of 2.7070%. The value of the right-to-use asset as of June 30, 2023 was \$1,072 with accumulated amortization of \$223.

On October 1, 2022, The County entered into a 24-month subscription for the use of ITS.Marc Software. An initial subscription liability was recorded in the amount of \$4,271. As of June 30, 2023, the value of the subscription liability was \$2,154. The County is required to make annual fixed payments of \$2,117. The subscription has an interest rate of 3.2067%. The value of the right-to-use asset as of June 30, 2023 was \$4,271 with accumulated amortization of \$1,602.

On August 1, 2022, The County entered into a 24-month subscription for the use of LS Site License Software. An initial subscription liability was recorded in the amount of \$44,229. As of June 30, 2023, the value of the subscription liability was \$22,177. The County is required to make annual fixed payments of \$22,052. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of June 30, 2023 was \$44,229 with accumulated amortization of \$20,272.

On January 1, 2023, The County entered into a 24-month subscription for the use of LS OSA Software. An initial subscription liability was recorded in the amount of \$1,715. As of June 30, 2023, the value of the subscription liability was \$867. The County is required to make annual fixed payments of \$848. The subscription has an interest rate of 2.7070%. The value of the right-to-use asset as of June 30, 2023 was \$1,715 with accumulated amortization of \$429.

On July 1, 2022, The County entered into a 24-month subscription for the use of SIP Software. An initial subscription liability was recorded in the amount of \$1,076. As of June 30, 2023, the value of the subscription liability was \$546. The County is required to make annual fixed payments of \$530. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of June 30, 2023 was \$1,076 with accumulated amortization of \$538.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The future minimum subscription obligations and the net present value of the minimum subscription payments as of June 30, 2023, were as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 666,400	\$ 53,690	\$ 35,521	\$ 1,831
2025	614,375	37,406	36,349	935
2026	425,443	21,935	-	-
2027	420,852	10,926	-	-
Total	\$ 2,127,070	\$ 123,957	\$ 71,870	\$ 2,766

Installment Purchase Contracts

Serviced by General Fund:

\$2,000,000 note to Four County EMC to finance a 0% interest loan from the County to RC Creation Holdings, LLC (through USDA Rural Development REDLG grant program), to be used for the purchase of (or reimbursement for purchase of) equipment. Principal payments will be repaid in 120 equal monthly installments. The interest rate is 0%. A similar note with the same repayment terms to reimburse Pender County is held by RC Creation Holdings, LLC.	\$ 416,661
\$300,000 note to Four County EMC to Finance a 0% interest loan to be used for the purchase of the Cape Fear Community College Burgaw Campus buildings. Principal payments will be repaid in 60 equal monthly installments. The interest rate is 0%.	90,000
\$239,846 note executed on August 1, 2019 to purchase Axon body cameras and consists of down payment of \$24,000 and 4 annual payments of \$53,962. The interest rate is 0%.	53,962
\$197,749 note executed on July 1, 2019 for the purchase of Axon tasers and consists of down payment of \$20,000 and 4 annual payments of \$44,437. The interest rate is 0%.	<u>44,437</u>
Total installment purchases	<u>\$ 605,060</u>

The County's outstanding note from direct placements of \$416,661 is secured by RC Creations collateral security and TD Bank \$2M line of credit assignment. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank would without notice, the entire balance of remaining principal and interest shall be automatically due and payable, likewise from RC Creations.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The County's outstanding note from direct placements of \$90,000 is secured by the Deed of Trust granting a lien of record on the premises. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank would without notice, the entire balance of remaining principal and interest shall be automatically due and payable.

The County's outstanding note from direct placements related of \$53,962 is secured by a security interest in the equipment. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank would repossess the equipment.

The County's outstanding note from direct placements related of \$44,437 is secured by a security interest in the equipment. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank would repossess the equipment.

The annual debt service payments to maturity for the County's direct placement installment purchase contracts are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Installment Note</u> <u>Principal</u>
2024	\$ 358,399
2025	230,000
2026	16,661
Total	<u>\$ 605,060</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Limited Obligation Bonds

Governmental Activities:

\$24,800,000 Series 2015 due in annual payments ranging from \$1,000,000 to \$1,575,000, plus bi-annual average interest rate of 3.73%, through April 2035. This debt is split funded between governmental and business-type activities. \$ 4,329,636

Business-Type Activities:

\$24,800,000 Series 2015 due in annual payments ranging from \$1,000,000 to \$1,575,000, plus bi-annual average interest rate of 3.73%, through April 2035. This debt is split funded between governmental and business-type activities. 12,040,364

\$13,780,000 Water Treatment Plant Bonds, Refunding Series 2020 due in annual payments ranging from \$255,000 to \$705,000, plus interest ranging from 3 to 5%, through June 2050. 13,010,000

\$1,730,000 Scotts Hill Elevated Tank & Wells Project, Series 2020 due in annual payments ranging from \$55,000 to \$120,000, plus interest ranging from 3 to 5%, through June 2041. 1,615,000

\$120,000 Maple Hill Water District Refunding Bond, Series 2020 due in annual payments ranging from \$5,000 to \$20,000, plus interest ranging from 0.6 to 2.16%, through June 2044. 95,000

\$2,155,000 Scotts Hill Water & Sewer District Refunding Bond, Series 2020, due in annual payments ranging from \$15,000 to \$140,000, plus interest ranging from 0.6 to 3.2% through June 2044. 2,020,000

\$17,080,000 Rocky Point - Topsail Water & Sewer District Refunding Bond, Series 2020 due in annual payments ranging from \$110,000 to \$890,000, plus interest ranging from 0.6 to 3.2% through June 2044. 16,115,000

Total business-type activities 44,895,364

Total limited obligation bonds \$ 49,225,000

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The annual debt service payments to maturity for the County’s Limited Obligation Bonds are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 310,000	\$ 186,174	\$ 1,965,000	\$ 1,476,765	\$ 2,275,000	\$ 1,662,939
2025	315,000	170,674	2,015,000	1,409,112	2,330,000	1,579,786
2026	325,000	154,924	2,065,000	1,338,176	2,390,000	1,493,100
2027	335,000	145,174	2,115,000	1,281,386	2,450,000	1,426,560
2028	340,000	128,424	2,175,000	1,202,825	2,515,000	1,331,249
2029-2033	1,880,000	389,369	11,885,000	4,746,718	13,765,000	5,136,087
2034-2038	824,636	46,473	9,870,364	2,765,160	10,695,000	2,811,633
2039-2043	-	-	7,545,000	1,467,799	7,545,000	1,467,799
2044-2048	-	-	3,870,000	519,808	3,870,000	519,808
2049-2053	-	-	1,390,000	62,850	1,390,000	62,850
Total	<u>\$ 4,329,636</u>	<u>\$ 1,221,212</u>	<u>\$ 44,895,364</u>	<u>\$ 16,270,599</u>	<u>\$ 49,225,000</u>	<u>\$ 17,491,811</u>

General Obligation Bonds

All general obligation bonds serviced by the County’s General Fund are collateralized by the full-faith, credit, and taxing power of the County. Pender County water districts issue general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in the water district funds, are collateralized by the full-faith, credit, and taxing power of the districts. Principal and interest payments are appropriated when due. In the event of a default, the County agrees to pay the purchaser, on demand, interest on any and all amounts due and owing by the County under this agreement.

In October 2012, Maple Hill Water District, Scotts Hill Water and Sewer District, and Rocky Point/Topsail Water and Sewer District (blended component units of the County) issued individual refunding GO debt, the proceeds of which are used to refund existing USDA debt. The original issue amount of the debt was \$22,330,000. The County then issued limited obligation bonds in an amount sufficient enough to purchase all the Districts GO debt. Both the district and the County assign their rights to a third-party trustee that received the debt payments from the district and uses those funds to make the debt service payments on the LOBs.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Governmental Activities:

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 Special Revenue Fund. \$ 6,570,000

General Obligation School Bonds, Series 2016 \$24,500,000 due in 20 annual payments of \$1,225,000 plus interest ranging from 2% to 5% through 2036, serviced by the Special Revenue Fund. 15,925,000

Refunded-General Obligation School Bonds, Series 2016 \$11,135,000 due in annual installments ranging from \$50,000 to \$1,685,000 plus interest ranging from 3% to 5% through 2028, serviced by the Special Revenue Fund. 6,465,000

General Obligation School Bonds, Series 2016A \$50,500,000 due in 20 annual payments of \$2,525,000 plus interest ranging from 3% to 5% through 2036, serviced by the Special Revenue Fund. 35,350,000

Total governmental activities 64,310,000

Business-Type Activities:

\$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%. 844,000

\$5,281,000 Moore's Creek Water & Sewer District USDA Water Bonds, Series 2016 due in annual payments ranging from \$99,000 to \$191,000, plus interest at 1.875% per annum through June 2056. 4,770,000

6,047,000 Central Pender Water & Sewer District USDA Water Bonds, Series 2016 due in annual payments ranging from \$113,000 to \$218,000, plus interest at 1.875% per annum through June 2056. 5,466,000

Total business-type activities 11,080,000

Total general obligation bonds \$ 75,390,000

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The annual debt service payments to maturity for the County's general obligation bonds are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 7,440,000	\$ 2,290,488	\$ 251,000	\$ 215,135	\$ 7,691,000	\$ 2,505,623
2025	7,395,000	1,985,463	255,000	210,254	7,650,000	2,195,717
2026	6,105,000	1,714,738	260,000	205,298	6,365,000	1,920,036
2027	5,410,000	1,446,438	265,000	200,239	5,675,000	1,646,677
2028	5,435,000	1,201,188	270,000	195,086	5,705,000	1,396,274
2029-2033	18,750,000	3,683,188	1,431,000	894,496	20,181,000	4,577,684
2034-2038	13,775,000	826,497	1,576,000	749,439	15,351,000	1,575,936
2039-2043	-	-	1,735,000	589,458	1,735,000	589,458
2044-2048	-	-	1,912,000	413,088	1,912,000	413,088
2049-2053	-	-	2,046,000	218,859	2,046,000	218,859
2054-2058	-	-	1,079,000	37,948	1,079,000	37,948
Total	<u>\$ 64,310,000</u>	<u>\$ 13,148,000</u>	<u>\$ 11,080,000</u>	<u>\$ 3,929,300</u>	<u>\$ 75,390,000</u>	<u>\$ 17,077,300</u>

Revenue Bond

The \$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. The County has pledged future water customer revenues, net of specified operating expenses, to repay the bonds. The outstanding balance at June 30, 2023 was \$4,194,000.

The annual debt service payments to maturity for the County's revenue bond are as follows:

Year Ending June 30	Principal	Interest
2024	\$ 96,000	\$ 115,335
2025	99,000	112,695
2026	102,000	109,973
2027	105,000	107,168
2028	108,000	104,280
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	54,916
Total	<u>\$ 4,194,000</u>	<u>\$ 1,944,855</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The County is 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, 2023, is as follows:

Change in net position	\$ 329,943
Add back:	
Depreciation	3,816,088
Interest expense	<u>1,867,116</u>
Income available for debt service (net revenue)	<u>\$ 6,013,147</u>
Debt service, principal and interest paid (debt service requirement)	\$ 4,159,021
110% Debt service coverage	\$ 4,574,923
Net revenue exceeds 110% of debt service requirement	Yes

The County is in compliance with Article III of the Bond Order, authorizing the issuance of the Water Revenue Bond, Series 2012C. Section 3.05 and 3.06 of the Bond Order requires the County to deposit to the Debt Service Reserve Fund in an amount equal to 1/10 of the Debt Service Reserve Requirement annually.

Revolving Loans

The \$584,971 direct borrowing federal revolving loan from NC DENR, due in annual payments of \$30,170, plus interest at 1.67% through May 2037. The outstanding balance at June 30, 2023 was \$422,378. The County agrees that any other monies due to the unit of local government from the state may be withheld by the state and applied to the payment of this obligation whenever the unit fails to pay any payment of principal or interest on this note when due.

The \$131,528 direct borrowing drinking water infrastructure from NC DEQ, due in annual payments of \$6,576, 0% interest through May 2041. The outstanding balance at June 30, 2023 was \$118,376. The County agrees that any other monies due to the unit of local government from the state may be withheld by the state and applied to the payment of this obligation whenever the unit fails to pay any payment of principal or interest on this note when due.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The annual debt service payments to maturity for the County’s direct borrowing revolving loans are as follows:

Year Ending June 30	Principal	Interest
2024	\$ 36,746	\$ 7,054
2025	36,746	6,550
2026	36,746	6,046
2027	36,746	5,542
2028	36,746	5,038
2029-2033	183,731	17,634
2034-2038	153,561	5,039
2039-2042	19,732	-
Total	<u>\$ 540,754</u>	<u>\$ 52,903</u>

Debt Related to Capital Activities

Of the total governmental activities’ debt listed, only \$4,934,696 relates to assets for which the County holds title and \$2,297,347 relates to right-to-use leased assets and subscription assets.

	Governmental Activities	Business-Type Activities
Capital assets and right-to-use assets	\$ 38,972,947	\$ 101,903,379
Less: long-term debt	(7,232,043)	(60,781,988)
Less: premiums on long term debt	-	(2,519,641)
Add: unexpended bond proceeds	-	542,075
Net investment in capital assets	<u>\$ 31,740,904</u>	<u>\$ 39,143,825</u>

The business-type activities unspent debt proceeds of \$542,075 are related to assets for which the County holds title.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental Activities:					
General obligation bonds	\$ 71,800,000	\$ -	\$ 7,490,000	\$ 64,310,000	\$ 7,440,000
Limited obligation debt	4,631,041	-	301,405	4,329,636	310,000
Direct placement installment purchase contracts	963,459	-	358,399	605,060	358,399
Lease liabilities	404,576	-	234,299	170,277	156,693
Subscription liabilities	-	2,848,690	721,620	2,127,070	666,400
Unamortized bond premium	9,153,851	-	663,784	8,490,067	663,784
Total pension liability (LEOSSA)	2,635,853	289,471	480,139	2,445,185	-
Net pension liability (LGERS)	4,269,785	11,561,105	-	15,830,890	-
Total OPEB liabilities	20,719,165	-	7,111,478	13,607,687	-
Compensated absences	1,258,277	1,337,251	1,303,394	1,292,134	646,067
Total	<u>\$ 115,836,007</u>	<u>\$ 16,036,517</u>	<u>\$ 18,664,518</u>	<u>\$ 113,208,006</u>	<u>\$ 10,241,343</u>

Net pension liability, total pension liability, and net other postemployment liability for governmental activities are all typically liquidated in the General Fund. Compensated absences for governmental activities typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Business-Type Activities:					
Limited obligation debt	\$ 46,818,959	\$ -	\$ 1,923,595	\$ 44,895,364	\$ 1,965,000
General obligation bonds	11,325,000	-	245,000	11,080,000	251,000
Revenue bond	4,288,000	-	94,000	4,194,000	96,000
Direct borrowing federal revolving loan	577,500	-	36,746	540,754	36,746
Direct placement installment	67,035	-	67,035	-	-
Unamortized bond premium	2,655,769	-	136,128	2,519,641	136,128
Subscription liabilities	-	109,558	37,688	71,870	35,521
Net pension liability (LGERS)	261,838	1,005,312	-	1,267,150	-
Total OPEB liabilities	1,322,510	-	618,389	704,121	-
Compensated absences	119,247	149,966	132,674	136,539	68,269
Total	<u>\$ 67,435,858</u>	<u>\$ 1,264,836</u>	<u>\$ 3,291,255</u>	<u>\$ 65,409,439</u>	<u>\$ 2,588,664</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Other

The County had a legal debt margin at June 30, 2023 of \$591,388,585. There are no bonds authorized but unissued at June 30, 2023.

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, 2023, include the following interfund gross receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 98,690	\$ -
Solid Waste Fund	-	20,786
Combined Sewer Fund	-	9,521
Combined Water Fund	-	62,936
Section 8 Admin. Fund	-	6,025
Country Court Apartments Fund	578	-
Total	<u>\$ 99,268</u>	<u>\$ 99,268</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Interfund Transfers

Interfund transfers and transfers from component unit during the year ended June 30, 2023, can be summarized as follows:

	<u>Transfers</u>		<u>Reason</u>
	<u>From</u>	<u>To</u>	
Governmental Funds:			
General Fund	\$ 15,491,566	\$ 1,566,149	
Revaluation Fund	-	235,500	Annual contribution
Public School Special Revenue Fund	-	4,112,387	Debt service & to close out projects
ARPA Fund	457,872	-	Contribution to project
Rescue District Fund	-	3,615,431	County contribution
Other nonmajor governmental funds:			
Fire Service District Fund	-	918,860	County contribution
911 Emergency Telephone Systems	-	16,576	County contribution
Cooperative Extension Fund	1,558	-	Close out projects
Capital Improvements Fund	330,000	7,916,729	County contribution & to close out projects
School Capital Project Fund	823,917	-	Close out projects
Business-Type Funds:			
Solid Waste Fund	-	18,344	Contribution to project
Solid Waste Capital Project Fund	18,344	-	Contribution to project
Combined Sewer Fund	605,624	-	Contribution to project & operating capital
Maple Hill Sewer CPF	12,342	-	Close out projects
PCP Wastewater Treatment Plant CPF	-	177,916	Contribution to project
Combined Water Fund	8,853,114	474,406	Contribution to project & operating capital
Scotts Hill Elevated Tank & Wells CPF	-	5,867,000	Contribution to project
Rocky Point/Topsail Water Treatment Plant Upgrade CPF	-	1,914,320	Contribution to project
Rocky Point/Topsail Water Phase V CPF	6,440	-	Close out projects
Scotts Hill Water & Sewer CPF	-	402,978	Close out projects
Water Treatment Plant CPF	-	25,000	Contribution to project
US 421 Water & Sewer Expansion CPF	-	573,772	Contribution to project
Self-Insured Internal Service Fund -			
Employee Health Insurance Fund	222,833	-	Close out fund
Self-Insured Internal Service Fund -			
Workers' Compensation Fund	605,219	-	Close out fund
Other nonmajor business-type funds:			
Country Court Apartment Fund	406,539	-	Close out projects
Total	<u>\$ 27,835,368</u>	<u>\$ 27,835,368</u>	

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Fund Balance

Pender County has a revenue spending policy that provides a policy for programs with multiple revenue sources. The Finance Officers 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 is 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	\$ 74,604,215
Less:	
Non-spendable	435,282
Stabilization by state statute	7,368,140
Health department escrow	2,058,502
Sheriff's seizures	86,222
Automation enhancement and preservation	562,391
Committed	<u>907,485</u>
Remaining fund balance	<u><u>\$ 63,186,193</u></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 \$869,047.

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, 2023. 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	\$ 74,604,215
Available fund balance	<u><u>\$ 66,800,793</u></u>
General Fund expenditures and transfers out	
less debt issued	<u><u>\$ 95,888,807</u></u>
Available fund balance as % General Fund expenditures	69.7%

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

4. Joint Ventures

The County, in conjunction with the State of North Carolina, New Hanover County and the Pender County Board of Education, participates in a joint venture to operate Cape Fear Community College (“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 non-voting 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 \$620,286 to the Community College operating purposes during the fiscal year ended June 30, 2023. 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, 2023. 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, participates with 26 other counties in Eastern North Carolina in a joint venture to operate the Trillium Health Resources (“Center”), which is located in New Hanover County. The Trillium Health Resources Board is a political subdivision of the State of North Carolina. The County provided \$75,000 to the Center during the year ended June 30, 2023 for its ongoing operations. The participating counties do not have any equity interest in the joint venture. Complete financial statements for Trillium Health Resources may be obtained from the Center's administrative offices at Wilmington, North Carolina.

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 manufacturing facilities in the area for the general economic benefit of the area. As of June 30, 2023, the Authority has no debt issues outstanding.

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 \$29,909 to the Council during the fiscal year ended June 30, 2023.

The County, in conjunction 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 established 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 did not contribute to the Authority during the year ended June 30, 2023.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

7. Related Party Transactions

The County and its discretely presented component units engaged in the following transactions during the year ended June 30, 2023:

Pender County ABC Board:

Payments to the County for profit distributions	\$ 413,074
Payments to the County for mosquito control	38,856
Payments to the County for law enforcement	<u>38,856</u>
Total	<u>\$ 490,786</u>

Payable to the County for profit distributions	\$ 211,932
Payable to the County for mosquito control	14,230
Payable to the County for law enforcement	<u>14,230</u>
Total	<u>\$ 240,392</u>

Pender Tourism Development Authority:

Payments of occupancy tax to the Authority from the County	<u>\$ 65,096</u>
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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.

9. Restatement

For the year ended June 30, 2023, the financial statements include a prior period adjustment to beginning net position of the governmental activities on the Statement of Activities (full accrual statements) in the amount of \$3,017,857. The adjustment relates to new information on how to account for Opioid Settlement Fund receivable and allowance recognition.

10. Subsequent Events

In September 2023, the Pender County Board of Commissioners voted unanimously to authorize the transfer of Pender Medical Center in Burgaw to Novant Health. This transfer is part of a larger plan to increase access to health care services across Pender County. As part of the agreement, which was announced in June, Novant Health will invest \$50 million to improve the hospital over the next 10 years. When the transaction is finalized, Pender County will retain a majority of representatives on the hospital's board of trustees. Novant Health Pender Medical Center is a 25-bed critical access hospital with 43 skilled nursing home beds in Burgaw. The hospital offers a range of services including emergency care, surgery, imaging, infusion therapy and skilled nursing, in addition to Novant Health Home Care.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Pender County Voters passed a referendum authorizing Pender County to issue general obligation bonds in the maximum amount of \$178,000,000 plus interest to pay capital costs of providing school facilities and paying related costs, and providing that additional taxes may be levied in an amount sufficient to pay the principal of and interest on the bonds, as adopted by the County's Board of Commissioners on August 1, 2022. At June 30, 2023, none of these authorized bonds have been issued.

In fiscal year 2023, Pender County went under contract for several major land purchases for future construction of School Bond projects and a Water Plant. In July 2023, Pender County purchased land near Rocky Point Elementary for \$1,540,000 for future School bond projects, and in August 2024 purchased land off of Highway 210 for \$6,000,000 for the construction of a new K-8 School, both from general fund balance appropriations. Additionally, in January 2024, Pender County Utilities purchased acreage off of Highway 210 and 17 for \$5,350,000 for the construction of a well field and Water Plant.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

- Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) for Local Governmental Employees' Retirement System
- Schedule of County Contributions to Local Governmental Employees' Retirement System
- Schedule of the County's Proportionate Share of the Net Pension Asset for Register of Deeds' Supplemental Pension Fund
- Schedule of County Contributions to Register of Deeds' Supplemental Pension Fund
- Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll – Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability and Related Ratios

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
County's proportion of the net pension liability (asset) %	0.30308%	0.29549%	0.27287%	0.27334%	0.24805%
County's proportionate share of the net pension liability (asset) \$	\$ 17,098,040	\$ 4,531,623	\$ 9,750,808	\$ 7,464,702	\$ 5,884,594
County's covered payroll*	\$ 22,546,918	\$ 20,648,316	\$ 19,809,003	\$ 19,210,323	\$ 16,477,422
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	75.83%	21.95%	49.22%	38.86%	35.71%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%

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

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

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.25790%	0.26029%	0.25865%	0.25546%	0.25960%
County's proportionate share of the net pension liability (asset) \$	\$ 3,939,998	\$ 5,524,225	\$ 1,160,806	\$ (1,506,565)	\$ 3,129,177
County's covered payroll*	\$ 16,359,704	\$ 15,716,206	\$ 15,408,045	\$ 15,004,563	\$ 13,307,829
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	24.08%	35.15%	7.53%	-10.04%	23.51%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.08%	102.64%	94.35%

PENDER COUNTY, NORTH CAROLINA**SCHEDULE OF COUNTY CONTRIBUTIONS
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 3,043,388	\$ 2,593,749	\$ 2,129,970	\$ 1,806,948	\$ 1,524,690
Contributions in relation to the contractually required contribution	<u>3,043,388</u>	<u>2,593,749</u>	<u>2,129,970</u>	<u>1,806,948</u>	<u>1,524,690</u>
Contribution deficiency (excess)	<u>\$ -</u>				
County's covered payroll	\$ 24,754,139	\$ 22,546,918	\$ 20,648,316	\$ 19,809,003	\$ 19,210,323
Contributions as a percentage of covered payroll	12.29%	11.50%	10.32%	9.12%	7.94%

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF COUNTY CONTRIBUTIONS
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,208,210	\$ 1,233,545	\$ 1,099,527	\$ 1,068,154	\$ 1,023,364
Contributions in relation to the contractually required contribution	<u>1,208,210</u>	<u>1,233,545</u>	<u>1,099,527</u>	<u>1,068,154</u>	<u>1,023,364</u>
Contribution deficiency (excess)	<u>\$ -</u>				
County's covered payroll	\$ 16,477,422	\$ 16,359,704	\$ 15,716,206	\$ 15,408,045	\$ 15,004,563
Contributions as a percentage of covered payroll	7.33%	7.54%	7.00%	6.93%	6.82%

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
LAST TEN FISCAL YEARS***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
County's proportion of the net pension liability (asset) %	0.79354%	0.87960%	0.78551%	0.62163%	0.72079%
County's proportionate share of the net pension liability (asset) \$	\$ (105,065)	\$ (168,998)	\$ (180,023)	\$ (122,722)	\$ (119,384)
Plan fiduciary net position as a percentage of the total pension liability**	139.04%	156.53%	173.62%	164.11%	153.31%

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

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

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
LAST TEN FISCAL YEARS***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.74470%	0.72559%	0.70577%	0.67167%	0.66000%
County's proportionate share of the net pension liability (asset) \$	\$ (127,113)	\$ (135,656)	\$ (163,555)	\$ (152,245)	\$ (140,884)
Plan fiduciary net position as a percentage of the total pension liability**	153.77%	160.17%	197.29%	193.88%	190.50%

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF COUNTY CONTRIBUTIONS
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 6,808	\$ 9,097	\$ 10,556	\$ 7,523	\$ 5,908
Contributions in relation to the contractually required contribution	<u>6,808</u>	<u>9,097</u>	<u>10,556</u>	<u>7,523</u>	<u>5,908</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF COUNTY CONTRIBUTIONS
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
LAST TEN FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,168	\$ 6,270	\$ 5,928	\$ 5,648	\$ 5,484
Contributions in relation to the contractually required contribution	<u>6,168</u>	<u>6,270</u>	<u>5,928</u>	<u>5,648</u>	<u>5,484</u>
Contribution deficiency (excess)	<u>\$ -</u>				

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 2,635,853	\$ 2,313,785	\$ 1,625,621	\$ 1,389,357
Service cost	178,736	175,569	94,807	80,247
Interest on the total pension liability	58,760	44,217	52,225	49,745
Difference between expected and actual experience	51,975	215,636	(65,985)	101,373
Changes of assumptions or other inputs	(431,505)	(67,874)	654,346	50,379
Benefit payments	<u>(48,634)</u>	<u>(45,480)</u>	<u>(47,229)</u>	<u>(45,480)</u>
Ending balance of the total pension liability	<u>\$ 2,445,185</u>	<u>\$ 2,635,853</u>	<u>\$ 2,313,785</u>	<u>\$ 1,625,621</u>

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

Pension schedules in the required supplementary information are intended to show information for ten years and that additional years' information will be displayed as it becomes available.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,364,566	\$ 1,156,255	\$ 1,080,043
Service cost	82,584	71,903	69,071
Interest on the total pension liability	43,093	44,631	38,558
Difference between expected and actual experience	(42,146)	(2,144)	-
Changes of assumptions or other inputs	(56,991)	93,921	(31,417)
Benefit payments	(1,749)	-	-
Ending balance of the total pension liability	<u>\$ 1,389,357</u>	<u>\$ 1,364,566</u>	<u>\$ 1,156,255</u>

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF
COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SEVEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 2,445,185	\$ 2,635,853	\$ 2,313,785	\$ 1,625,621
Covered-employee payroll	4,637,725	4,405,407	3,842,089	3,557,965
Total pension liability as a percentage of covered-employee payroll	52.72%	59.83%	60.22%	45.69%

Notes to the Schedule:

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

Pension schedules in the required supplementary information are intended to show information for ten years and that additional years' information will be displayed as it becomes available.

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF
COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SEVEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,389,357	\$ 1,364,566	\$ 1,156,255
Covered-employee payroll	3,315,521	3,206,779	2,782,922
Total pension liability as a percentage of covered-employee payroll	41.90%	42.55%	41.55%

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST SIX FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability:			
Service cost	\$ 1,199,837	\$ 1,146,005	\$ 691,319
Interest	500,614	464,143	558,171
Differences between expected and actual experience	(4,239,927)	(33,056)	(1,000,656)
Changes of assumptions	(5,059,837)	669,547	4,477,413
Benefit payments	<u>(130,554)</u>	<u>(121,188)</u>	<u>(131,750)</u>
Net change in total OPEB liability	<u>(7,729,867)</u>	<u>2,125,451</u>	<u>4,594,497</u>
Total OPEB liability - beginning	22,041,675	19,916,224	15,321,727
Prior period restatement	<u>-</u>	<u>-</u>	<u>-</u>
Total OPEB liability - beginning, restated	<u>22,041,675</u>	<u>19,916,224</u>	<u>15,321,727</u>
Total OPEB liability - ending	<u>\$ 14,311,808</u>	<u>\$ 22,041,675</u>	<u>\$ 19,916,224</u>
Covered-employee payroll	\$ 20,071,088	\$ 18,477,695	\$ 18,477,695
Total OPEB liability as a percentage of covered-employee payroll	71.31%	119.29%	107.79%

Notes to the Required Schedules:

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

<u>Fiscal Year</u>	<u>Rate</u>
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

OPEB schedules in the required supplementary information are intended to show information for ten years and that additional years' information will be displayed as it becomes available.

PENDER COUNTY, NORTH CAROLINA**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST SIX FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:			
Service cost	\$ 605,947	\$ 735,867	\$ 859,652
Interest	506,855	529,945	472,731
Differences between expected and actual experience	(10,594)	(1,781,711)	(2,578)
Changes of assumptions	1,247,481	(1,223,407)	(2,031,656)
Benefit payments	<u>(114,690)</u>	<u>(119,073)</u>	<u>(115,955)</u>
Net change in total OPEB liability	<u>2,234,999</u>	<u>(1,858,379)</u>	<u>(817,806)</u>
Total OPEB liability - beginning	13,086,728	14,945,107	8,503,553
Prior period restatement	<u>-</u>	<u>-</u>	<u>7,259,360</u>
Total OPEB liability - beginning, restated	<u>13,086,728</u>	<u>14,945,107</u>	<u>15,762,913</u>
Total OPEB liability - ending	<u>\$ 15,321,727</u>	<u>\$ 13,086,728</u>	<u>\$ 14,945,107</u>
Covered-employee payroll	\$ 16,422,948	\$ 16,341,735	\$ 14,340,852
Total OPEB liability as a percentage of covered-employee payroll	93.29%	80.08%	104.21%

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MAJOR GOVERNMENTAL FUNDS

- General Fund
 - Public School Special Revenue Fund
 - ARPA Fund
 - Rescue District Fund
 - Opioid Settlement Fund
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GENERAL FUND

The General Fund is the principal fund of the County and is used to account for all activities of the County not included in other specific funds. The General Fund accounts for the normal recurring activities of the County. These activities are funded principally by property and sales taxes on individuals and businesses, and grants from other governmental units.

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PENDER COUNTY, NORTH CAROLINA

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 58,861,400	\$ 58,804,857	\$ (56,543)
Unrestricted intergovernmental	17,963,749	18,847,522	883,773
Restricted intergovernmental	10,291,524	11,039,544	748,020
Permits and fees	1,931,885	2,153,886	222,001
Charges for services	4,438,580	4,276,448	(162,132)
Interest	70,000	4,038,775	3,968,775
Miscellaneous	351,979	719,003	367,024
Total revenues	<u>93,909,117</u>	<u>99,880,035</u>	<u>5,970,918</u>
Expenditures:			
General Government:			
Governing body	246,875	250,931	(4,056)
County Manager	670,181	580,597	89,584
Human resources	439,987	395,390	44,597
Board of Elections	365,924	334,512	31,412
Finance	1,008,367	883,499	124,868
Information systems	1,475,112	3,597,240	(2,122,128)
Tax administrator	1,850,631	1,683,027	167,604
AE&P Fund	55,000	13,996	41,004
Register of Deeds	1,939,641	1,713,056	226,585
Public buildings	2,789,165	2,540,253	248,912
Vehicle maintenance	1,098,840	1,037,824	61,016
Inspections	1,853,887	1,355,831	498,056
Court facilities	392,500	326,167	66,333
County attorney	65,000	66,463	(1,463)
Non-departmental	2,105,141	2,054,061	51,080
Total general government	<u>16,356,251</u>	<u>16,832,847</u>	<u>(476,596)</u>
Public Safety:			
Sheriff	12,018,775	11,942,584	76,191
Jail	2,713,442	2,367,054	346,388
Animal control	267,493	258,556	8,937
Emergency management	416,836	407,137	9,699
Forest resources	279,537	226,510	53,027
Sheriff seizure	51,500	44,783	6,717
Medical examiner	85,000	81,945	3,055
Total public safety	<u>15,832,583</u>	<u>15,328,569</u>	<u>504,014</u>

PENDER COUNTY, NORTH CAROLINA

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/Under</u>
Economic and Physical Development:			
Extension service	184,325	210,248	(25,923)
Planning	761,083	590,081	171,002
Tourism office	243,141	248,095	(4,954)
Option 4 payments	968,726	717,569	251,157
Outside agencies	<u>1,872,451</u>	<u>1,885,367</u>	<u>(12,916)</u>
Total economic and physical development	<u>4,029,726</u>	<u>3,651,360</u>	<u>378,366</u>
Human Services:			
Health department	7,282,538	6,285,971	996,567
Public assistance	10,342,847	8,857,824	1,485,023
Veterans	145,137	118,702	26,435
EDTAP transportation	<u>190,000</u>	<u>164,003</u>	<u>25,997</u>
Total human services	<u>17,960,522</u>	<u>15,426,500</u>	<u>2,534,022</u>
Culture and Recreation:			
Recreation	1,489,116	983,503	505,613
Shooting range	165,070	144,512	20,558
Libraries	1,120,587	981,322	139,265
Youth alternatives	<u>153,959</u>	<u>148,300</u>	<u>5,659</u>
Total culture and recreation	<u>2,928,732</u>	<u>2,257,637</u>	<u>671,095</u>
Education:			
Local current expense	23,497,509	23,497,509	-
Capital outlay	4,049,084	4,049,084	-
Community college	<u>620,286</u>	<u>620,286</u>	<u>-</u>
Total education	<u>28,166,879</u>	<u>28,166,879</u>	<u>-</u>
Debt Service:			
Principal	1,615,723	1,615,723	-
Interest	<u>202,790</u>	<u>201,916</u>	<u>874</u>
Total debt service	<u>1,818,513</u>	<u>1,817,639</u>	<u>874</u>
Total expenditures	<u>87,093,206</u>	<u>83,481,431</u>	<u>3,611,775</u>

PENDER COUNTY, NORTH CAROLINA

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/Under</u>
Revenues over (under) expenditures	6,815,911	16,398,604	9,582,693
Other Financing Sources (Uses):			
Note receivable payments	200,000	-	(200,000)
Subscription liabilities issued	-	2,848,690	2,848,690
Sale of surplus property	471,909	675,379	203,470
Insurance proceeds	482,717	135,360	(347,357)
Transfers in (out):			
Transfers from other funds	10,178,239	1,566,149	(8,612,090)
Transfers to other funds	(26,609,659)	(15,491,566)	11,118,093
Appropriated fund balance	<u>8,460,883</u>	<u>-</u>	<u>(8,460,883)</u>
Total other financing sources (uses)	<u>(6,815,911)</u>	<u>(10,265,988)</u>	<u>(3,450,077)</u>
Net change in fund balance	<u>\$ -</u>	6,132,616	<u>\$ 6,132,616</u>
Fund Balance:			
Beginning of year, July 1		67,715,098	
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan receivable repayments		<u>(200,000)</u>	
End of year, June 30		<u>\$ 73,647,714</u>	

PENDER COUNTY, NORTH CAROLINA

REVALUATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Tax listing	\$ 235,500	\$ -	\$ 235,500
Revenues over (under) expenditures	(235,500)	-	235,500
Other Financing Sources (Uses):			
Transfer from General Fund	<u>235,500</u>	<u>235,500</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	235,500	<u>\$ 235,500</u>
Fund Balance:			
Beginning of year, July 1		<u>721,001</u>	
End of year, June 30		<u>\$ 956,501</u>	

PUBLIC SCHOOL SPECIAL REVENUE FUND

The Public School Special Revenue Fund is a major fund of the County and is used to track debt service for public school bonds.

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PENDER COUNTY, NORTH CAROLINA

**PUBLIC SCHOOL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes - sales	\$ 6,405,492	\$ 7,056,626	\$ 651,134
Lottery funds	<u>635,000</u>	<u>1,150,711</u>	<u>515,711</u>
Total revenues	<u>7,040,492</u>	<u>8,207,337</u>	<u>1,166,845</u>
Expenditures:			
Option 4 redistribution	380,000	346,957	33,043
Debt service payment	9,368,561	7,490,000	1,878,561
Interest expense	<u>2,571,163</u>	<u>2,571,163</u>	<u>-</u>
Total expenditures	<u>12,319,724</u>	<u>10,408,120</u>	<u>1,911,604</u>
Revenues over (under) expenditures	<u>(5,279,232)</u>	<u>(2,200,783)</u>	<u>3,078,449</u>
Other Financing Sources (Uses):			
Transfer from General Fund	5,279,232	3,288,470	(1,990,762)
Transfer from School Capital Project Fund	<u>-</u>	<u>823,917</u>	<u>823,917</u>
Total other financing sources (uses)	<u>5,279,232</u>	<u>4,112,387</u>	<u>(1,166,845)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,911,604</u>	<u>\$ 1,911,604</u>
Fund Balance:			
Beginning of year, July 1		<u>1,661,116</u>	
End of year, June 30		<u>\$ 3,572,720</u>	

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ARPA FUND

The ARPA Fund is a major fund of the County and a grant project special revenue fund used to account for the County's portion of the American Rescue Plan Act (ARPA) funding.

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PENDER COUNTY, NORTH CAROLINA

ARPA FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual			Variance Over/Under
	Budget	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
American Recovery Plan funds	\$ 12,248,666	\$ 222,250	\$ 457,872	\$ 680,122	\$ (11,568,544)
Other Financing Sources (Uses):					
Transfer to US 421 Water & Sewer Expansion Capital Project Fund	<u>(12,248,666)</u>	<u>(222,250)</u>	<u>(457,872)</u>	<u>(680,122)</u>	<u>11,568,544</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

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RESCUE DISTRICT FUND

This fund is a Special Revenue Fund used to account for the tax revenues collected by the County on behalf of rescue districts located within the County.

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PENDER COUNTY, NORTH CAROLINA

**RESCUE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes:			
Rescue district taxes:			
Pender County EMS taxes	\$ 8,611,465	\$ 8,381,611	\$ (229,854)
Expenditures:			
Public safety:			
Pender volunteer EMS & rescue	12,226,896	12,533,674	(306,778)
Revenues over (under) expenditures	(3,615,431)	(4,152,063)	(536,632)
Other Financing Sources (Uses):			
Transfer from General Fund	3,615,431	3,615,431	-
Net change in fund balance	<u>\$ -</u>	(536,632)	<u>\$ (536,632)</u>
Fund Balance:			
Beginning of year, July 1		<u>859,933</u>	
End of year, June 30		<u>\$ 323,301</u>	

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OPIOID SETTLEMENT FUND

The Opioid Settlement Fund is a major fund of the County and a Special Revenue Fund used to account for settlement proceeds that are restricted for use for a particular purpose.

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PENDER COUNTY, NORTH CAROLINA

**OPIOID SETTLEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Opioid settlement funds	\$ -	\$ 489,061	\$ 489,061
Net change in fund balance	<u>\$ -</u>	489,061	<u>\$ 489,061</u>
Fund Balance:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ 489,061</u>	

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NONMAJOR GOVERNMENTAL FUNDS

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PENDER COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 920,909	\$ 9,935,325	\$ 10,856,234
Accounts receivable	23,852	-	23,852
Taxes receivable (net)	393,967	-	393,967
Due from other governments	66,709	693,469	760,178
Restricted cash	<u>-</u>	<u>4,214</u>	<u>4,214</u>
Total assets	<u>\$ 1,405,437</u>	<u>\$ 10,633,008</u>	<u>\$ 12,038,445</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 294,818	\$ 259,416	\$ 554,234
Advances from grantors	<u>-</u>	<u>4,214</u>	<u>4,214</u>
Total liabilities	<u>294,818</u>	<u>263,630</u>	<u>558,448</u>
Deferred Inflows of Resources	<u>393,967</u>	<u>-</u>	<u>393,967</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	90,561	693,469	784,030
Public safety	618,654	-	618,654
Committed:			
Capital outlay and improvements	-	9,675,909	9,675,909
Assigned:			
Cooperative Extension programs	<u>7,437</u>	<u>-</u>	<u>7,437</u>
Total fund balances	<u>716,652</u>	<u>10,369,378</u>	<u>11,086,030</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,405,437</u>	<u>\$ 10,633,008</u>	<u>\$ 12,038,445</u>

PENDER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Ad valorem taxes	\$ 6,254,590	\$ -	\$ 6,254,590
Restricted intergovernmental	286,223	981,060	1,267,283
Miscellaneous revenue	-	62,278	62,278
Investment earnings	13,674	-	13,674
Total revenues	<u>6,554,487</u>	<u>1,043,338</u>	<u>7,597,825</u>
Expenditures:			
Current:			
Public safety	7,697,790	220,658	7,918,448
Economic and physical development	17,345	1,019,437	1,036,782
Human services	-	238,281	238,281
Culture and recreation	-	7,012	7,012
Total expenditures	<u>7,715,135</u>	<u>1,485,388</u>	<u>9,200,523</u>
Revenues over (under) expenditures	<u>(1,160,648)</u>	<u>(442,050)</u>	<u>(1,602,698)</u>
Other Financing Sources (Uses):			
Transfers in	935,436	7,586,729	8,522,165
Transfers out	(1,558)	(823,917)	(825,475)
Total other financing sources (uses)	<u>933,878</u>	<u>6,762,812</u>	<u>7,696,690</u>
Net change in fund balances	(226,770)	6,320,762	6,093,992
Fund Balances:			
Beginning of year, July 1	<u>943,422</u>	<u>4,048,616</u>	<u>4,992,038</u>
End of year, June 30	<u>\$ 716,652</u>	<u>\$ 10,369,378</u>	<u>\$ 11,086,030</u>

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specified revenue sources (other than Special Assessments) or to finance activities as required by law or administrative regulation.

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PENDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2023

	Fire Service District Fund	911 Emergency Telephone Fund	Cooperative Extension Fund	Total
Assets:				
Cash and cash equivalents	\$ 453,008	\$ 460,097	\$ 7,804	\$ 920,909
Taxes receivable (net)	393,967	-	-	393,967
Accounts receivable	-	23,852	-	23,852
Due from other governments	66,709	-	-	66,709
Total assets	<u>\$ 913,684</u>	<u>\$ 483,949</u>	<u>\$ 7,804</u>	<u>\$ 1,405,437</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	<u>\$ 293,021</u>	<u>\$ 1,430</u>	<u>\$ 367</u>	<u>\$ 294,818</u>
Deferred Inflows of Resources	<u>393,967</u>	<u>-</u>	<u>-</u>	<u>393,967</u>
Fund Balances:				
Restricted:				
Stabilization by state statute	66,709	23,852	-	90,561
Public safety	159,987	458,667	-	618,654
Assigned:				
Economic and physical development	-	-	7,437	7,437
Total fund balances	<u>226,696</u>	<u>482,519</u>	<u>7,437</u>	<u>716,652</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 913,684</u>	<u>\$ 483,949</u>	<u>\$ 7,804</u>	<u>\$ 1,405,437</u>

PENDER COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2023**

	Fire Service District Fund	911 Emergency Telephone Fund	Cooperative Extension Fund	Total
Revenues:				
Ad valorem taxes	\$ 6,254,590	\$ -	\$ -	\$ 6,254,590
Restricted intergovernmental	-	286,223	-	286,223
Program revenues	-	-	13,674	13,674
Total revenues	<u>6,254,590</u>	<u>286,223</u>	<u>13,674</u>	<u>6,554,487</u>
Expenditures:				
Public safety	7,593,802	103,988	-	7,697,790
Economic and physical development	-	-	17,345	17,345
Total expenditures	<u>7,593,802</u>	<u>103,988</u>	<u>17,345</u>	<u>7,715,135</u>
Revenues over (under) expenditures	<u>(1,339,212)</u>	<u>182,235</u>	<u>(3,671)</u>	<u>(1,160,648)</u>
Other Financing Sources (Uses):				
Transfers from (to):				
Transfers from General Fund	918,860	16,576	-	935,436
Transfers to General Fund	-	-	(1,558)	(1,558)
Total other financing sources (uses)	<u>918,860</u>	<u>16,576</u>	<u>(1,558)</u>	<u>933,878</u>
Net change in fund balances	(420,352)	198,811	(5,229)	(226,770)
Fund Balances:				
Beginning of year, July 1	<u>647,048</u>	<u>283,708</u>	<u>12,666</u>	<u>943,422</u>
End of year, June 30	<u>\$ 226,696</u>	<u>\$ 482,519</u>	<u>\$ 7,437</u>	<u>\$ 716,652</u>

PENDER COUNTY, NORTH CAROLINA

**FIRE SERVICE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 7,541,683	\$ 6,254,590	\$ (1,287,093)
Expenditures:			
Public safety:			
Fire Districts:			
Pender Central	458,867	435,229	23,638
Maple Hill	354,277	335,171	19,106
Rocky Point	813,861	783,005	30,856
Shiloh	296,624	286,574	10,050
Penderlea	775,297	668,208	107,089
Atkinson	331,488	315,392	16,096
Northeast Pender	697,339	360,330	337,009
Scotts Hill	350,000	289,983	60,017
Long Creek	550,000	494,509	55,491
Hampstead	1,400,000	1,343,570	56,430
Sloop Point	2,400,000	2,266,729	133,271
Penderlea - Dublin Area	32,790	15,102	17,688
Total expenditures	<u>8,460,543</u>	<u>7,593,802</u>	<u>866,741</u>
Revenues over (under) expenditures	(918,860)	(1,339,212)	(420,352)
Other Financing Sources (Uses):			
Transfer from General Fund	<u>918,860</u>	<u>918,860</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	(420,352)	<u>\$ (420,352)</u>
Fund Balance:			
Beginning of year, July 1		<u>647,048</u>	
End of year, June 30		<u>\$ 226,696</u>	

PENDER COUNTY, NORTH CAROLINA

**911 EMERGENCY TELEPHONE SYSTEMS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 286,223	\$ 286,223	\$ -
Expenditures:			
Travel	5,000	-	5,000
Training	11,200	1,370	9,830
Telephone	5,000	4,654	346
Supplies & materials	8,200	1,329	6,871
Contracted services	96,055	80,797	15,258
Telecommunication service	24,000	15,838	8,162
Other equipment	153,344	-	153,344
Total expenditures	<u>302,799</u>	<u>103,988</u>	<u>198,811</u>
Revenues over (under) expenditures	<u>(16,576)</u>	<u>182,235</u>	<u>198,811</u>
Other Financing Sources (Uses):			
Transfer from General Fund	<u>16,576</u>	<u>16,576</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>198,811</u>	<u>\$ 198,811</u>
Fund Balance:			
Beginning of year, July 1		<u>283,708</u>	
End of year, June 30		<u>\$ 482,519</u>	
PSAP RECONCILIATION			
Amounts reported on the 911 Emergency Telephone Systems Fund budget-to-actual are different from the PSAP revenue-expenditure report because:			
Ending fund balance, reported on budget to actual		\$ 482,519	
Cumulative current and prior period revenues and expenditures not reported in the fund (difference in beginning fund balance - budget to actual vs. PSAP report)		<u>(76,977)</u>	
Ending balance, PSAP revenue-expenditure report		<u>\$ 405,542</u>	

PENDER COUNTY, NORTH CAROLINA

**COOPERATIVE EXTENSION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Program revenue	\$ 14,560	\$ 13,674	\$ (886)
Expenditures:			
Current:			
Supplies and materials	14,896	17,345	(2,449)
Contracted services	<u>903</u>	<u>-</u>	<u>903</u>
Total expenditures	<u>15,799</u>	<u>17,345</u>	<u>(1,546)</u>
Revenues over (under) expenditures	<u>(1,239)</u>	<u>(3,671)</u>	<u>(2,432)</u>
Other Financing Sources (Uses):			
Transfer to General Fund	(1,558)	(1,558)	-
Appropriated fund balance	<u>2,797</u>	<u>-</u>	<u>(2,797)</u>
Total other financing sources (uses)	<u>1,239</u>	<u>(1,558)</u>	<u>(2,797)</u>
Net change in fund balance	<u>\$ -</u>	<u>(5,229)</u>	<u>\$ (5,229)</u>
Fund Balance:			
Beginning of year, July 1		<u>12,666</u>	
End of year, June 30		<u>\$ 7,437</u>	

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NONMAJOR CAPITAL PROJECT FUNDS

Capital Project Funds account for all resources used for current and future acquisition and/or construction of major capital facilities by the County except for those financed by proprietary funds.

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PENDER COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023**

	Capital Improvements Fund	School Capital Projects Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ 9,935,325	\$ -	\$ 9,935,325
Restricted cash	4,214	-	4,214
Due from other governments	693,469	-	693,469
Total assets	<u>\$ 10,633,008</u>	<u>\$ -</u>	<u>\$ 10,633,008</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 259,416	\$ -	\$ 259,416
Advances from grantors	4,214	-	4,214
Total liabilities	<u>263,630</u>	<u>-</u>	<u>263,630</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	693,469	-	693,469
Committed:			
Capital outlay and improvements	9,675,909	-	9,675,909
Total fund balances	<u>10,369,378</u>	<u>-</u>	<u>10,369,378</u>
Total liabilities and fund balances	<u>\$ 10,633,008</u>	<u>\$ -</u>	<u>\$ 10,633,008</u>

PENDER COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023**

	Capital Improvements Fund	School Capital Projects Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Restricted intergovernmental	\$ 981,060	\$ -	\$ 981,060
Miscellaneous revenue	62,278	-	62,278
Total revenues	<u>1,043,338</u>	<u>-</u>	<u>1,043,338</u>
Expenditures:			
Public safety	220,658	-	220,658
Economic and physical development	1,019,437	-	1,019,437
Human services	238,281	-	238,281
Culture and recreation	7,012	-	7,012
Total expenditures	<u>1,485,388</u>	<u>-</u>	<u>1,485,388</u>
Revenues over (under) expenditures	<u>(442,050)</u>	<u>-</u>	<u>(442,050)</u>
Other Financing Sources (Uses):			
Transfers from (to):			
Public School Special Revenue Fund	-	(823,917)	(823,917)
General Fund	7,086,729	-	7,086,729
Combined Water Fund	500,000	-	500,000
Total other financing sources (uses)	<u>7,586,729</u>	<u>(823,917)</u>	<u>6,762,812</u>
Net change in fund balances	7,144,679	(823,917)	6,320,762
Fund Balances:			
Beginning of year, June 30	<u>3,224,699</u>	<u>823,917</u>	<u>4,048,616</u>
End of year, July 1	<u>\$ 10,369,378</u>	<u>\$ -</u>	<u>\$ 10,369,378</u>

PENDER COUNTY, NORTH CAROLINA

**CAPITAL IMPROVEMENTS FUND - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Emergency Management Grant	\$ 6,705,870	\$ 3,632,402	\$ 11,028	\$ 3,643,430	\$ (3,062,440)
Coastal Management Grant	7,500	7,500	-	7,500	-
Golden Leaf Foundation Grant	454,800	584,748	-	584,748	129,948
NC EM DRA Grant	3,000,000	2,418,840	41,842	2,460,682	(539,318)
OSBM DRA Grant	880,000	561,012	314,774	875,786	(4,214)
State Acquisition Reloc Fund	2,078,526	1,691,524	(30,865)	1,660,659	(417,867)
Agricultural Building Generator	50,000	50,000	-	50,000	-
NC Soil & Water Conservation Grant	516,422	151,943	54,842	206,785	(309,637)
USDA EWP Program Grant	1,549,268	376,749	245,630	622,379	(926,889)
NCEM HMGP Grant	4,991,638	2,905,783	-	2,905,783	(2,085,855)
Duke Energy rebate	-	46,090	-	46,090	46,090
Donations	134,770	140,420	-	140,420	5,650
NC Wildlife Grant	10,000	10,000	-	10,000	-
NCDPS Safety Grant	34,623	16,430	-	16,430	(18,193)
NCDA&CS Grant	357,888	-	320,714	320,714	(37,174)
NCDOT Grant	4,000,000	-	-	-	(4,000,000)
Governor's Crime Commission Grant	24,500	-	23,095	23,095	(1,405)
PARTF- Hampstead Kiwanis Park Phase 4	500,000	-	-	-	(500,000)
PARTF - Central Pender park	500,000	-	-	-	(500,000)
Miscellaneous	102,693	30,000	62,278	92,278	(10,415)
Total revenues	25,898,498	12,623,441	1,043,338	13,666,779	(12,231,719)
Expenditures:					
Capital outlay:					
HVAC installation	1,201,004	1,190,650	-	1,190,650	10,354
Pender Memorial park	222,795	13,783	-	13,783	209,012
Hampstead sidewalk project	200,000	68,272	-	68,272	131,728
Hampstead Kiwanis park	214,875	214,875	-	214,875	-
Jail renovations	3,381,423	1,104,546	165,000	1,269,546	2,111,877
Courthouse renovations	11,282	-	-	-	11,282
Unified Development Ordinance	87,000	-	-	-	87,000
Library	149,000	147,093	-	147,093	1,907
Renovation probation	157,500	140,790	-	140,790	16,710
Comprehensive land use plan	42,500	42,500	-	42,500	-
Agricultural building generator	350,960	411,557	-	411,557	(60,597)
Public Safety Software	194,279	226,882	-	226,882	(32,603)
NC EM DRA Grant	3,000,000	1,712,583	13,492	1,726,075	1,273,925
OSBM DRA Grant	7,505,086	12,806,450	384,759	13,191,209	(5,686,123)
State Acquisition Reloc Fund	2,178,000	26,307	-	26,307	2,151,693
Golden Leaf	154,800	121,548	-	121,548	33,252
FEMA grants	11,697,508	8,152,996	32,563	8,185,559	3,511,949
NC Soil & Water Conservation Grant	1,996,381	528,692	300,472	829,164	1,167,217
NCDPS Safety Grant	34,623	16,430	-	16,430	18,193
NCDA&CS Grant	357,888	-	320,714	320,714	37,174
NCDOT Grant	4,000,000	-	-	-	4,000,000

PENDER COUNTY, NORTH CAROLINA

**CAPITAL IMPROVEMENTS FUND - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Central warehouse	500,000	-	-	-	500,000
Penderlea community park	301,810	-	3,630	3,630	298,180
Investigative Technology Tools	24,500	-	23,095	23,095	1,405
PARTF- Hampstead Kiwanis Park Phase 4	2,102,693	-	3,382	3,382	2,099,311
PARTF - Central Pender park	2,875,000	-	-	-	2,875,000
DSS Building	28,400,000	-	238,281	238,281	28,161,719
Courthouse records storage facility	230,757	-	-	-	230,757
Abbey Nature preserve	360,000	-	-	-	360,000
Contingency	91,199	-	-	-	91,199
Total expenditures	<u>72,022,863</u>	<u>26,925,954</u>	<u>1,485,388</u>	<u>28,411,342</u>	<u>43,611,521</u>
Revenues under expenditures	<u>(46,124,365)</u>	<u>(14,302,513)</u>	<u>(442,050)</u>	<u>(14,744,563)</u>	<u>31,379,802</u>
Other Financing Sources (Uses):					
Appropriated fund balance	1,318,887	-	-	-	(1,318,887)
Loan proceeds	26,703,341	1,292,891	-	1,292,891	(25,410,450)
Premium on LOB's	96,836	108,430	-	108,430	11,594
Bond issuance cost	(22,782)	(23,682)	-	(23,682)	(900)
Insurance proceeds	686,595	716,595	-	716,595	30,000
Transfers to General Fund	(1,657,818)	(45,873)	(330,000)	(375,873)	1,281,945
Transfers from General Fund	18,499,306	15,929,285	7,416,729	23,346,014	4,846,708
Transfers from Combined Water Fund	500,000	-	500,000	500,000	-
Total other financing sources (uses)	<u>46,124,365</u>	<u>17,977,646</u>	<u>7,586,729</u>	<u>25,564,375</u>	<u>(20,559,990)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 3,675,133</u>	<u>7,144,679</u>	<u>\$ 10,819,812</u>	<u>\$ 10,819,812</u>
Fund Balances:					
Beginning of year, July 1			<u>3,224,699</u>		
End of year, June 30			<u>\$ 10,369,378</u>		

PENDER COUNTY, NORTH CAROLINA

SCHOOL CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Unrestricted intergovernmental	\$ -	\$ 372,388	\$ -	\$ 372,388	\$ 372,388
Interest income	642,830	642,830	-	642,830	-
Miscellaneous	272,073	-	-	-	(272,073)
Total revenues	<u>914,903</u>	<u>1,015,218</u>	<u>-</u>	<u>1,015,218</u>	<u>100,315</u>
Expenditures:					
Intergovernmental:					
Schools:					
Burgaw Middle	2,903,397	6,610,993	-	6,610,993	(3,707,596)
Pender High School	2,225,062	2,225,062	-	2,225,062	-
Penderlea School	24,768,082	21,016,213	-	21,016,213	3,751,869
West Pender Middle School	2,246,522	2,246,523	-	2,246,523	(1)
Cape Fear E/M	8,485,271	8,455,271	-	8,455,271	30,000
SC K-12	41,988,896	41,988,895	-	41,988,895	1
Bond closing costs	785,701	629,974	-	629,974	155,727
Total expenditures	<u>83,402,931</u>	<u>83,172,931</u>	<u>-</u>	<u>83,172,931</u>	<u>230,000</u>
Revenues under expenditures	<u>(82,488,028)</u>	<u>(82,157,713)</u>	<u>-</u>	<u>(82,157,713)</u>	<u>330,315</u>
Other Financing Sources (Uses):					
Transfers from (to):					
General Fund	5,875,000	5,875,000	-	5,875,000	-
General Fund	(5,875,000)	(5,875,000)	-	(5,875,000)	-
Public School Special Revenue Fund	(823,917)	-	(823,917)	(823,917)	-
Premium on debt issued	8,311,945	8,211,630	-	8,211,630	(100,315)
Bond proceeds	75,000,000	75,000,000	-	75,000,000	-
Total other financing sources (uses)	<u>82,488,028</u>	<u>83,211,630</u>	<u>(823,917)</u>	<u>82,387,713</u>	<u>(100,315)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,053,917</u>	<u>(823,917)</u>	<u>\$ 230,000</u>	<u>\$ 230,000</u>
Fund Balance:					
Beginning of year, July 1			<u>823,917</u>		
End of year, June 30			<u>\$ -</u>		

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PROPRIETARY FUNDS

Proprietary 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 appropriated for accountability purposes.

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MAJOR ENTERPRISE FUNDS

- Solid Waste Fund: This fund is used to account for the operation, maintenance, and development of various landfills and disposal sites.
 - Combined Sewer Fund: This fund is used to account for the operations of the wastewater treatment facilities.
 - Combined Water Fund: This fund is used to account for the operations of the water treatment plant and the interconnected distribution systems.
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PENDER COUNTY, NORTH CAROLINA

SOLID WASTE OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Landfill fees	\$ 1,900,707	\$ 1,679,727	\$ (220,980)
User fees	4,524,835	4,257,778	(267,057)
Recycling	183,500	179,291	(4,209)
Miscellaneous	<u>20,000</u>	<u>53,901</u>	<u>33,901</u>
Total operating revenues	<u>6,629,042</u>	<u>6,170,697</u>	<u>(458,345)</u>
Non-operating revenues:			
Solid waste disposal tax	52,000	57,680	5,680
White goods	14,000	-	(14,000)
Scrap tire	90,000	118,831	28,831
Reimbursement from schools	<u>220,000</u>	<u>305,072</u>	<u>85,072</u>
Total non-operating revenues	<u>376,000</u>	<u>481,583</u>	<u>105,583</u>
Total revenues	<u>7,005,042</u>	<u>6,652,280</u>	<u>(352,762)</u>
Expenditures:			
Operating expenditures:			
Salaries and employee benefits	601,934	530,487	71,447
Other operating expenditures	6,111,380	5,464,712	646,668
Principal	30,170	30,170	-
Interest	7,558	7,558	-
Capital outlay	<u>254,000</u>	<u>68,273</u>	<u>185,727</u>
Total expenditures	<u>7,005,042</u>	<u>6,101,200</u>	<u>903,842</u>
Revenues over (under) expenditures	-	551,080	551,080
Other Financing Sources (Uses):			
Transfers in (out):			
Solid Waste Capital Project Fund	<u>-</u>	<u>18,344</u>	<u>(18,344)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 569,424</u>	<u>\$ 569,424</u>

PENDER COUNTY, NORTH CAROLINA

**SOLID WASTE OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 569,424	
Change in deferred outflows - OPEB		(164)	
Change in total OPEB liability		123,678	
Change in deferred inflows - OPEB		(127,021)	
Change in deferred outflows - pension		65,933	
Change in net pension liability		(201,063)	
Change in deferred inflows - pension		90,094	
Change in compensated absences		(5,233)	
Principal payments		30,170	
Capital outlay		68,273	
Depreciation		(105,542)	
Transfer from Solid Waste Capital Project Fund		<u>(18,344)</u>	
Change in net position, full accrual basis		<u>\$ 490,307</u>	

PENDER COUNTY, NORTH CAROLINA

SOLID WASTE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Miscellaneous revenues	\$ 152	\$ 152	\$ -	\$ 152	\$ -
Expenditures:					
Contracted services	154,569	17,165	-	17,165	137,404
Capital outlay	422,187	525,756	-	525,756	(103,569)
Contingency	8,975	-	-	-	8,975
Total expenditures	<u>585,731</u>	<u>542,921</u>	<u>-</u>	<u>542,921</u>	<u>42,810</u>
Revenues over (under) expenditures	<u>(585,579)</u>	<u>(542,769)</u>	<u>-</u>	<u>(542,769)</u>	<u>42,810</u>
Other Financing Sources (Uses):					
Transfers to Solid Waste Fund	(18,344)	-	(18,344)	(18,344)	-
Transfers from General Fund	13,394	13,394	-	13,394	-
CWSRF loan proceeds	603,397	603,397	-	603,397	-
Debt issuance costs	<u>(12,868)</u>	<u>(12,868)</u>	<u>-</u>	<u>(12,868)</u>	<u>-</u>
Total other financing sources (uses)	<u>585,579</u>	<u>603,923</u>	<u>(18,344)</u>	<u>585,579</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 61,154</u>	<u>\$ (18,344)</u>	<u>\$ 42,810</u>	<u>\$ 42,810</u>

PENDER COUNTY, NORTH CAROLINA

**COMBINED SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
System development fees	\$ 2,900,000	\$ 2,447,927	\$ (452,073)
Sewer fees	757,418	606,824	(150,594)
Other fees	18,000	85,682	67,682
Investment income	-	48,442	48,442
Total revenues	<u>3,675,418</u>	<u>3,188,875</u>	<u>(486,543)</u>
Expenditures:			
Wastewater Operations:			
Salaries and employee benefits	63,476	67,347	(3,871)
Contracted services	67,000	28,253	38,747
Operating expenditures	154,845	153,078	1,767
Capital outlay	90,072	-	90,072
Total	<u>375,393</u>	<u>248,678</u>	<u>126,715</u>
Wastewater Treatment Plant:			
Salaries and employee benefits	199,646	185,199	14,447
Operating expenditures	409,542	326,731	82,811
Capital outlay	79,076	79,075	1
Debt service payments:			
Principal	1,619,678	850,171	769,507
Interest	536,459	535,844	615
Total	<u>2,844,401</u>	<u>1,977,020</u>	<u>867,381</u>
Total expenditures	<u>3,219,794</u>	<u>2,225,698</u>	<u>994,096</u>
Revenues over (under) expenditures	<u>455,624</u>	<u>963,177</u>	<u>507,553</u>
Other Financing Sources (Uses):			
Appropriated fund balance	150,000	-	(150,000)
Transfers in (out):			
PCP Wastewater Treatment Plant Capital Project Fund	(150,000)	(150,000)	-
Combined Water Fund	(455,624)	(455,624)	-
Total other financing sources (uses)	<u>(455,624)</u>	<u>(605,624)</u>	<u>(150,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 357,553</u>	<u>\$ 357,553</u>

PENDER COUNTY, NORTH CAROLINA

**COMBINED SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 357,553	
Depreciation and amortization		(886,891)	
Capital Project Fund revenues		122,403	
Capital outlay expenditures		79,075	
Capital Project Fund expenditures not capitalized		(10,150)	
Gain (loss) on retirement/transfer of assets		(286,939)	
Long-term debt repayments		850,171	
Change in compensated absences		(1,863)	
Change in accrued interest payable		11,500	
Change in deferred outflows - OPEB		(5,019)	
Change in total OPEB liability		55,655	
Change in deferred inflows - OPEB		(53,890)	
Change in deferred outflows - pension		29,670	
Change in net pension liability		(90,478)	
Change in deferred inflows - pension		40,463	
Transfers to PCP Water Treatment Plant Capital Project Fund		150,000	
Transfers to Combined Water Fund		(12,342)	
Transfers from Combined Water Fund		27,916	
Change in net position, full accrual basis		<u>\$ 376,834</u>	

PENDER COUNTY, NORTH CAROLINA

MAPLE HILL SEWER CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
State Reserve Project Grant	\$ 514,044	\$ 257,637	\$ 122,403	\$ 380,040	\$ (134,004)
Miscellaneous revenues	-	4,880	-	4,880	4,880
Total revenues	<u>514,044</u>	<u>262,517</u>	<u>122,403</u>	<u>384,920</u>	<u>(129,124)</u>
Expenditures:					
Capital outlay	494,558	249,187	102,891	352,078	142,480
Contract services	178,492	141,889	10,560	152,449	26,043
Bond closing costs	-	-	8,382	8,382	(8,382)
Total expenditures	<u>673,050</u>	<u>391,076</u>	<u>121,833</u>	<u>512,909</u>	<u>160,141</u>
Revenues over (under) expenditures	<u>(159,006)</u>	<u>(128,559)</u>	<u>570</u>	<u>(127,989)</u>	<u>31,017</u>
Other Financing Sources (Uses):					
Transfers to Combined Water Fund	(12,342)	-	(12,342)	(12,342)	-
State Revolving Loan issued	-	131,528	-	131,528	131,528
Bond proceeds	171,348	-	-	-	(171,348)
Total other financing sources (uses)	<u>159,006</u>	<u>131,528</u>	<u>(12,342)</u>	<u>119,186</u>	<u>(39,820)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,969</u>	<u>\$ (11,772)</u>	<u>\$ (8,803)</u>	<u>\$ (8,803)</u>

PENDER COUNTY, NORTH CAROLINA

PCP WASTEWATER TREATMENT PLANT CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
EDA/DEL Lab Grant	\$ 533,746	\$ -	\$ -	\$ -	\$ (533,746)
Expenditures:					
Capital outlay	574,602	-	-	-	574,602
Contract services	137,060	-	12,287	12,287	124,773
Total expenditures	711,662	-	12,287	12,287	699,375
Revenues over (under) expenditures	(177,916)	-	(12,287)	(12,287)	165,629
Other Financing Sources (Uses):					
Transfers from Combined Water Fund	27,916	-	27,916	27,916	-
Transfers from Combined Sewer Fund	150,000	-	150,000	150,000	-
Total other financing sources (uses)	177,916	-	177,916	177,916	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ 165,629	\$ 165,629	\$ 165,629

PENDER COUNTY, NORTH CAROLINA

**COMBINED WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Water fees	\$ 11,156,441	\$ 7,922,641	\$ (3,233,800)
Connections fees - water	600,000	698,295	98,295
Other fees	174,190	162,014	(12,176)
Miscellaneous revenues	1,342,326	-	(1,342,326)
Investment income	200	6,228	6,028
Total revenues	<u>13,273,157</u>	<u>8,789,178</u>	<u>(4,483,979)</u>
Expenditures:			
Water Operations:			
Salaries and employee benefits	1,404,787	1,358,746	46,041
Contracted services	445,695	348,037	97,658
Water purchases	2,345,620	323,392	2,022,228
Other operating expenditures	1,884,726	1,984,249	(99,523)
Capital outlay	364,145	325,758	38,387
Total	<u>6,444,973</u>	<u>4,340,182</u>	<u>2,104,791</u>
Water Treatment Plant:			
Salaries and employee benefits	371,954	360,617	11,337
Contracted services	80,886	79,398	1,488
Water purchases	210,000	209,012	988
Other operating expenditures	914,480	813,421	101,059
Capital outlay	50,344	49,516	828
Debt service payments:			
Principal	2,005,577	1,441,734	563,843
Interest	2,098,442	1,342,711	755,731
Total	<u>5,731,683</u>	<u>4,296,409</u>	<u>1,435,274</u>
Total expenditures	<u>12,176,656</u>	<u>8,636,591</u>	<u>3,540,065</u>
Revenues over (under) expenditures	<u>1,096,501</u>	<u>152,587</u>	<u>(943,914)</u>
Other Financing Sources (Uses)			
Transfers in (out):			
Scotts Hill Water & Sewer Capital Project Fund	(671,852)	(402,978)	268,874
Scotts Hill Elevated Tank & Wells Project Fund	(5,867,000)	(5,867,000)	-
Rocky Point/Topsail Water Treatment Plant Upgrade CPF	(1,914,320)	(1,914,320)	-
PCP Wastewater Treatment Plant Capital Project Fund	(27,916)	(27,916)	-
Capital Improvements Fund - Capital Project Fund	(500,000)	(500,000)	-
Water Treatment Plant Capital Project Fund	(25,000)	(25,000)	-
US 421 Water & Sewer Expansion Capital Project Fund	(115,900)	(115,900)	-
Combined Sewer Fund	455,624	455,624	-
Maple Hill Sewer Capital Project Fund	-	12,342	12,342
Rocky Point/Topsail Water Phase V Capital Project Fund	-	6,440	6,440
Sale of capital assets	-	20,816	20,816
Subscription liabilities issued	-	65,640	65,640
Appropriated fund balance	7,569,863	-	(7,569,863)
Total other financing sources (uses)	<u>(1,096,501)</u>	<u>(8,292,252)</u>	<u>(7,195,751)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (8,139,665)</u>	<u>\$ (8,139,665)</u>

PENDER COUNTY, NORTH CAROLINA

**COMBINED WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (8,139,665)	
Change in deferred outflows - OPEB		46,250	
Change in total OPEB liability		395,769	
Change in deferred inflows - OPEB		(437,380)	
Change in deferred outflows - pension		210,985	
Change in net pension liability		(643,400)	
Change in deferred inflows - pension		229,610	
Principal payments		1,441,734	
Gain (loss) on retirement/transfer of assets		286,939	
Subscription liabilities issued		(65,640)	
Change in compensated absences		(11,708)	
Change in accrued interest payable		(61)	
Capital outlay		375,274	
Capital Project Fund expenditures not capitalized		(13,400)	
Capital Project Fund revenues		283,379	
Transfers from ARPA Fund		457,872	
Transfers to Scotts Hill Water & Sewer Capital Project Fund		402,978	
Transfers to Scotts Hill Elevated Tank & Wells Project Fund		5,867,000	
Transfers Rocky Point/Topsail Water Treatment Plant Upgrade CPF		1,914,320	
Transfers Water Treatment Plant Capital Project Fund		25,000	
Transfers US 421 Water & Sewer Expansion Capital Project Fund		115,900	
Transfers from Rocky Point/Topsail Water Phase V Capital Project Fund		(6,440)	
Depreciation and amortization		<u>(2,782,207)</u>	
Change in net position, full accrual basis		<u>\$ (46,891)</u>	

PENDER COUNTY, NORTH CAROLINA

SCOTTS HILL ELEVATED TANK & WELLS PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Miscellaneous revenues	\$ -	\$ 252,334	\$ 13,852	\$ 266,186	\$ 266,186
Expenditures:					
Contract services	2,635,734	771,420	-	771,420	1,864,314
Construction	14,043,276	-	4,548,575	4,548,575	9,494,701
Total expenditures	16,679,010	771,420	4,548,575	5,319,995	11,359,015
Revenues over (under) expenditures	(16,679,010)	(519,086)	(4,534,723)	(5,053,809)	11,625,201
Other Financing Sources (Uses):					
Transfer in (out):					
Combined Water Fund	7,418,420	1,551,420	5,867,000	7,418,420	-
Combined Water Fund	(620,744)	-	-	-	620,744
ASADRA loan proceeds	5,955,000	-	-	-	(5,955,000)
ASADRA principal forgiveness	1,985,000	-	-	-	(1,985,000)
Debt issued	1,730,000	1,730,000	-	1,730,000	-
Premium on debt issued	269,812	269,812	-	269,812	-
Bond issuance costs	(58,478)	(23,536)	-	(23,536)	34,942
Total other financing sources (uses)	16,679,010	3,527,696	5,867,000	9,394,696	(7,284,314)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 3,008,610	\$ 1,332,277	\$ 4,340,887	\$ 4,340,887

PENDER COUNTY, NORTH CAROLINA

ROCKY POINT/TOPSAIL WATER TREATMENT PLANT UPGRADE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Expenditures:					
Contract services	\$ 18,745,600	\$ 548,092	\$ 767,412	\$ 1,315,504	\$ 17,430,096
Construction	58,608,106	-	56,543	56,543	58,551,563
Total expenditures	<u>77,353,706</u>	<u>548,092</u>	<u>823,955</u>	<u>1,372,047</u>	<u>75,981,659</u>
Revenues over (under) expenditures	<u>(77,353,706)</u>	<u>(548,092)</u>	<u>(823,955)</u>	<u>(1,372,047)</u>	<u>75,981,659</u>
Other Financing Sources (Uses):					
Debt issued	46,870,000	-	-	-	46,870,000
ASADRA loan proceeds	15,000,000	-	-	-	15,000,000
ASADRA principal forgiveness	5,000,000	-	-	-	5,000,000
Transfer in (out):					
Combined Water Fund	(6,090,000)	-	-	-	(6,090,000)
Combined Water Fund	16,573,706	586,000	1,914,320	2,500,320	14,073,386
Total other financing sources (uses)	<u>77,353,706</u>	<u>586,000</u>	<u>1,914,320</u>	<u>2,500,320</u>	<u>74,853,386</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>-</u>	\$ <u>37,908</u>	\$ <u>1,090,365</u>	\$ <u>1,128,273</u>	\$ <u>1,128,273</u>

PENDER COUNTY, NORTH CAROLINA

ROCKY POINT/TOPSAIL WATER PHASE V CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Expenditures:					
Construction	\$ 23,560	\$ 23,560	\$ -	\$ 23,560	\$ -
Revenues over (under) expenditures	(23,560)	(23,560)	-	(23,560)	-
Other Financing Sources (Uses):					
Transfer in (out):					
Combined Water Fund	(6,440)	-	(6,440)	(6,440)	-
Combined Water Fund	30,000	30,000	-	30,000	-
Total other financing sources (uses)	23,560	30,000	(6,440)	23,560	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 6,440	\$ (6,440)	\$ -	\$ -

PENDER COUNTY, NORTH CAROLINA

SCOTTS HILL WATER & SEWER CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Miscellaneous revenues	\$ 10,167	\$ 10,167	\$ -	\$ 10,167	\$ -
Expenditures:					
Contract services	163,419	163,419	-	163,419	-
Construction	1,750,534	1,750,534	-	1,750,534	-
Total expenditures	1,913,953	1,913,953	-	1,913,953	-
Revenues over (under) expenditures	(1,903,786)	(1,903,786)	-	(1,903,786)	-
Other Financing Sources (Uses):					
Transfer in (out):					
Combined Water Fund	1,903,786	1,500,808	402,978	1,903,786	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (402,978)	\$ 402,978	\$ -	\$ -

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 YEAR ENDED JUNE 30, 2023

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
EDA Grant	\$ 1,125,000	\$ -	\$ -	\$ -	\$ (1,125,000)
Expenditures:					
Contracted services	256,900	37,942	101,223	139,165	117,735
Capital outlay	<u>1,268,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,268,100</u>
Total expenditures	<u>1,525,000</u>	<u>37,942</u>	<u>101,223</u>	<u>139,165</u>	<u>1,385,835</u>
Revenues over (under) expenditures	(400,000)	(37,942)	(101,223)	(139,165)	260,835
Other Financing Sources (Uses):					
Transfer in (out):					
Combined Water Fund	<u>400,000</u>	<u>300,000</u>	<u>25,000</u>	<u>325,000</u>	<u>(75,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 262,058</u>	<u>\$ (76,223)</u>	<u>\$ 185,835</u>	<u>\$ 185,835</u>

PENDER COUNTY, NORTH CAROLINA

US 421 WATER & SEWER EXPANSION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
SEDC grant	\$ -	\$ 10,000	\$ -	\$ 10,000	\$ 10,000
Southeastern Partnership Grant	262,000	-	262,000	262,000	-
Miscellaneous revenues	-	-	7,527	7,527	7,527
Total revenues	<u>262,000</u>	<u>10,000</u>	<u>269,527</u>	<u>279,527</u>	<u>17,527</u>
Expenditures:					
Contract services	1,085,950	232,250	408,214	640,464	445,486
Construction	11,310,366	-	311,184	311,184	10,999,182
Land easements	8,000	-	8,000	8,000	-
Total expenditures	<u>12,404,316</u>	<u>232,250</u>	<u>727,398</u>	<u>959,648</u>	<u>11,444,668</u>
Revenues over (under) expenditures	<u>(12,142,316)</u>	<u>(222,250)</u>	<u>(457,871)</u>	<u>(680,121)</u>	<u>11,462,195</u>
Other Financing Sources (Uses):					
Transfer in (out):					
ARPA Fund	12,026,416	222,250	457,872	680,122	11,346,294
Combined Water Fund	115,900	-	115,900	115,900	-
Total other financing sources (uses)	<u>12,142,316</u>	<u>222,250</u>	<u>573,772</u>	<u>796,022</u>	<u>11,346,294</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,901</u>	<u>\$ 115,901</u>	<u>\$ 115,901</u>

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NONMAJOR ENTERPRISE FUNDS

- Section 8 Administration Fund: This fund is used to account for the funds received from HUD to provide housing assistance to individuals.
 - Country Court Apartments Fund: This fund is used to account for the funds received from Rural Development.
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PENDER COUNTY, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Section 8 Admin. Fund	Country Court Apartments Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 204,983	\$ 138,563	\$ 343,546
Due from other funds	-	578	578
Restricted cash	7,160	-	7,160
Total current assets	<u>212,143</u>	<u>139,141</u>	<u>351,284</u>
Non-current assets:			
Capital assets:			
Subscription assets, net of amortization	30,343	-	30,343
Total assets	<u>242,486</u>	<u>139,141</u>	<u>381,627</u>
Deferred Outflows of Resources:			
OPEB deferrals	24,079	-	24,079
Pension deferrals	49,365	-	49,365
Total deferred outflows of resources	<u>73,444</u>	<u>-</u>	<u>73,444</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	2,303	-	2,303
Due to other funds	6,025	-	6,025
Accrued interest payable	587	-	587
Compensated absences liability - current	4,222	-	4,222
Subscription liabilities - current	14,363	-	14,363
Total current liabilities	<u>27,500</u>	<u>-</u>	<u>27,500</u>
Non-current liabilities:			
Compensated absences liability	4,222	-	4,222
Other post-employment benefit liability	49,288	-	49,288
Net pension liability	85,820	-	85,820
Subscription liabilities	14,601	-	14,601
Total non-current liabilities	<u>153,931</u>	<u>-</u>	<u>153,931</u>
Total liabilities	<u>181,431</u>	<u>-</u>	<u>181,431</u>
Deferred Inflows of Resources:			
Pension deferrals	405	-	405
OPEB deferrals	60,409	-	60,409
Total deferred inflows of resources	<u>60,814</u>	<u>-</u>	<u>60,814</u>
Net Position:			
Net investment in capital assets	1,379	-	1,379
Restricted for HUD Section 8 housing	7,160	-	7,160
Unrestricted	65,146	139,141	204,287
Total net position	<u>\$ 73,685</u>	<u>\$ 139,141</u>	<u>\$ 212,826</u>

PENDER COUNTY, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	Section 8 Admin. Fund	Country Court Apartments Fund	Total
Operating Revenues:			
Dwelling rental	\$ -	\$ 13,209	\$ 13,209
Other operating revenues	213,455	926	214,381
Total operating revenues	<u>213,455</u>	<u>14,135</u>	<u>227,590</u>
Operating Expenses:			
Salaries and benefits	209,050	7,203	216,253
Housing assistance payments	951,829	-	951,829
Operating expenses	164,935	6,840	171,775
Contracted services	7,715	23,053	30,768
Depreciation and amortization	13,583	34,116	47,699
Total operating expenses	<u>1,347,112</u>	<u>71,212</u>	<u>1,418,324</u>
Operating income (loss)	<u>(1,133,657)</u>	<u>(57,077)</u>	<u>(1,190,734)</u>
Non-Operating Revenues (Expenses):			
Interest income	105	51	156
Restricted intergovernmental	1,083,958	-	1,083,958
Fraud recovery	690	-	690
Gain (loss) on disposal of capital assets	-	(227,702)	(227,702)
Interest and other charges	(587)	(1,392)	(1,979)
Total non-operating revenues (expenses)	<u>1,084,166</u>	<u>(229,043)</u>	<u>855,123</u>
Income (loss) before transfers	(49,491)	(286,120)	(335,611)
Transfers out	<u>-</u>	<u>(406,539)</u>	<u>(406,539)</u>
Change in net position	(49,491)	(692,659)	(742,150)
Net Position:			
Beginning of year, July 1	<u>123,176</u>	<u>831,800</u>	<u>954,976</u>
End of year, June 30	<u>\$ 73,685</u>	<u>\$ 139,141</u>	<u>\$ 212,826</u>

PENDER COUNTY, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Section 8 Admin. Fund	Country Court Apartments Fund	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 223,442	\$ 16,223	\$ 239,665
Payments to customers and suppliers	(1,149,907)	(30,815)	(1,180,722)
Payments to employees	(165,513)	(8,505)	(174,018)
Net cash provided (used) by operating activities	<u>(1,091,978)</u>	<u>(23,097)</u>	<u>(1,115,075)</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition & construction of capital assets	(43,926)	-	(43,926)
Proceeds from sale of asset	-	655,000	655,000
Repayment of debt	(14,954)	(67,035)	(81,989)
Proceeds from issuance of debt	43,918	-	43,918
Interest paid and issuance costs	-	(1,415)	(1,415)
Net cash provided (used) by capital and related financing activities	<u>(14,962)</u>	<u>586,550</u>	<u>571,588</u>
Cash Flows From Non-Capital Financing Activities:			
State and federal grants	1,083,958	-	1,083,958
Miscellaneous revenues	690	-	690
Advances to and from other funds	652	(30,960)	(30,308)
Transfers in (out)	-	(406,539)	(406,539)
Net cash provided (used) by non-capital financing activities	<u>1,085,300</u>	<u>(437,499)</u>	<u>647,801</u>
Cash Flows from Investing Activities:			
Interest income	105	51	156
Net decrease in cash and cash equivalents	(21,535)	126,005	104,470
Cash and Cash Equivalents:			
Beginning of year, July 1	<u>233,678</u>	<u>12,558</u>	<u>246,236</u>
End of year, June 30	<u>\$ 212,143</u>	<u>\$ 138,563</u>	<u>\$ 350,706</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (1,133,657)	\$ (57,077)	\$ (1,190,734)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	13,583	34,116	47,699
Change in assets and liabilities:			
(Increase) decrease accounts receivable	9,987	4,988	14,975
Increase (decrease) accounts payable and accrued expenses	(6,005)	(1,539)	(7,544)
Increase (decrease) customer deposits payable	-	(2,900)	(2,900)
Increase (decrease) compensated absences	(827)	(685)	(1,512)
Increase (decrease) OPEB	(43,287)	-	(43,287)
(Increase) in deferred outflows of resources for OPEB	(3,092)	-	(3,092)
Increase (decrease) in deferred inflows of resources for OPEB	46,538	-	46,538
(Increase) in deferred outflows of resources for pensions	(23,076)	-	(23,076)
Increase (decrease) in net pension liability	70,372	-	70,372
Increase (decrease) in deferred inflows of resources for pensions	(22,514)	-	(22,514)
Net cash provided (used) by operating activities	<u>\$ (1,091,978)</u>	<u>\$ (23,097)</u>	<u>\$ (1,115,075)</u>
Non-Cash Transactions:			
Subscription assets acquired in exchange for subscription liability	<u>\$ 43,918</u>	<u>\$ -</u>	<u>\$ 43,918</u>

PENDER COUNTY, NORTH CAROLINA

SECTION 8 ADMINISTRATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental - HUD	\$ 1,161,756	\$ 1,083,958	\$ (77,798)
Miscellaneous revenues	226,777	213,455	(13,322)
Fraud recovery	-	690	690
Investment income	-	105	105
Total revenues	<u>1,388,533</u>	<u>1,298,208</u>	<u>(90,325)</u>
Expenditures:			
Salaries and benefits	194,580	184,936	9,644
Housing assistance payments	1,032,000	951,829	80,171
Contracted services	7,230	7,715	(485)
Operating expenditures	172,461	164,935	7,526
Capital outlay	-	43,926	(43,926)
Debt service payments:			
Principal	14,954	14,954	-
Total expenditures	<u>1,421,225</u>	<u>1,368,295</u>	<u>52,930</u>
Revenues over (under) expenditures	<u>(32,692)</u>	<u>(70,087)</u>	<u>(37,395)</u>
Other Financing Sources (Uses):			
Subscription liabilities issued	-	43,918	43,918
Transfers in (out):			
General Fund	32,692	-	(32,692)
Total other financing sources (uses)	<u>32,692</u>	<u>43,918</u>	<u>11,226</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (26,169)</u>	<u>\$ (26,169)</u>
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (26,169)	
Depreciation and amortization		(13,583)	
Subscription liabilities issued		(43,918)	
Capital outlay		43,926	
Principal payments		14,954	
Change in accrued interest payable		(587)	
Change in compensated absences		827	
Change in deferred outflows - OPEB		3,092	
Change in total OPEB liability		43,287	
Change in deferred inflows - OPEB		(46,538)	
Change in deferred outflows - pension		23,076	
Change in net pension liability		(70,372)	
Change in deferred inflows - pension		22,514	
Change in net position, full accrual basis		<u>\$ (49,491)</u>	

PENDER COUNTY, NORTH CAROLINA

**COUNTRY COURT APARTMENTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Dwelling rentals	\$ 13,209	\$ 13,209	\$ -
Miscellaneous revenues	926	926	-
Interest income	51	51	-
Total revenues	<u>14,186</u>	<u>14,186</u>	<u>-</u>
Expenditures:			
Administration and tenant services	48,183	14,728	33,455
Contracted services	8,628	23,053	(14,425)
FMHA debt service payments - principal	67,035	67,035	-
FMHA debt service payments - interest	1,392	1,392	-
Total expenditures	<u>125,238</u>	<u>106,208</u>	<u>19,030</u>
Revenues over (under) expenditures	<u>(111,052)</u>	<u>(92,022)</u>	<u>19,030</u>
Other Financing Sources (Uses):			
Sale of capital assets	605,575	655,000	49,425
Transfers in (out):			
General Fund	(496,539)	(406,539)	90,000
Fund balance appropriated	2,016	-	(2,016)
Total other financing sources (uses)	<u>111,052</u>	<u>248,461</u>	<u>137,409</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 156,439</u>	<u>\$ 156,439</u>
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues over (under) expenditures		\$ 156,439	
Depreciation		(34,116)	
Gain (loss) on disposal of capital assets		(882,702)	
Change in compensated absences		685	
Principal payments		67,035	
Change in net position, full accrual basis		<u>\$ (692,659)</u>	

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INTERNAL SERVICE FUNDS

- Self-Insured Internal Service Funds: Accounts for the funds contributed by both the County and its employees to provide health and dental insurance benefits for eligible employees
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PENDER COUNTY, NORTH CAROLINA

**SELF-INSURED INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023**

	Employee Health Insurance Fund	Workers' Compensation Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Total assets	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities:			
Accounts payable and accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:			
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PENDER COUNTY, NORTH CAROLINA

**SELF-INSURED INTERNAL SERVICE FUND
EMPLOYEE HEALTH INSURANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers in (out)	\$ (222,833)	\$ (222,833)	\$ -
Appropriated fund balance	<u>222,833</u>	<u>-</u>	<u>(222,833)</u>
Total other financing sources (uses)	<u><u>\$ -</u></u>	<u><u>(222,833)</u></u>	<u><u>\$ (222,833)</u></u>
Net Position:			
Beginning of year, July 1		<u>222,833</u>	
End of year, June 30		<u><u>\$ -</u></u>	

PENDER COUNTY, NORTH CAROLINA

**SELF-INSURED INTERNAL SERVICE FUND
 WORKERS' COMPENSATION FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers in (out)	\$ (605,219)	\$ (605,219)	\$ -
Appropriated fund balance	<u>605,219</u>	<u>-</u>	<u>(605,219)</u>
Total other financing sources (uses)	<u><u>\$ -</u></u>	<u><u>(605,219)</u></u>	<u><u>\$ (605,219)</u></u>
Net Position:			
Beginning of year, July 1		<u>605,219</u>	
End of year, June 30		<u><u>\$ -</u></u>	

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FIDUCIARY FUNDS

Custodial Funds are used to account for assets the County holds on behalf of others.

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PENDER COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS**

JUNE 30, 2023

	<u>Municipal Tax Collections</u>	<u>Jail Inmate Fund</u>	<u>Total Custodial Funds</u>
Assets:			
Cash and cash equivalents	\$ 30,915	\$ 65,303	\$ 96,218
Receivables, net	<u>130,335</u>	<u>-</u>	<u>130,335</u>
Total assets	<u>161,250</u>	<u>65,303</u>	<u>226,553</u>
Liabilities:			
Accounts payable and accrued liabilities	<u>94,678</u>	<u>-</u>	<u>94,678</u>
Net Position:			
Restricted for:			
Individuals, organizations and other governments	<u>\$ 66,572</u>	<u>\$ 65,303</u>	<u>\$ 131,875</u>

PENDER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Municipal Tax Collections</u>	<u>Jail Inmate Fund</u>	<u>Total Custodial Funds</u>
Additions:			
Ad valorem taxes for other governments	\$ 2,179,247	\$ -	\$ 2,179,247
Collections on behalf of inmates	<u>-</u>	<u>146,236</u>	<u>146,236</u>
Total additions	<u>2,179,247</u>	<u>146,236</u>	<u>2,325,483</u>
Deductions:			
Tax distributions to other governments	2,179,209	-	2,179,209
Payments on behalf of inmates	<u>-</u>	<u>173,106</u>	<u>173,106</u>
Total deductions	<u>2,179,209</u>	<u>173,106</u>	<u>2,352,315</u>
Net change in fiduciary net position	38	(26,870)	(26,832)
Net Position:			
Net position - beginning	<u>66,534</u>	<u>92,173</u>	<u>158,707</u>
Net Position - Ending	<u>\$ 66,572</u>	<u>\$ 65,303</u>	<u>\$ 131,875</u>

OTHER SCHEDULES

This section includes additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
 - Analysis of Current Tax Levy:
 - County-Wide Levy
 - Secondary Market Disclosures
 - Ten Largest Taxpayers
 - Pender Tourism Development Authority:
 - Balance Sheet
 - Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
 - Supplemental Financial Data Schedule – Public Housing Programs
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PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

GENERAL FUND

JUNE 30, 2023

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2022</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022-23	\$ -	\$ 58,707,828	\$ 56,847,096	\$ 1,860,732
2021-22	1,768,727	-	828,971	939,756
2020-21	613,802	-	232,619	381,183
2019-20	421,782	-	135,287	286,495
2018-19	184,311	-	47,059	137,252
2017-18	90,956	-	15,492	75,464
2016-17	71,430	-	10,044	61,386
2015-16	52,570	-	7,856	44,714
2014-15	29,018	-	3,515	25,503
2013-14	66,067	-	2,666	63,401
2012-13	72,900	-	72,900	-
Total	<u>\$ 3,371,563</u>	<u>\$ 58,707,828</u>	<u>\$ 58,203,505</u>	<u>3,875,886</u>
Less allowance for uncollectible accounts:				
General Fund				<u>731,645</u>
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 3,144,241</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 58,804,857
Reconciling items:				
Penalties and interest				(486,773)
Miscellaneous				<u>(114,579)</u>
Total collections and credits				<u>\$ 58,203,505</u>

PENDER COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ 8,191,491,053	\$ 0.645	\$ 52,835,117	\$ 52,835,117	\$ -
Vehicle taxes collected by DMV	<u>924,941,706</u>	0.645	<u>5,965,874</u>	<u>-</u>	<u>5,965,874</u>
Total	<u>9,116,432,759</u>		<u>58,800,991</u>	<u>52,835,117</u>	<u>5,965,874</u>
Discoveries:					
Current year taxes	<u>2,186,319</u>	0.645	<u>14,102</u>	<u>14,102</u>	<u>-</u>
Abatements:					
Current year taxes	<u>(16,630,236)</u>	0.645	<u>(107,265)</u>	<u>(107,265)</u>	<u>-</u>
Total property valuation	<u>\$ 9,101,988,842</u>				
Net Levy			58,707,828	52,741,954	5,965,874
Uncollected taxes at June 30, 2023			<u>1,860,732</u>	<u>1,860,732</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 56,847,096</u>	<u>\$ 50,881,222</u>	<u>\$ 5,965,874</u>
Current Levy Collection Percentage			<u>96.83%</u>	<u>96.47%</u>	<u>100.00%</u>

PENDER COUNTY, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY
SECONDARY MARKET DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2023****Assessed Valuation:**

Assessment ratio	<u>100%</u>
Real property	\$ 7,679,174,509
Personal property	1,260,770,969
Public service companies	<u>162,043,364</u>
Total assessed valuation	<u>\$ 9,101,988,842</u>
Tax rate per \$100	<u>\$ 0.645</u>
Levy (includes discoveries, releases and abatements)	<u>\$ 58,707,828</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>\$ 14,636,201</u>
Total	<u>\$ 14,636,201</u>

PENDER COUNTY, NORTH CAROLINA**TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Taxpayers</u>	<u>Type of Business</u>	<u>2022 Assessed Valuation</u>	<u>% of Total Valuation</u>
Duke Energy Progress Inc	Utility	\$ 73,754,360	0.90%
Four County EMC	Utility	31,515,366	0.38%
Crooked Run Solar LLC	Engineering	25,853,916	0.32%
Red Mountain Timber Co LLC	Timber Management	21,289,775	0.26%
LL Building Products Inc	Manufacturing	18,696,799	0.23%
Surf City Crossing LLC	Development	18,301,660	0.22%
Filmwerkrs LLC	Film Industry	16,980,123	0.21%
HM Bend LLC	Development	16,674,456	0.20%
Piedmont Natural Gas Co Inc	Utility	15,146,539	0.18%
Tamarack Timber Co NC LLC	Timber Management	12,420,614	0.15%
		<u>\$ 250,633,608</u>	<u>3.06%</u>

PENDER COUNTY, NORTH CAROLINA**DISCRETELY PRESENTED COMPONENT UNIT
PENDER TOURISM DEVELOPMENT AUTHORITY
BALANCE SHEET
JUNE 30, 2023****Assets:**

Cash and cash equivalents	\$ 114,178
Accounts receivable	<u>6,813</u>
Total assets	<u><u>\$ 120,991</u></u>

Liabilities and Fund Balance:**Liabilities:**

Accounts payable and accrued liabilities	<u>\$ 1,810</u>
--	-----------------

Fund Balance:

Restricted for:	
Stabilization by state statute	6,813
Tourism promotion	<u>112,368</u>
Total fund balance	<u><u>119,181</u></u>

Total liabilities and fund balance	<u><u>\$ 120,991</u></u>
------------------------------------	--------------------------

PENDER COUNTY, NORTH CAROLINA

**DISCRETELY PRESENTED COMPONENT UNIT
PENDER TOURISM DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Occupancy tax revenues	\$ 32,000	\$ 65,096	\$ 33,096
Expenditures:			
Promotions	32,000	30,875	1,125
Net change in fund balance	<u>\$ -</u>	34,221	<u>\$ 34,221</u>
Fund Balance:			
Beginning of year, July 1		<u>84,960</u>	
End of year, June 30		<u>\$ 119,181</u>	

PENDER COUNTY, NORTH CAROLINA

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
PUBLIC HOUSING PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2023

Line Item	Account Description	Housing Choice Vouchers 14.871	CARES Act Funding 14.HCC	Total
Assets:				
Current Assets Cash:				
111	Cash - unrestricted	\$ 42,165	\$ -	\$ 42,165
113	Cash - other restricted	299	6,861	7,160
100	Total cash	<u>42,464</u>	<u>6,861</u>	<u>49,325</u>
290	Total Assets and Deferred Outflows of Resources	<u>\$ 42,464</u>	<u>\$ 6,861</u>	<u>\$ 49,325</u>
Liabilities and Equity:				
Liabilities:				
300	Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Equity:				
511.1	Restricted net position	299	6,861	7,160
512.1	Unrestricted net position	<u>42,165</u>	<u>-</u>	<u>42,165</u>
513	Total equity - net assets/position	<u>42,464</u>	<u>6,861</u>	<u>49,325</u>
600	Total liabilities and equity - net assets/position	<u>\$ 42,464</u>	<u>\$ 6,861</u>	<u>\$ 49,325</u>
Revenues:				
70600	HUD PHA operating grants	\$ 961,920	\$ -	\$ 961,920
70710	Management fee	122,038	-	122,038
71100	Investment income - unrestricted	105	-	105
71400	Fraud recovery	299	-	299
70000	Total revenues	<u>1,084,362</u>	<u>-</u>	<u>1,084,362</u>
Expenses:				
Administrative:				
91900	Other	<u>122,038</u>	<u>-</u>	<u>122,038</u>
91000	Total operating - administrative	<u>122,038</u>	<u>-</u>	<u>122,038</u>
97000	Excess of operating revenues over expenditures	<u>962,324</u>	<u>-</u>	<u>962,324</u>
97300	Housing assistance payments	<u>951,829</u>	<u>-</u>	<u>951,829</u>
90000	Total expenses	<u>1,073,867</u>	<u>-</u>	<u>1,073,867</u>
10000	Excess (deficiency) of total revenue over (under) total expenses	10,495	-	10,495
Memo Account Information:				
11030	Beginning equity	31,969	6,861	38,830
	Ending equity	<u>\$ 42,464</u>	<u>\$ 6,861</u>	<u>\$ 49,325</u>
11180	Housing assistance payments equity	<u>\$ 42,464</u>	<u>\$ 6,861</u>	<u>\$ 49,325</u>

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COMPLIANCE SECTION

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Honorable Chairman and
Members of the Board of County Commissioners
Pender County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 31, 2024. 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, North Carolina's, financial statements. The financial statements of the Pender County ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with the Pender County ABC Board.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pender County's internal control. Accordingly, we do not express an opinion on the effectiveness of Pender County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2023-001, 2023-002, 2023-003, 2023-004, and 2023-005 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pender County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2023-002, 2023-004, and 2023-005.

Pender County's Responses to Findings

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

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 31, 2024

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Honorable Chairman and
Members of the Board of County Commissioners
Pender County, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pender County, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Pender County's major federal programs for the year ended June 30, 2023. Pender County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, Pender County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2023-006. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2023-006 to be a material weakness.

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 31, 2024

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

To the Honorable Chairman and
Members of the Board of County Commissioners
Pender County, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Pender County, North Carolina's, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Pender County's major state programs for the year ended June 30, 2023. Pender County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, 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, 2023.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 31, 2024

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PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(s) identified? None reported

Non-compliance material to financial statements noted? Yes

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes
- Significant deficiency(s) identified? None reported

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

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

Identification of major federal programs:

<u>Program Name</u>	<u>AL#</u>
Medicaid Cluster	93.778
Low Income Home Energy Assistance	93.568
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561
Foster Care, Adoption, & Guardianship Assistance Program Cluster	93.658, 93.659

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

Auditee qualified as low-risk auditee? No

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

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

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

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

Auditee qualified as low-risk auditee? No

Identification of major state programs:

Program Name

Medicaid Cluster
Foster Care, Adoption, & Guardianship Assistance Program Cluster
Public School Building Capital Fund

PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

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

Finding 2023-001

Material Weakness

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting. This includes identifying all necessary adjustments to the County and the Tourism Authority's general ledger to conform to accounting principles generally accepted in the United States of America and generally accepted governmental accounting standards.

Condition: A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. The existence of such material adjustments indicates that the County and the Tourism Authority's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments.

Effect: Errors in financial reporting for the County and the Tourism Authority could occur and not be detected.

Cause: The general ledger is not reconciled to subsidiary ledgers on a regular basis, and year-end journal entries are not booked prior to providing the auditors a final trial balance.

Identification of a Repeat Finding: This is modified and a repeat of Finding 2022-002 from the immediate previous audit.

Recommendation: Management should reconcile the subsidiary ledgers on a regular basis, reconcile year-end balances to subsidiary ledgers and post-closing entries needed and improve the internal control system to prevent the adjustments in the future.

Views of Responsible Officials and Planned Corrective Actions: The County agrees with this finding. Please refer to the Corrective Action Plan section of this report.

PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

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

Finding 2023-002

Material Weakness Non-Compliance

Criteria: N.C General Statute 159-28 requires that obligations of the unit be pre-audited in accordance with the Local Government Budget and Fiscal Control Act. The statutes require that funds be appropriated before incurring the obligation of funds and that amounts be pre-audited prior to the expenditure being made.

Condition: For fiscal year ended June 30, 2023, actual expenditures exceeded the authorized appropriations made by the governing board for the following funds: Rescue District Fund, Cooperative Extension Fund, and General Fund.

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

Cause: The County expended more than what had been appropriated because budget amendments were not made for those items.

Identification of a Repeat Finding: This is modified and a repeat of Finding 2022-003 from the immediate previous audit.

Recommendation: The County should implement additional monitoring controls, such as reviewing monthly budget to actual reports and careful pre-audit of expenditures. Budget amendments should be adopted prior to expending funds that exceed budgeted amounts.

Views of Responsible Officials and Planned Corrective Actions: The County agrees with this finding. Please refer to the Corrective Action Plan section of this report.

PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

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

Finding 2023-003

Material Weakness

Criteria: Subsidiary ledgers should be reconciled to the general ledger.

Condition: For fiscal year ended June 30, 2023, subsidiary ledgers related to payroll withholding liabilities were not reconciled to the general ledger.

Effect: Lack of timely reconciling to the general ledger greatly increases the risk of improper financial reporting.

Cause: Due to staff turnover in the human resources department, subsidiary ledgers related to payroll withholding liabilities were not reconciled to the general ledger.

Recommendation: The County should implement additional controls over reconciling subsidiary ledgers to the general ledger and require that they are reconciled prior to year-end.

Views of Responsible Officials and Planned Corrective Actions: The County agrees with this finding. Please refer to the Corrective Action Plan section of this report.

PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

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

Finding 2023-004

Material Weakness Non-Compliance

Criteria: N.C. General Statute 159-34 requires the County to have an audit as soon as possible after the close of each fiscal year. Year-end closeout procedures should be performed timely and accurately to facilitate the timely preparation of the financial statements to meet established North Carolina Local Government Commission requirements.

Condition: In performing our audit, it was noted that Pender County Finance Department experienced significant delays in the year-end accounting and reporting process.

Effect: Delays of timely reporting and errors in financial reporting could occur. The County will not meet the required reporting deadline.

Cause: Consolidation of Water and Sewer Districts for budgeting, accounting, and reporting purposes created the need for additional reconciliation required to make necessary adjustments to reporting caused delays in completing fiscal year 2023 year end closeout procedures.

Identification of a Repeat Finding: This is a modified and repeat of Finding 2022-001 from the immediate previous audit.

Recommendation: We recommend the County establish effective policies and controls around the year-end close process to ensure timeliness of financial reporting.

Views of Responsible Officials and Planned Corrective Actions: The County agrees with this finding. Please refer to the Corrective Action Plan section of this report.

PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

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

Finding 2023-005

Material Weakness Non-Compliance

Criteria: N.C. General Statute 159-29 S.L. 2022-53, Section 9(a) requires that the person designated by the Board as the Finance Officer give a true accounting and faithful performance bond in an amount not less than the greater of \$50,000 or an amount equal to ten percent of the unit's annually budgeted funds, up to \$1,000,000.

Condition: The Board-appointed Finance Officer for the County and the Tourism Authority is not individually bonded to meet the requirements.

Effect: The County and the Tourism Authority should have a system in place to ensure compliance with state statutes.

Cause: Management did not take the proper steps to make sure the County and the Tourism Authority were in compliance with state statutes.

Recommendation: Management should ensure that the Finance Officer is covered sufficiently for the County and separately for the Tourism Authority. The premium on the bond should be paid by the local government.

Views of Responsible Officials and Planned Corrective Actions: The County agrees with this finding. Please refer to the Corrective Action Plan section of this report.

PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

3. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

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

Program Name: Low-Income Home Energy Assistance

AL # 93.568

Grant Number: 071-406, 071-372

Finding: 2023-006

Non-Material Non-Compliance **Material Weakness, Eligibility**

Criteria: In accordance with 2 CFR 200, management must have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals. In accordance with the Energy Programs Manual (EP-300 Energy Programs section 300.09), documentation must be maintained in order to ensure the accuracy of the benefits being provided within program requirements, the case file is complete and accurate, and evidence of review should be documented.

Condition: The County Department of Social Services maintained inconsistent documentation for income and resources.

Context: Of the 1035 participants during the current year valued at \$335,908, we examined 60 (valued at \$18,282) and determined that 10 (17%) had inconsistent documentation supporting the eligibility determination in the case file. Upon further review, these 10 participants were still eligible.

We also determined that 1 participant (2% valued at \$300) was not supported with case documentation to confirm eligibility.

Effect: Casefile maintained inconsistent documentation, which could allow benefits to be provided to individuals who are not eligible.

Cause: The caseworker did not verify updated documentation to the NCFAST system.

Questioned Costs: In accordance with 2 CFR 200, auditors are required to report known questioned costs when likely questioned costs are greater than \$25,000. Even though the sample results only identified \$300 in questioned costs, if tests were extended to the entire population, questioned costs could exceed \$25,000.

Recommendation: Caseworkers should review their eligibility determinations and ensure that the correct information is included for proper documentation for eligibility.

Views of Responsible Officials and Planned Corrective Actions: The County agrees with this finding. Please refer to the Corrective Action Plan section of this report.

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. State Award Findings and Questioned Costs

None reported.

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**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2023**

Finding: 2023-001

Name of Contact Person: Margaret C. Blue, Finance Director

Corrective Action/Management's Response: Year-end timelines have been established and communicated to relevant departmental personnel as well as management and finance department personnel. Duties are delegated based on function, and year-round reconciliations maintain current account balances and limit year end efforts and adjustments. Strict cutoffs have been established and enforced, reminders distributed, and deadlines scheduled for each piece of the audit. A lot of efforts in continuous process improvement in recent years will go a long way in the future for efficiency in the year end closing process. The County has an established monthly routine that allows some of these time-consuming reconciliations to be broken down throughout the year in order to be sure year end adjustments and reconciling items can be taken care of earlier and adjustments throughout the audit avoided altogether. Items noted for adjustment after the TB sent to auditors are typically because of timing of their occurrence.

Proposed Completion Date: Immediately and ongoing.

Finding: 2023-002

Name of Contact Person: Margaret C. Blue, Finance Director

Corrective Action/Management's Response: Pender County has established monthly and quarterly budget monitoring procedures as well as real-time controls in place and will continue to keep this as a top priority. The EMS district budget issues are due to the nature of these funds disbursed as collected for fire and EMS district taxes. These funds are budgeted in compliance with general statutes that require conservative budgeting revenues at prior years collection rate. These funds inherently collect greater than this amount budgeted as there are prior years collections included. During this particular year, there were significant collections of prior years receivable balances that were more difficult to project. Since these funds are reconciled and disbursed monthly, in the future there will be adjustments during the year for additional revenues collected to ensure within budget. Year end transactions and accrued accounts payable liabilities have caused a timing anomaly for projecting unforeseen budget allocations.

Proposed Completion Date: Immediately and ongoing.



Finding: 2023-003

Name of Contact Person: Pamela Brame, Human Resources Director

Corrective Action/Management's Response: The Human Resources Department has seen 100%+ turnover in the past fiscal year and all positions are newly hired employees. There has been a significant learning curve to accommodate for the turnover and a newly hired benefit broker to assist with the reconciliation of benefit billing and payroll deduction. Finance Payroll function has also stepped in to assist in this reconciliation in the meantime, until Human Resources Staff are fully trained and the new benefit brokers are fully implemented with new benefits and billing. This has been resolved and will continue to be a joint effort going forward to eliminate this situation.

Proposed Completion Date: Immediately and ongoing.

Finding: 2023-004

Name of Contact Person: Margaret C. Blue, Finance Director

Corrective Action/Management's Response: The main cause of the delay in fiscal year 2023 audit completion and submission stems from the decision to consolidate the County's many Water and Sewer district funds into two main utilities funds, Water Fund and Sewer Fund. This caused many adjustments to both reconciliation procedures throughout the year as well as consolidation adjusting entries and significant adjustments to audit procedures for analytics as well as report drafting. This is a one-time adjustment and unfortunately caused this delay in a year where we anticipated having everything done much more timely than in the past. Other items were completed more timely, but this consolidation impacted all balance sheet and income statement audit areas due to the significance of the consolidation. This consolidation should not have these impacts in the future.

Proposed Completion Date: Immediately and ongoing.

Finding: 2023-005

Name of Contact Person: Margaret C. Blue, Finance Director

Corrective Action/Management's Response: The County is working with the bonding agency to update Finance Officer Performance Bonding to meet requirements for the County and individually and separately for the Tourism Development Authority. This will not be an issue in the future.

Proposed Completion Date: Immediately and ongoing.



Finding: 2023-006

Name of Contact Person: Carolyn Moser, Health & Human Services Director

Corrective Action/Management's Response: Audit Finding Review Training is held with Family and Children's Medicaid to review Audit results and errors found. Verification sheet for F&C Medicaid are reviewed. This form is to be used for every application and recertification.

Additional trainings/unit meetings are also held throughout the year. Areas covered are review of: Child Support referrals, income, verification of Social Security Number, tax household, household relationship, reacting to changes, addresses, and OVS. Ongoing trainings continue.

Individual conferences are held with each worker with an error. During the conference, the case record is reviewed along with policy, error explanations and steps to take to prevent error from reoccurring.

Each quarter Pender County is required to submit to the State a Quarterly Report of cases 2nd party reviewed along with verification of trainings held, agendas and attendance sheets. Pender is required to review over 120 cases per quarter.

There are several Medicaid Supervisors. Each month supervisors pull cases from each worker to 2nd party review. Supervisors meet with each worker that they have an error or internal control issue. Errors and internal control issues are discussed monthly at Unit meetings. Policy, manual changes, Admin letters, job aids and other information are also discussed and reviewed monthly during Unit meetings.

Proposed Completion Date: Immediately and ongoing.



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PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

Finding: 2022-001
Status: Modified and repeated as 2023-004.

Finding: 2022-002
Status: Modified and repeated as 2023-001.

Finding 2022-003
Status: Modified and repeated as 2023-002.

Finding 2022-004
Status: Corrected.

Finding 2022-005
Status: Corrected.

Finding 2022-006
Status: Corrected.

Finding 2022-007
Status: Corrected.

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PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed- Through to Subrecipients
Federal Awards:					
<u>U.S. Dept. of Agriculture</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
<u>Supplemental Nutrition Assistance Program Cluster:</u>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Admin					
	10.561	071-417	\$ 514,568	\$ -	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Food Nutrition Services Fraud Admin					
	10.561	071-405	31,604	-	-
COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Food Nutrition Services ARPA Funds					
	10.561	071-405	83,158	-	-
Total Supplemental Nutrition Assistance Program Cluster					
			629,330	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Administration:					
WIC Special Supplemental Nutrition Program for Women, Infants, & Children					
	10.557	13A25403GA & 13A25403GB	297,751	-	-
Passed-through the N.C. Dept. of Natural Resources Conservation Service:					
Emergency Watershed Protection Program - Disaster Relief Appropriations Act					
	10.927	19-091-4002 - Round 2	218,364	-	-
N.C. Division of Soil & Water Conservation:					
Emergency Watershed Protection Program - Disaster Relief Appropriations Act					
	10.927	19-091-4002 - Round 2	82,108	-	-
Total U.S. Dept. of Agriculture					
			1,227,553	-	-
<u>U.S. Dept. of Justice</u>					
Passed-through the N.C. Department of Public Safety:					
Governor's Crime Commission:					
Edward Byrne Memorial Justice Assistance Grant Program - Interview Room Recording System					
	16.738	PROJ014706	18,900	-	-
Total U.S. Dept. of Justice					
			18,900	-	-
<u>U.S. Dept. of Treasury</u>					
COVID-19 - Coronavirus State Local Fiscal Recovery Funds					
	21.027	1505-0271	457,872	-	-
Local Assistance and Tribal Consistency Fund					
	21.032	1505-0276	50,000	-	-
Total U.S. Dept. of Treasury					
			507,872	-	-
<u>U.S. Dept. of Transportation</u>					
Passed-through the N.C. Department of Transportation:					
<u>Highway Safety Cluster:</u>					
State and Community Highway Safety					
	20.600	GHSP2021 - 1000084569	35,318	-	-
Total Highway Safety Cluster					
			35,318	-	-
Total U.S. Dept. of Transportation					
			35,318	-	-
<u>U.S. Dept. of Health & Human Services</u>					
Passed-through N.C. Dept of Health and Human Services:					
Division of Aging and Adult Services:					
Passed-through Cape Fear Council of Governments:					
<u>Aging Cluster:</u>					
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers:					
HCCBG Access					
	93.044	HCCBG-PAS	58,584	15,414	73,998
HCCBG In-Home/Support Services					
	93.044	HCCBG-PAS	43,750	170,257	214,007
Special Programs for the Aging, Title III, Part C, Nutrition Services:					
HCCBG - Congregate Meals					
	93.045	HCCBG-PAS	49,571	1,428	50,999
HCCBG - Delivery Meals					
	93.045	HCCBG-PAS	129,649	3,735	133,384
Nutrition Services Incentive Program - NISP Nutrition					
	93.053	HCCBG-PAS	20,675	-	20,675
ARPA - Nutrition Services Incentive Program					
	93.053	HCCBG-PAS	12,158	2,145	14,303
Senior Center General Purpose					
		NC-15	-	21,801	21,801
FAN Heat Relief					
		NC-15	-	1,090	1,090
Total Aging Cluster					
			314,387	215,870	530,257
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services:					
Preventive Health					
	93.043	HCCBG-PAS	5,044	297	5,341
ARPA - Preventive Health					
	93.043	HCCBG-PAS	1,520	-	1,520
National Family Caregiver Support, Title III, Part E:					
Family Caregiver Support					
	93.052	HCCBG-PAS	42,460	3,537	45,997
ARPA - Family Caregiver Support					
	93.052	HCCBG-PAS	3,096	1,032	4,128
Total Division of Aging and Adult Services					
			366,507	220,736	587,243

PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed- Through to Subrecipients
Passed-through N.C. Dept of Health and Human Services:					
Division of Public Health:					
Public Health Emergency Preparedness	93.069	12641680EQ	36,466	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	14602720NF	23,420	-	-
Family Planning Services	93.217	13A1592CFP	43,396	-	-
Immunization Cooperation Agreements	93.268	1331639BP7	12,750	-	-
COVID-19 Immunization Cooperation Agreements	93.268	1331639BP7	66,251	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175878AHH	101,498	-	-
Temporary Assistance for Needy Families	93.558	13A15151T2	5,990	-	-
Cancer Prevention and Control Programs for State, Territorial, and Tribal Organizations	93.898	1320310DD7	6,650	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311462BNB	100	-	-
Preventive Health and Health Services Block Grant	93.991	12615503PH	30,607	-	-
Maternal and Child Health Services Block Grant to the States	93.994	12715745AR	40,340	10,025	-
Total Division of Public Health			367,468	10,025	-
Division of Social Services:					
Administration:					
Child Support Services - IV-D Administration	93.563	071-430	413,418	-	-
Child Support Services - IV-D Offset Fees ESC	93.563	071-430	3	-	-
Child Support Services - IV-D Offset Fees Federal	93.563	071-430	1,053	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Links	93.674	071-290	16,283	4,071	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Independent Living Transitional - Direct Benefits	93.674	071-430	5,350	-	-
Low-Income Home Energy Assistance:					
Administration	93.568	071-406	33,145	-	-
Energy Assistance Payments	93.568	071-406	125,448	-	-
Crisis Intervention Program	93.568	071-372	152,757	-	-
COVID-19 - LIEAP ARPA	93.568	071-372	6,866	-	-
COVID-19 - LIEAP ARPA Admin	93.568	071-372	2,251	-	-
LIHWAP ADM	93.568	071-372	3,577	-	-
LIHWAP CAA	93.568	071-372	11,864	-	-
Total Low-Income Home Energy Assistance			335,908	-	-
Temporary Assistance for Needy Families:					
Temporary Assistance for Needy Families - Work First Admin	93.558	071-039	83,383	-	-
Temporary Assistance for Needy Families - Work First Services	93.558	071-059	432,888	-	-
Temporary Assistance for Needy Families - CRE MAX	93.558	071-059	8,816	-	-
Temporary Assistance for Needy Families - Foster Care	93.558	071-059	2,094	-	-
Total Temporary Assistance for Needy Families			527,181	-	-
<u>Special Children Adoption Fund Cluster (Note 4):</u>					
MaryLee Allen Promoting Safe and Stable Families Program - Family Preservation	93.556	071-464	18,886	-	-
Stephanie Tubbs Jones Child Welfare Services Program - Permanency Planning	93.645	071-328	147,437	-	-
Total Special Children Adoption Fund Cluster			166,323	-	-
<u>Refugee and Entrant Assistance Cluster (Note 4):</u>					
Refugee and Entrant Assistance State/Replacement Designee					
Administered Programs - Admin	93.566	071-406	619	-	-
Total Refugee and Entrant Assistance Cluster			619	-	-
Administration for Children and Families					
<u>Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4):</u>					
Foster Care Title IV-E	93.658	071-406	27,299	27,299	-
Foster Care Title IV-E - Foster Care/Off TRN	93.658	071-274	98,138	-	-
Foster Care Title IV-E - CPS	93.658	071-274	50,597	19,296	-
Adoption Assistance	93.659	071-302	44,043	-	-
Adoption Assistance - IV-E Adoption/Off TRN	93.659	071-304	3,194	-	-
Adoption Assistance - IV-E Adoption Subsidy & Vendor	93.659	071-304	130,046	22,591	-
Foster Care Title IV-E - Direct Benefits:					
IV-E Admin County Paid	93.658	071-431	11,110	5,555	-
IV-E FC & Extended Reg	93.658	071-431	12,066	2,217	-
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster			376,493	76,958	-
<u>Medicaid Cluster:</u>					
Medical Assistance Program Admin	93.778	071-420	1,609,240	282,645	-
Medical Assistance Program - Medical Transportation Services Admin	93.778	071-375	117,270	-	-
Medical Assistance Program - Adult Care Home Case Management	93.778	071-128	1,718	859	-
Medical Assistance Program - MAC	93.778	071-480	65,114	-	-
Medical Assistance Program - State County Special Assistance	93.778	071-434	52,893	6,871	-
Total Medicaid Cluster			1,846,235	290,375	-
Children's Health Insurance Program - N.C. Health Choice Admin	93.767	071-440	50,722	4,104	-
Total State Children's Insurance Program - N.C. Health Choice			50,722	4,104	-

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed- Through to Subrecipients</u>
Division of Aging and Adult Services:					
Division of Social Services:					
Social Services Block Grant - APS Essential Services ARPA	93.667	071-169	14,129	-	-
Social Services Block Grant - In Home Services	93.667	071-169	1,474	-	-
Social Services Block Grant - Other Services and Training	93.667	071-010	122,158	-	-
Social Services Block Grant - Adult Protective Services	93.667	071-170	16,382	-	-
Total Division of Aging and Adult Services			<u>154,143</u>	<u>-</u>	<u>-</u>
Division of Child Development:					
<u>Subsidized Child Care Program Cluster (Note 4):</u>					
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration	93.596	071-364	118,972	-	-
Total Child Care Development Fund Cluster			<u>118,972</u>	<u>-</u>	<u>-</u>
Total Subsidized Child Care Program Cluster / Child Care Development Fund Cluster			<u>118,972</u>	<u>-</u>	<u>-</u>
Total Division of Social Services			<u>4,012,703</u>	<u>375,508</u>	<u>-</u>
Total U.S. Dept. of Health and Human Services			<u>4,746,678</u>	<u>606,269</u>	<u>587,243</u>
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Public Safety:					
Division of Emergency Management:					
Emergency Management Performance Grants	97.042	EMPG2023 - 8273	39,032	-	-
Emergency Management Performance Grants - PENSAR Swamp Stomp	97.042	EMPG2023 - 8273	7,716	-	-
Total U.S. Dept. of Homeland Security			<u>46,748</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Housing and Urban Development</u>					
Direct Program:					
<u>Housing Voucher Cluster:</u>					
Lower Income Housing Assistance Program -					
Section 8 Housing Choice Vouchers	14.871		951,829	-	-
Section 8 Housing Choice Vouchers - Admin Fees	14.871		122,038	-	-
Total Housing Voucher Cluster			<u>1,073,867</u>	<u>-</u>	<u>-</u>
Total U.S. Dept. of Housing and Urban Development			<u>1,073,867</u>	<u>-</u>	<u>-</u>
Total Federal Awards			<u>7,656,936</u>	<u>606,269</u>	<u>587,243</u>
State Awards:					
<u>N.C. Dept. of Administration</u>					
Veterans Service			-	2,083	-
Total N.C. Dept. of Administration			<u>-</u>	<u>2,083</u>	<u>-</u>
<u>N.C. Dept. of Cultural and Natural Resources</u>					
Division of State Library					
State Aid to Public Libraries			-	113,502	-
Total N.C. Dept. of Cultural and Natural Resources			<u>-</u>	<u>113,502</u>	<u>-</u>
<u>N.C. Office of State Budget & Management</u>					
Current Operations Appropriations Act, Session Law 2021-180 (2021-189)		Contract #2047RD1	-	2,166	-
State Capital Infrastructure Fund Grant - Courthouse Generator		Contract #20471	-	186,987	-
State Capital Infrastructure Fund Grant - Emergency Management Generator		Contract #20472	-	127,787	-
Total N.C. Office of State Budget & Management			<u>-</u>	<u>316,940</u>	<u>-</u>
<u>N.C. Department of Agriculture & Consumer Services</u>					
Division of Soil & Water Conservation:					
Streamflow Rehabilitation Assistance Program - StRAP		22-080-4101	-	320,714	-
Total N.C. Dept. of Agriculture & Consumer Services			<u>-</u>	<u>320,714</u>	<u>-</u>
<u>N.C. Department of Environmental Quality</u>					
Division of Water Infrastructure:					
NC State Reserves and Connect NC Bond Act of 2015		H-SRP-D-17-0136	-	121,833	-
Total N.C. Dept. of Environmental Quality			<u>-</u>	<u>121,833</u>	<u>-</u>
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services:					
AFDC Incentive/Program Integrity			-	206	-
St Child Welfare/CPS/CS			-	40,821	-
Extended Foster Care Maximization Non IV-E - Direct Benefits			-	22,336	-
SFHF Maximization - Direct Benefits			-	55,656	-
State Foster Home - Direct Benefits			-	52,486	-
Total Division of Social Services			<u>-</u>	<u>171,505</u>	<u>-</u>

PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed- Through to Subrecipients
Division of Public Health:					
Public Health Capacity Building		116141100	-	77,111	-
Child Health		127157450	-	15,185	-
Maternal Health		13A157400	-	21,878	-
Family Planning State		13A157350	-	13,743	-
Women's Health Service Fund		13A16021FR	-	7,756	-
Food and Lodging		11534752SZ	-	13,644	-
Public Health Pest Management		11534752SZ	-	4,000	-
School Nurse Funding Initiative		133253580	-	150,000	-
General Communicable Disease Control		117545100	-	9,999	-
Healthy Communities		126155030	-	3,747	-
HIV STD State		13114536BN	-	1,606	-
Tuberculosis Control		146045510	-	6,493	-
Breast and Cervical Cancer Control Program		132055990	-	4,725	-
COVID-19 Epidemiology and Laboratory Capacity for Infections Diseases (ELC)		2SF1249NTT	-	172,821	-
Total Division of Public Health			-	502,708	-
Total N. C. Department of Health and Human Services			-	674,213	-
<u>N.C. Dept. of Public Safety</u>					
Budget Allocation - Session Law 2021-180 (House Bill - 105)			-	55,700	-
Division of Emergency Management:					
Disaster Recovery Act - Hurricane Matthew		DRA-5369-011	-	1,947	-
Disaster Recovery Act - Hurricane Florence		DRA-13624-G	-	11,545	-
State Acquisition and Relocation Fund - Hurricane Matthew			-	6,194	-
Transportation Infrastructure Resiliency Grant		NCEM-TIRG1021-2E03	-	26,369	-
Juvenile Crime Prevention Councils:					
Teen Court - Community Service			-	47,759	-
Task Force Admin			-	11,953	-
Youth Leadership Development			-	30,418	-
Parenting Training Grant			-	17,656	-
Office of Juvenile Justice Youth Services			-	40,514	-
Passed-through Governor's Crime Commission:					
Local Law Enforcement Block Grant Program - Investigative Technology Tools for Digital Devices		PROJ014181	-	23,095	-
Total N.C. Dept. of Public Safety			-	273,150	-
<u>N.C. Department of Transportation</u>					
ROAP - RGP			-	101,749	101,749
ROAP - EDTAP			-	49,702	49,702
ROAP - Employment			-	12,552	12,552
Total NC Department of Transportation			-	164,003	164,003
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund			-	1,150,711	-
Total NC Department of Public Instruction			-	1,150,711	-
Total State Awards			-	3,137,149	164,003
Total Federal and State Awards			\$ 7,656,936	\$ 3,743,418	\$ 751,246

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

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of Pender County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of Pender County, it is not intended to and does not present the financial position, changes in net position or cash flows of Pender County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

Pender County's indirect costs are determined by a state-approved plan contracted annually with DMG Maximus, Inc. and therefore has elected not to use the 10-percent de minimis indirect cost rate as

Note 4: Cluster of Programs

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