

**PENDER COUNTY
NORTH CAROLINA**

FINANCIAL AND COMPLIANCE REPORTS

FOR THE YEAR ENDED JUNE 30, 2024

Pender County, North Carolina

**List of Principal Officials
June 30, 2024**

Board of County Commissioners

Brad George – Chairman

Jaqueline A. (Jackie) Newton – Vice Chairman

Randy Burton

Jerry Groves

Archibald “Fred” McCoy

County Manager

Michael Silverman

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, 2024, 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, 2024, 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 99.38%, 96.45%, and 99.66%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2024. 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 December 13, 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
December 13, 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, 2024. 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

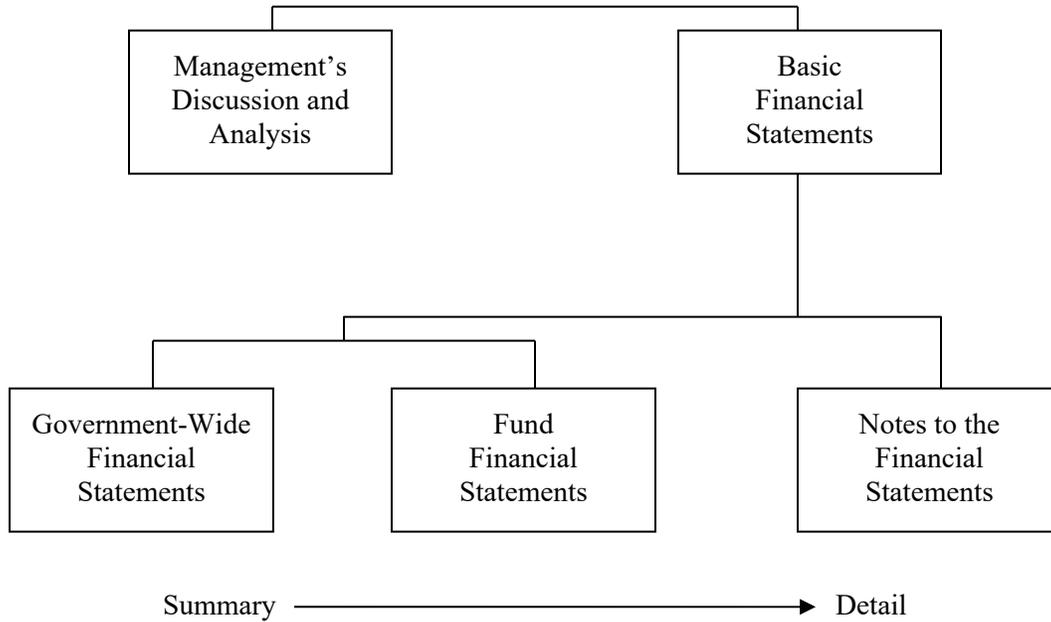
- The assets and deferred outflows of resources of Pender County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$110,246,069 (net position).
- The government's total net position produced an increase of \$23,358,688 during the fiscal year. This included an increase of \$22,155,979 from governmental sources, and business-type funds produced an increase of \$1,202,709.
- As of the close of the current fiscal year, Pender County's governmental funds reported combined ending fund balances of \$97,565,557, an increase of \$7,490,230 in comparison with the prior year. Approximately 59.5% of this total amount, or \$58,028,196, 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 \$58,028,196, or 59.6%, 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 \$110,246,069 net position as of June 30, 2024. The County's net position increased \$23,358,688 for the fiscal year ended June 30, 2024. Net position is reported in three categories: net investment in capital assets of \$102,954,507, restricted net position of \$16,368,574, and unrestricted net position of (\$9,077,012).

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 (\$9,077,012) at June 30, 2024. 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 \$56.8 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets:						
Current and other assets	\$ 123,350,367	\$ 117,544,025	\$ 2,805,652	\$ 20,955,262	\$ 126,156,019	\$ 138,499,287
Capital assets, net	<u>51,572,573</u>	<u>38,972,947</u>	<u>118,935,058</u>	<u>101,903,379</u>	<u>170,507,631</u>	<u>140,876,326</u>
Total assets	<u>174,922,940</u>	<u>156,516,972</u>	<u>121,740,710</u>	<u>122,858,641</u>	<u>296,663,650</u>	<u>279,375,613</u>
Deferred Outflows of Resources						
	<u>14,771,341</u>	<u>15,386,989</u>	<u>1,072,191</u>	<u>1,120,981</u>	<u>15,843,532</u>	<u>16,507,970</u>
Liabilities:						
Current and other liabilities	29,316,352	26,685,406	4,850,564	4,728,857	34,166,916	31,414,263
Long-term liabilities	<u>97,036,274</u>	<u>102,966,663</u>	<u>60,439,060</u>	<u>62,820,775</u>	<u>157,475,334</u>	<u>165,787,438</u>
Total liabilities	<u>126,352,626</u>	<u>129,652,069</u>	<u>65,289,624</u>	<u>67,549,632</u>	<u>191,642,250</u>	<u>197,201,701</u>
Deferred Inflows of Resources						
	<u>9,401,538</u>	<u>10,467,754</u>	<u>1,217,325</u>	<u>1,326,747</u>	<u>10,618,863</u>	<u>11,794,501</u>
Net Position:						
Net investment in capital assets	44,798,861	31,740,904	58,155,646	39,143,825	102,954,507	70,884,729
Restricted	16,354,664	14,337,740	13,910	7,160	16,368,574	14,344,900
Unrestricted	<u>(7,213,408)</u>	<u>(14,294,506)</u>	<u>(1,863,604)</u>	<u>15,952,258</u>	<u>(9,077,012)</u>	<u>1,657,752</u>
Total net position	<u>\$ 53,940,117</u>	<u>\$ 31,784,138</u>	<u>\$ 56,305,952</u>	<u>\$ 55,103,243</u>	<u>\$ 110,246,069</u>	<u>\$ 86,887,381</u>

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

- Increased diligence in the collection of property taxes by obtaining a collection percentage of 97.94% by implementing more efficient enforced collections and prior years billing.
- Conservative budgeting and continued growth in local options sales taxes as well as other growth driven revenues, including ad valorem taxes based on valuation.
- Significant investment in capital infrastructure during the current year increased assets while no major issuances of debt as of yet.
- Additionally, significant increase in interest income based on rising rates and increased cash balances.

Pender County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 6,891,583	\$ 6,439,141	\$ 19,788,773	\$ 18,321,670	\$ 26,680,356	\$ 24,760,811
Operating grants and contributions	13,013,342	13,507,027	1,110,295	1,083,958	14,123,637	14,590,985
Capital grants and contributions	2,001,750	2,282,520	-	384,403	2,001,750	2,666,923
General revenues:						
Property taxes	86,540,663	73,869,770	-	-	86,540,663	73,869,770
Other taxes	26,255,028	25,904,148	-	-	26,255,028	25,904,148
Investment earnings, unrestricted	5,440,188	4,052,449	23,739	54,826	5,463,927	4,107,275
Miscellaneous, unrestricted	466,171	716,641	544,735	503,652	1,010,906	1,220,293
Loss on sale of asset	723,592	451,573	7,200	(206,886)	730,792	244,687
Total revenues	141,332,317	127,223,269	21,474,742	20,141,623	162,807,059	147,364,892
Expenses:						
General government	16,975,097	16,553,159	-	-	16,975,097	16,553,159
Public safety	41,392,294	35,243,617	-	-	41,392,294	35,243,617
Economic and physical development	4,544,326	4,692,093	-	-	4,544,326	4,692,093
Human services	18,369,855	15,736,118	-	-	18,369,855	15,736,118
Cultural and recreation	2,740,086	2,335,662	-	-	2,740,086	2,335,662
Education	33,178,187	28,513,836	-	-	33,178,187	28,513,836
Interest on long-term debt	1,781,683	2,027,946	-	-	1,781,683	2,027,946
Solid waste	-	-	6,884,084	6,161,973	6,884,084	6,161,973
Combined sewer	-	-	2,213,100	2,207,455	2,213,100	2,207,455
Combined water	-	-	10,006,433	9,825,125	10,006,433	9,825,125
Section 8 housing	-	-	1,363,226	1,347,699	1,363,226	1,347,699
Country Court apartments	-	-	-	72,604	-	72,604
Total expenses	118,981,528	105,102,431	20,466,843	19,614,856	139,448,371	124,717,287
Change in net position before transfers	22,350,789	22,120,838	1,007,899	526,767	23,358,688	22,647,605
Transfers	(194,810)	448,667	194,810	(448,667)	-	-
Change in net position	22,155,979	22,569,505	1,202,709	78,100	23,358,688	22,647,605
Net Position:						
Beginning of year, July 1	31,784,138	6,196,776	55,103,243	55,025,143	86,887,381	61,221,919
Restatement	-	3,017,857	-	-	-	3,017,857
Beginning of year, as restated	31,784,138	9,214,633	55,103,243	55,025,143	86,887,381	64,239,776
End of year, June 30	\$ 53,940,117	\$ 31,784,138	\$ 56,305,952	\$ 55,103,243	\$ 110,246,069	\$ 86,887,381

Governmental Activities. The County's governmental activities net position increased by \$22,155,979 primarily due to the following:

- Increased ad valorem collections of over 1.1% by further diligence in enforced collections as well as prior years billing and collections.
- Continued sales tax increases as well as other growth driven revenues from Register of Deeds and Building Permits and Inspections
- Over \$5.4 million in interest income based on rising rates

Business-Type Activities. Business-type activities increased Pender County's net position by \$1,202,709. 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 \$61,889,265, while total fund balance reached \$71,102,435. 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 50.5% of General Fund expenditures and transfers out less debt issued, while total fund balance represents 58.0% of that same amount.

At June 30, 2024, the governmental funds of Pender County reported a combined fund balance of \$97,565,557, a 8.3% 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 \$8,585,080 and increased expenditures by \$11,797,373.

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 (\$1,863,604). The total growth in net position for those funds was \$1,202,709. Note that there is a shortage of cash in the Combined Water Fund this fiscal year because a project was completed and approved for debt funding, however, there has been a significant delay in receiving the proceeds from the lending agencies, so current cash has been tied up in this project until proceeds can be received. 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, 2024, totals \$170,507,631 (net of accumulated depreciation and amortization). 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 in both governmental and enterprise funds
- Vehicle replacement for damaged or surplus vehicles
- Addition of Subscription Based Information Technology Agreement Assets and Leases
- Transfers of General Fund Balance into investments in two major PARTF Park projects as well as design for a pay-as-you-go Hampstead Branch Library project

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 22,935,512	\$ 14,811,158	\$ 11,067,936	\$ 627,210	\$ 34,003,448	\$ 15,438,368
Buildings	13,406,391	13,896,612	87,550,007	90,897,289	100,956,398	104,793,901
Furniture, vehicles, and equipment	5,280,599	4,383,278	1,161,353	699,982	6,441,952	5,083,260
Other	1,220,147	1,338,368	897,386	1,312,346	2,117,533	2,650,714
Construction in progress	5,785,928	1,776,566	18,210,411	8,281,440	23,996,339	10,058,006
Right to use leased assets	1,049,105	169,747	-	-	1,049,105	169,747
Subscription assets	1,894,891	2,597,218	47,965	85,112	1,942,856	2,682,330
Total	<u>\$ 51,572,573</u>	<u>\$ 38,972,947</u>	<u>\$ 118,935,058</u>	<u>\$ 101,903,379</u>	<u>\$ 170,507,631</u>	<u>\$ 140,876,326</u>

Long-Term Debt. As of June 30, 2024, Pender County had total bonded debt outstanding of \$118,747,000, 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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Limited obligation debt	\$ 4,019,636	\$ 4,329,636	\$ 42,930,364	\$ 44,895,364	\$ 46,950,000	\$ 49,225,000
General obligation bonds	56,870,000	64,310,000	10,829,000	11,080,000	67,699,000	75,390,000
Revenue bonds	-	-	4,098,000	4,194,000	4,098,000	4,194,000
Federal revolving loan	-	-	504,008	540,754	504,008	540,754
Lease liabilities	1,019,738	170,277	-	-	1,019,738	170,277
Subscription liabilities	1,487,677	2,127,070	36,350	71,870	1,524,027	2,198,940
Direct placement installment purchase contracts	246,661	605,060	-	-	246,661	605,060
Net pension liability (LEOSSA)	2,787,638	2,445,185	-	-	2,787,638	2,445,185
Net pension liability (LGERS)	17,363,269	15,830,890	1,400,400	1,267,150	18,763,669	17,098,040
Total other post-employment benefits	14,270,233	13,607,687	761,734	704,121	15,031,967	14,311,808
Compensated absences	1,421,195	1,292,134	137,831	136,539	1,559,026	1,428,673
Unamortized bond premiums	7,826,283	8,490,067	2,383,513	2,519,641	10,209,796	11,009,708
Total	\$ 107,312,330	\$ 113,208,006	\$ 63,081,200	\$ 65,409,439	\$ 170,393,530	\$ 178,617,445

Pender County's total debt decreased by \$8,223,915 (4.6%) 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 \$642,635,236. The County has \$178 million in voter approved School Bonds that remain unissued at June 30, 2024.

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

According to the US Census Bureau, Pender County was the second fastest growing county in the State between 2022 and 2023. Latest U.S. Census place the population growth at 13.8% from April 2020 to July 2023. Current 2024 population estimates put the County population at 69,485 according to NC State Demographer's Office. Approximately 8% of the population are veterans, above the statewide percentage of 6.1%. The County's unemployment rate continues to gradually decrease from 3.2% in October 2023 to 3.0% in October 2024. Pender County remains a Tier 3 County as reflected in the 2024 & 2025 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 emerge from recovery mode 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.

Pender County's approach to economic development initiatives is handled through a variety of community and nonprofit partnerships. The County takes a progressive and business friendly approach to assisting companies create jobs and investment in the area. Staff work with Wilmington Business Development, a private, not-for-profit organization serving the Greater Wilmington, NC region. The County also works with both the Burgaw Chamber of Commerce and Topsail Area Chamber of Commerce and Tourism, voluntary organizations of business climate improvers and advocates. Lastly, the Pender County Tourism department, Greater Hampstead Chamber of Commerce, and North Carolina Southeast Economic Development also make key partners.

Perhaps the largest indicator of the growth of economic development in the area is the Pender Commerce Park, built in 2006. Expansion has created over 450 acres of commercial space and an onsite wastewater treatment plant and utility connections, alongside the park being situated less than 10 minutes from I-40, creates a fertile environment for commercial investment. The Park encompasses over one million square feet of industrial space, over 1,600 jobs, and has a private capital investment total of over \$500 million. In late 2015, the Park became North Carolina's first "AT&T Fiber Ready" property. In addition, Duke Energy chose the park to participate in the 2013 Site Readiness Program to prepare for potential industrial development and was selected from 35+ county applicants as one of the 10 chosen.

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.

Residential development is the final piece of the story of economic development in the county. One key highlight is the entry of Blake Farms, a 1,300 acre mixed-use development of U.S. 17 opposite Scotts Hill Road, with 240 garden-style apartments, 200+ luxury apartments, and 88 single-family homes, including A YMCA recreational facility and several developments inside Blake Farms.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities. The County Commissioners approved a \$106,355,051 General Fund Budget on June 17, 2024, which was included within a total budget ordinance of \$199,750,666, 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. Bonded debt related to these projects issued in the fall of 2024.

Business-Type Activities. The business-type activities total budget is \$26,663,393, of which \$1,398,435 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

PENDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Pender County ABC Board	Pender Tourism Development Authority
Assets:					
Cash and cash equivalents	\$ 90,919,260	\$ 813,170	\$ 91,732,430	\$ 245,314	\$ 68,364
Accounts receivables (net)	6,112,912	993,612	7,106,524	989	901
Taxes receivables (net)	2,869,880	534,614	3,404,494	-	-
Due from other governments	8,035,217	-	8,035,217	-	-
Notes receivable	216,661	-	216,661	-	-
Prepaid items	42,082	-	42,082	44,378	-
Inventories	43,543	-	43,543	1,478,155	-
Restricted cash and cash equivalents	15,019,142	464,256	15,483,398	-	-
Restricted net pension asset, Register of Deeds	91,670	-	91,670	-	-
Other assets	-	-	-	67,594	-
Capital assets:					
Land and construction in progress	28,721,440	29,278,347	57,999,787	8,584,636	-
Other capital assets, net of depreciation	19,907,137	89,608,746	109,515,883	77,880	-
Right-to-use leased assets, net of amortization	1,049,105	-	1,049,105	299,360	-
Subscription assets, net of amortization	1,894,891	47,965	1,942,856	-	-
Total capital assets	51,572,573	118,935,058	170,507,631	8,961,876	-
Total assets	174,922,940	121,740,710	296,663,650	10,798,306	69,265
Deferred Outflows of Resources:					
Pension deferrals	11,473,058	785,384	12,258,442	383,345	-
OPEB deferrals	3,298,283	286,807	3,585,090	-	-
Total deferred outflows of resources	14,771,341	1,072,191	15,843,532	383,345	-
Liabilities:					
Accounts payable and accrued liabilities	6,568,634	1,759,802	8,328,436	1,339,344	1,784
Accrued interest payable	752,106	218,642	970,748	-	-
Liabilities payable from restricted assets:					
Customer deposits	-	229,980	229,980	-	-
Prepaid fees	7,809	-	7,809	-	-
Advances from grantors	11,711,747	-	11,711,747	-	-
Long-term liabilities:					
Due within one year	10,276,056	2,642,140	12,918,196	207,009	-
Due in more than one year	62,615,134	58,276,926	120,892,060	7,261,526	-
Net pension liability (LGERS)	17,363,269	1,400,400	18,763,669	539,914	-
Total OPEB liability	14,270,233	761,734	15,031,967	-	-
Total pension liability (LEOSSA)	2,787,638	-	2,787,638	-	-
Total liabilities	126,352,626	65,289,624	191,642,250	9,347,793	1,784
Deferred Inflows of Resources:					
Deferred gain on refunding	-	436,171	436,171	-	-
Pension deferrals	797,159	38,091	835,250	1,295	-
OPEB deferrals	8,545,221	743,063	9,288,284	-	-
Prepaid taxes	59,158	-	59,158	-	-
Total deferred inflows of resources	9,401,538	1,217,325	10,618,863	1,295	-

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

PENDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2024

	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	44,798,861	58,155,646	102,954,507	527,240	-
Restricted for:					
Stabilization by state statute	11,411,055	-	11,411,055	-	901
Health and human services	3,256,454	-	3,256,454	-	-
Public safety	935,903	-	935,903	-	-
Sheriff's seizures	70,159	-	70,159	-	-
Automation enhancement and preservation	589,423	-	589,423	-	-
Register of Deeds' Pension plan	91,670	-	91,670	-	-
Tourism promotion	-	-	-	-	66,580
Working capital	-	-	-	381,906	-
HUD Section 8 housing	-	13,910	13,910	-	-
Unrestricted (deficit)	(7,213,408)	(1,863,604)	(9,077,012)	923,417	-
Total net position (deficit)	<u>\$ 53,940,117</u>	<u>\$ 56,305,952</u>	<u>\$ 110,246,069</u>	<u>\$ 1,832,563</u>	<u>\$ 67,481</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, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 16,975,097	\$ 5,288,807	\$ 40,145	\$ -
Public safety	41,392,294	344,084	2,438,164	1,577,081
Economic and physical development	4,544,326	1,009,212	-	362,185
Human services	18,369,855	-	9,611,028	-
Cultural and recreation	2,740,086	249,480	153,597	62,484
Education	33,178,187	-	770,408	-
Interest on long-term debt	1,781,683	-	-	-
Total governmental activities	<u>118,981,528</u>	<u>6,891,583</u>	<u>13,013,342</u>	<u>2,001,750</u>
Business-Type Activities:				
Solid Waste Fund	6,884,084	7,236,393	-	-
Combined Sewer Fund	2,213,100	3,930,281	-	-
Combined Water Fund	10,006,433	8,497,972	-	-
Section 8 Housing	1,363,226	124,127	1,110,295	-
Total business-type activities	<u>20,466,843</u>	<u>19,788,773</u>	<u>1,110,295</u>	<u>-</u>
Total primary government	<u>\$ 139,448,371</u>	<u>\$ 26,680,356</u>	<u>\$ 14,123,637</u>	<u>\$ 2,001,750</u>
Component Units:				
Pender County ABC Board	\$ 12,559,107	\$ 12,908,559	\$ -	\$ -
Pender Tourism Development Authority	95,625	-	-	-
Total component units	<u>\$ 12,654,732</u>	<u>\$ 12,908,559</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, 2024

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	\$ (11,646,145)	\$ -	\$ (11,646,145)		
Public safety	(37,032,965)	-	(37,032,965)		
Economic and physical development	(3,172,929)	-	(3,172,929)		
Human services	(8,758,827)	-	(8,758,827)		
Cultural and recreation	(2,274,525)	-	(2,274,525)		
Education	(32,407,779)	-	(32,407,779)		
Interest on long-term debt	(1,781,683)	-	(1,781,683)		
Total governmental activities	<u>(97,074,853)</u>	<u>-</u>	<u>(97,074,853)</u>		
Business-Type Activities:					
Resource Recovery Fund	-	352,309	352,309		
Combined Sewer Fund	-	1,717,181	1,717,181		
Combined Water Fund	-	(1,508,461)	(1,508,461)		
Section 8 Housing	-	(128,804)	(128,804)		
Total business-type activities	<u>-</u>	<u>432,225</u>	<u>432,225</u>		
Total primary government	<u>(97,074,853)</u>	<u>432,225</u>	<u>(96,642,628)</u>		
Component Units:					
Pender County ABC Board				\$ 349,452	\$ -
Pender Tourism Development Authority				-	(95,625)
Total component units				<u>349,452</u>	<u>(95,625)</u>
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	86,540,663	-	86,540,663	-	-
Local option sales tax	25,262,173	-	25,262,173	-	-
Other taxes	992,855	-	992,855	-	43,925
Investment earnings, unrestricted	5,440,188	23,739	5,463,927	231	-
Miscellaneous, unrestricted	466,171	544,735	1,010,906	-	-
Gain (loss) on sale of assets	723,592	7,200	730,792	-	-
Total general revenues, excluding transfers	<u>119,425,642</u>	<u>575,674</u>	<u>120,001,316</u>	<u>231</u>	<u>43,925</u>
Transfers	<u>(194,810)</u>	<u>194,810</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>119,230,832</u>	<u>770,484</u>	<u>120,001,316</u>	<u>231</u>	<u>43,925</u>
Change in net position	22,155,979	1,202,709	23,358,688	349,683	(51,700)
Net Position:					
Beginning of year, July 1	<u>31,784,138</u>	<u>55,103,243</u>	<u>86,887,381</u>	<u>1,482,880</u>	<u>119,181</u>
End of year, June 30	<u>\$ 53,940,117</u>	<u>\$ 56,305,952</u>	<u>\$ 110,246,069</u>	<u>\$ 1,832,563</u>	<u>\$ 67,481</u>

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

PENDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	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	\$ 65,744,875	\$ 10,277,585	\$ -	\$ 437,503	\$ -	\$ 14,459,297	\$ 90,919,260
Accounts receivable, net	1,756,474	-	-	102,340	4,237,629	16,469	6,112,912
Taxes receivable, net	2,317,155	-	-	303,418	-	249,307	2,869,880
Due from other governments	5,653,855	2,046,670	-	76,666	-	258,026	8,035,217
Prepaid items	42,082	-	-	-	-	-	42,082
Inventory	43,543	-	-	-	-	-	43,543
Notes receivable	216,661	-	-	-	-	-	216,661
Restricted cash	2,280,468	-	11,439,076	-	1,197,952	101,646	15,019,142
Total assets	<u>\$ 78,055,113</u>	<u>\$ 12,324,255</u>	<u>\$ 11,439,076</u>	<u>\$ 919,927</u>	<u>\$ 5,435,581</u>	<u>\$ 15,084,745</u>	<u>\$ 123,258,697</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ 4,159,248	\$ -	\$ -	\$ 121,208	\$ -	\$ 2,288,178	\$ 6,568,634
Prepaid fees	7,809	-	-	-	-	-	7,809
Advances from grantors	171,025	-	11,439,076	-	-	101,646	11,711,747
Total liabilities	<u>4,338,082</u>	<u>-</u>	<u>11,439,076</u>	<u>121,208</u>	<u>-</u>	<u>2,389,824</u>	<u>18,288,190</u>
Deferred Inflows of Resources:							
Property taxes receivable	2,317,155	-	-	303,418	-	249,307	2,869,880
Grants receivable	238,283	-	-	-	-	-	238,283
Unavailable revenues	-	-	-	-	4,237,629	-	4,237,629
Prepaid taxes	59,158	-	-	-	-	-	59,158
Total deferred inflows of resources	<u>2,614,596</u>	<u>-</u>	<u>-</u>	<u>303,418</u>	<u>4,237,629</u>	<u>249,307</u>	<u>7,404,950</u>
Fund Balances:							
Non-spendable:							
Prepaid items	42,082	-	-	-	-	-	42,082
Inventory	43,543	-	-	-	-	-	43,543
Notes receivable	216,661	-	-	-	-	-	216,661
Restricted:							
Stabilization by state statute	8,910,884	2,046,670	-	179,006	-	274,495	11,411,055
Health and human services	2,058,502	-	-	-	1,197,952	-	3,256,454
Public safety	-	-	-	316,295	-	619,608	935,903
Sheriff's seizures	70,159	-	-	-	-	-	70,159
Automation enhancement and preservation	589,423	-	-	-	-	-	589,423
Committed:							
Tax revaluation	956,501	-	-	-	-	-	956,501
Cultural and recreation	186,484	-	-	-	-	-	186,484
Capital outlay and improvements	-	10,277,585	-	-	-	11,540,978	21,818,563
Assigned:							
Economic and physical development	-	-	-	-	-	10,533	10,533
Unassigned	58,028,196	-	-	-	-	-	58,028,196
Total fund balances	<u>71,102,435</u>	<u>12,324,255</u>	<u>-</u>	<u>495,301</u>	<u>1,197,952</u>	<u>12,445,614</u>	<u>97,565,557</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 78,055,113</u>	<u>\$ 12,324,255</u>	<u>\$ 11,439,076</u>	<u>\$ 919,927</u>	<u>\$ 5,435,581</u>	<u>\$ 15,084,745</u>	<u>\$ 123,258,697</u>

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

PENDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

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

Total fund balance, governmental funds	\$	97,565,557
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.		48,628,577
Right to use leased assets and subscription assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,943,996
Net pension asset, ROD		91,670
Net pension liability - LGERS		(17,363,269)
Total pension liability - LEOSSA		(2,787,638)
Total OPEB liability		(14,270,233)
Deferred outflows of resources related to pensions are not reported in the funds.		11,473,058
Deferred outflows of resources related to OPEB are not reported in the funds.		3,298,283
Deferred inflows of resources for taxes, grants receivable, and unavailable revenues		7,345,792
Deferred inflows of resources related to pensions are not reported in the funds.		(797,159)
Deferred inflows of resources related to OPEB are not reported in the funds.		(8,545,221)
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.		(72,891,190)
Accrued interest payable on the Statement of Net Position		<u>(752,106)</u>
Total net position of governmental activities	\$	<u>53,940,117</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, 2024

	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	\$ 71,879,461	\$ -	\$ -	\$ 9,057,594	\$ -	\$ 6,747,118	\$ 87,684,173
Unrestricted intergovernmental	18,832,954	7,422,074	-	-	-	-	26,255,028
Restricted intergovernmental	14,360,470	770,408	129,469	-	1,035,529	2,004,591	18,300,467
Permits and fees	2,686,075	-	-	-	-	-	2,686,075
Charges for services	4,196,701	-	-	-	-	-	4,196,701
Interest	5,420,509	-	-	-	-	19,679	5,440,188
Miscellaneous	374,307	-	-	-	-	-	374,307
Total revenues	<u>117,750,477</u>	<u>8,192,482</u>	<u>129,469</u>	<u>9,057,594</u>	<u>1,035,529</u>	<u>8,771,388</u>	<u>144,936,939</u>
Expenditures:							
General government	23,814,238	-	-	-	-	230,757	24,044,995
Public safety	17,791,462	-	-	9,057,594	-	15,510,116	42,359,172
Economic and physical development	4,070,494	-	-	-	-	418,187	4,488,681
Human services	18,315,475	-	-	-	231,337	1,829,152	20,375,964
Culture and recreation	2,604,778	-	-	-	-	571,616	3,176,394
Education	28,629,880	-	-	-	-	4,548,307	33,178,187
Debt service:							
Principal	1,916,556	7,440,000	-	-	-	-	9,356,556
Interest	255,143	2,290,488	-	-	-	-	2,545,631
Total expenditures	<u>97,398,026</u>	<u>9,730,488</u>	<u>-</u>	<u>9,057,594</u>	<u>231,337</u>	<u>23,108,135</u>	<u>139,525,580</u>
Revenues over (under) expenditures	<u>20,352,451</u>	<u>(1,538,006)</u>	<u>129,469</u>	<u>-</u>	<u>804,192</u>	<u>(14,336,747)</u>	<u>5,411,359</u>
Other Financing Sources (Uses):							
Lease liabilities issued	1,418,775	-	-	-	-	-	1,418,775
Subscription liabilities issued	39,450	-	-	-	-	-	39,450
Sale of surplus property	723,592	-	-	-	-	-	723,592
Insurance proceeds	91,864	-	-	-	-	-	91,864
Transfers in	476,357	10,289,541	-	172,000	-	16,037,394	26,975,292
Transfers out	(26,604,269)	-	(129,469)	-	(95,301)	(341,063)	(27,170,102)
Total other financing sources (uses)	<u>(23,854,231)</u>	<u>10,289,541</u>	<u>(129,469)</u>	<u>172,000</u>	<u>(95,301)</u>	<u>15,696,331</u>	<u>2,078,871</u>
Net change in fund balances	(3,501,780)	8,751,535	-	172,000	708,891	1,359,584	7,490,230
Fund Balances:							
Beginning of year, July 1	<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>
End of year, June 30	<u>\$ 71,102,435</u>	<u>\$ 12,324,255</u>	<u>\$ -</u>	<u>\$ 495,301</u>	<u>\$ 1,197,952</u>	<u>\$ 12,445,614</u>	<u>\$ 97,565,557</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, 2024**

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

Net change in fund balances - total governmental funds	\$ 7,490,230
<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	14,880,818
Depreciation	(2,450,495)
Net book value of capital assets disposed of during the year, not recognized on the modified accrual basis.	(49,977)
Right to use leased asset and subscription assets capital outlay expenditures which were capitalized.	1,458,225
Amortization of right to use assets is not reported as an expenditure in the governmental funds statement.	(1,238,945)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(4,420,078)
<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	(1,458,225)
Principal payment on long-term debt	9,356,556
Amortization and accrued interest	763,948
Pension expense - LEOSSA	(283,888)
Pension expense - LGERS	(1,807,572)
Pension expense - ROD	(14,677)
OPEB plan expense	59,120
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	<u>(129,061)</u>
Change in net position of governmental activities	<u>\$ 22,155,979</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, 2024**

	General Fund			Variance With Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 70,306,502	\$ 71,839,102	\$ 71,879,461	\$ 40,359
Unrestricted intergovernmental	18,496,835	18,708,244	18,832,954	124,710
Restricted intergovernmental	12,318,050	15,938,136	14,360,470	(1,577,666)
Permits and fees	2,401,613	2,463,335	2,686,075	222,740
Charges for services	4,725,885	5,057,802	4,196,701	(861,101)
Interest	2,560,673	5,060,673	5,420,509	359,836
Miscellaneous	144,602	471,948	374,307	(97,641)
Total revenues	<u>110,954,160</u>	<u>119,539,240</u>	<u>117,750,477</u>	<u>(1,788,763)</u>
Expenditures:				
General government	17,128,971	25,323,182	23,443,235	1,879,947
Public safety	16,343,667	17,394,835	17,791,462	(396,627)
Economic and physical development	4,130,308	4,203,033	4,070,494	132,539
Human services	19,868,441	20,992,631	18,315,475	2,677,156
Culture and recreation	2,977,030	2,914,772	2,604,778	309,994
Education, schools	28,629,880	28,629,880	28,629,880	-
Debt service:				
Principal	568,144	1,916,556	1,916,556	-
Interest	186,218	255,143	255,143	-
Total expenditures	<u>89,832,659</u>	<u>101,630,032</u>	<u>97,027,023</u>	<u>4,603,009</u>
Revenues over expenditures	<u>21,121,501</u>	<u>17,909,208</u>	<u>20,723,454</u>	<u>2,814,246</u>
Other Financing Sources (Uses):				
Lease liabilities issued	-	-	1,418,775	1,418,775
Subscription liabilities issued	-	-	39,450	39,450
Note receivable payments	200,000	200,000	-	(200,000)
Sale of surplus property	125,000	586,268	723,592	137,324
Insurance proceeds	100,000	157,443	91,864	(65,579)
Transfers from other funds	9,241,418	9,646,926	476,357	(9,170,569)
Transfers to other funds	(30,787,919)	(59,568,312)	(27,955,919)	31,612,393
Appropriated fund balance	-	31,068,467	-	(31,068,467)
Total other financing sources (uses)	<u>(21,121,501)</u>	<u>(17,909,208)</u>	<u>(25,205,881)</u>	<u>(7,296,673)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(4,482,427)</u>	<u>\$ (4,482,427)</u>
Fund Balance:				
Beginning of year, July 1			<u>73,647,714</u>	
End of year, June 30			69,165,287	
A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Transfer from General Fund			1,351,650	
Contracted services			(371,003)	
Fund balance, beginning of year			<u>956,501</u>	
Fund balance, end of year			<u>\$ 71,102,435</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, 2024**

	Public School Special Revenue Fund			Variance With Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Unrestricted intergovernmental	7,143,183	7,143,183	7,422,074	278,891
Restricted intergovernmental	635,000	770,408	770,408	-
Permits and fees	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>7,778,183</u>	<u>7,913,591</u>	<u>8,192,482</u>	<u>278,891</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Education, schools	-	383,000	-	383,000
Debt service:				
Principal	21,194,019	20,811,019	7,440,000	13,371,019
Interest	2,290,488	2,290,488	2,290,488	-
Total expenditures	<u>23,484,507</u>	<u>23,484,507</u>	<u>9,730,488</u>	<u>13,754,019</u>
Revenues over expenditures	<u>(15,706,324)</u>	<u>(15,570,916)</u>	<u>(1,538,006)</u>	<u>14,032,910</u>
Other Financing Sources (Uses):				
Lease liabilities issued	-	-	-	-
Subscription liabilities issued	-	-	-	-
Note receivable payments	-	-	-	-
Sale of surplus property	-	-	-	-
Insurance proceeds	-	-	-	-
Transfers from other funds	15,706,324	15,570,916	10,289,541	(5,281,375)
Transfers to other funds	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>15,706,324</u>	<u>15,570,916</u>	<u>10,289,541</u>	<u>(5,281,375)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	8,751,535	<u>\$ 8,751,535</u>
Fund Balance:				
Beginning of year, July 1			<u>3,572,720</u>	
End of year, June 30			<u>\$ 12,324,255</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, 2024**

	Rescue District Fund			Variance With Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 8,766,455	\$ 8,966,455	\$ 9,057,594	\$ 91,139
Unrestricted intergovernmental	-	-	-	-
Restricted intergovernmental	-	-	-	-
Permits and fees	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>8,766,455</u>	<u>8,966,455</u>	<u>9,057,594</u>	<u>91,139</u>
Expenditures:				
General government	-	-	-	-
Public safety	8,938,455	9,138,455	9,057,594	80,861
Economic and physical development	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Education, schools	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>8,938,455</u>	<u>9,138,455</u>	<u>9,057,594</u>	<u>80,861</u>
Revenues over expenditures	<u>(172,000)</u>	<u>(172,000)</u>	<u>-</u>	<u>172,000</u>
Other Financing Sources (Uses):				
Lease liabilities issued	-	-	-	-
Subscription liabilities issued	-	-	-	-
Note receivable payments	-	-	-	-
Sale of surplus property	-	-	-	-
Insurance proceeds	-	-	-	-
Transfers from other funds	172,000	172,000	172,000	-
Transfers to other funds	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>172,000</u>	<u>172,000</u>	<u>172,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>172,000</u>	<u>\$ 172,000</u>
Fund Balance:				
Beginning of year, July 1			<u>323,301</u>	
End of year, June 30			<u>\$ 495,301</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, 2024**

	Opioid Settlement Fund			Variance With Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Unrestricted intergovernmental	-	-	-	-
Restricted intergovernmental	-	47,719	1,035,529	987,810
Permits and fees	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>47,719</u>	<u>1,035,529</u>	<u>987,810</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Human services	-	441,479	231,337	210,142
Culture and recreation	-	-	-	-
Education, schools	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>441,479</u>	<u>231,337</u>	<u>210,142</u>
Revenues over expenditures	<u>-</u>	<u>(393,760)</u>	<u>804,192</u>	<u>1,197,952</u>
Other Financing Sources (Uses):				
Lease liabilities issued	-	-	-	-
Subscription liabilities issued	-	-	-	-
Note receivable payments	-	-	-	-
Sale of surplus property	-	-	-	-
Insurance proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	(95,301)	(95,301)	-
Appropriated fund balance	-	489,061	-	(489,061)
Total other financing sources (uses)	<u>-</u>	<u>393,760</u>	<u>(95,301)</u>	<u>(489,061)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>708,891</u>	<u>\$ 708,891</u>
Fund Balance:				
Beginning of year, July 1			<u>489,061</u>	
End of year, June 30			<u>\$ 1,197,952</u>	

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2024

	Business-Type Activities				
	Enterprise Funds				
	Solid Waste Fund	Combined Sewer Fund	Combined Water Fund	Total Aggregate Nonmajor Funds	Total
Assets:					
Current assets:					
Cash and cash equivalents	\$ 22,008	\$ 600,252	\$ -	\$ 190,910	\$ 813,170
Accounts receivable, net	341,562	73,096	576,629	2,325	993,612
Taxes receivables (net)	534,614	-	-	-	534,614
Due from other funds	5,440,031	7,246,251	-	-	12,686,282
Restricted cash and cash equivalents	-	1,823	448,523	13,910	464,256
Total current assets	<u>6,338,215</u>	<u>7,921,422</u>	<u>1,025,152</u>	<u>207,145</u>	<u>15,491,934</u>
Non-current assets:					
Capital assets:					
Land and construction in progress	266,932	941,195	28,070,220	-	29,278,347
Other capital assets, net of depreciation	2,465,010	20,940,535	66,203,201	-	89,608,746
Subscription assets, net of amortization	-	-	32,308	15,657	47,965
Total capital assets	<u>2,731,942</u>	<u>21,881,730</u>	<u>94,305,729</u>	<u>15,657</u>	<u>118,935,058</u>
Total assets	<u>9,070,157</u>	<u>29,803,152</u>	<u>95,330,881</u>	<u>222,802</u>	<u>134,426,992</u>
Deferred Outflows of Resources:					
Pension deferrals	170,846	77,571	487,015	49,952	785,384
OPEB deferrals	57,361	25,813	183,556	20,077	286,807
Total deferred outflows of resources	<u>228,207</u>	<u>103,384</u>	<u>670,571</u>	<u>70,029</u>	<u>1,072,191</u>
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	529,927	34,814	1,191,334	3,727	1,759,802
Accrued interest payable	1,077	117,085	100,184	296	218,642
Due to other funds	-	-	12,686,282	-	12,686,282
Liabilities payable from restricted assets:					
Customer deposits payable	-	-	229,980	-	229,980
Compensated absences liability - current	15,045	7,842	41,731	4,298	68,916
Subscription liabilities - current	-	-	21,749	14,601	36,350
Federal revolving loan - current	30,170	6,576	-	-	36,746
Revenue bonds payable - current	-	-	99,000	-	99,000
Limited obligation bonds payable - current	-	895,000	1,115,000	-	2,010,000
General obligation bonds payable - current	-	-	255,000	-	255,000
Bond premiums - current	-	76,476	59,652	-	136,128
Total current liabilities	<u>576,219</u>	<u>1,137,793</u>	<u>15,799,912</u>	<u>22,922</u>	<u>17,536,846</u>

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2024

	Business-Type Activities				
	Enterprise Funds				
	Solid Waste Fund	Combined Sewer Fund	Combined Water Fund	Total Aggregate Nonmajor Funds	Total
Non-current liabilities:					
Compensated absences liability	15,045	7,841	41,731	4,298	68,915
Other postemployment benefit liability	192,020	108,230	408,163	53,321	761,734
Net pension liability	289,217	130,095	885,940	95,148	1,400,400
Federal revolving loan	362,038	105,224	-	-	467,262
Revenue bonds payable	-	-	3,999,000	-	3,999,000
Limited obligation bonds payable	-	10,370,364	30,550,000	-	40,920,364
General obligation bonds payable	-	-	10,574,000	-	10,574,000
Bond premiums	-	764,765	1,482,620	-	2,247,385
Total non-current liabilities	<u>858,320</u>	<u>11,486,519</u>	<u>47,941,454</u>	<u>152,767</u>	<u>60,439,060</u>
Total liabilities	<u>1,434,539</u>	<u>12,624,312</u>	<u>63,741,366</u>	<u>175,689</u>	<u>77,975,906</u>
Deferred Inflows of Resources:					
Deferred gain on refunding	-	-	436,171	-	436,171
Pension deferrals	7,617	3,428	24,379	2,667	38,091
OPEB deferrals	148,613	66,876	475,560	52,014	743,063
Total deferred inflows of resources	<u>156,230</u>	<u>70,304</u>	<u>936,110</u>	<u>54,681</u>	<u>1,217,325</u>
Net Position:					
Net investment in capital assets	2,339,734	9,665,148	46,149,708	1,056	58,155,646
Restricted for HUD Section 8 housing	-	-	-	13,910	13,910
Unrestricted	5,367,861	7,546,772	(14,825,732)	47,495	(1,863,604)
Total net position	<u>\$ 7,707,595</u>	<u>\$ 17,211,920</u>	<u>\$ 31,323,976</u>	<u>\$ 62,461</u>	<u>\$ 56,305,952</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, 2024

	Business-Type Activities				Total
	Enterprise Funds				
	Solid Waste Fund	Combined Sewer Fund	Combined Water Fund	Total Aggregate Nonmajor Funds	
Operating Revenues:					
Charges for services	\$ 7,166,790	\$ 3,930,281	\$ 8,485,232	\$ -	\$ 19,582,303
Miscellaneous	69,603	-	12,740	124,127	206,470
Total operating revenues	<u>7,236,393</u>	<u>3,930,281</u>	<u>8,497,972</u>	<u>124,127</u>	<u>19,788,773</u>
Operating Expenses:					
Cost of services	6,724,204	867,179	5,995,097	1,347,608	14,934,088
Depreciation and amortization	152,889	858,936	2,923,501	14,686	3,950,012
Total operating expenses	<u>6,877,093</u>	<u>1,726,115</u>	<u>8,918,598</u>	<u>1,362,294</u>	<u>18,884,100</u>
Operating income (loss)	<u>359,300</u>	<u>2,204,166</u>	<u>(420,626)</u>	<u>(1,238,167)</u>	<u>904,673</u>
Non-Operating Revenues (Expenses):					
Restricted intergovernmental	-	-	-	1,110,295	1,110,295
Interest income	-	12,476	11,131	132	23,739
Miscellaneous income	502,825	1,684	28,112	12,114	544,735
Gain (loss) on disposal/transfers of capital assets	-	-	7,200	-	7,200
Interest and other charges	(6,991)	(486,985)	(1,087,835)	(932)	(1,582,743)
Total non-operating revenues (expenses)	<u>495,834</u>	<u>(472,825)</u>	<u>(1,041,392)</u>	<u>1,121,609</u>	<u>103,226</u>
Income (loss) before transfers	<u>855,134</u>	<u>1,731,341</u>	<u>(1,462,018)</u>	<u>(116,558)</u>	<u>1,007,899</u>
Transfers in	-	99,148	1,880,507	105,334	2,084,989
Transfers out	-	(1,751,038)	-	(139,141)	(1,890,179)
Total transfers in (out)	<u>-</u>	<u>(1,651,890)</u>	<u>1,880,507</u>	<u>(33,807)</u>	<u>194,810</u>
Change in net position	855,134	79,451	418,489	(150,365)	1,202,709
Net Position:					
Beginning of year, July 1	<u>6,852,461</u>	<u>17,132,469</u>	<u>30,905,487</u>	<u>212,826</u>	<u>55,103,243</u>
End of year, June 30	<u>\$ 7,707,595</u>	<u>\$ 17,211,920</u>	<u>\$ 31,323,976</u>	<u>\$ 62,461</u>	<u>\$ 56,305,952</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, 2024**

	Business-Type Activities				
	Enterprise Funds				
	Solid Waste Fund	Combined Sewer Fund	Combined Water Fund	Total Aggregate Nonmajor Funds	Total
Cash Flows From Operating Activities:					
Receipts from customers and users	\$ 7,146,413	\$ 3,967,611	\$ 9,217,207	\$ 121,802	\$ 20,453,033
Payments to customers and suppliers	(6,120,398)	(569,173)	(3,981,724)	(1,151,427)	(11,822,722)
Payments to employees	(531,325)	(278,629)	(2,032,420)	(183,962)	(3,026,336)
Net cash provided (used) by operating activities	<u>494,690</u>	<u>3,119,809</u>	<u>3,203,063</u>	<u>(1,213,587)</u>	<u>5,603,975</u>
Cash Flows From Capital and Related Financing Activities:					
Acquisition & construction of capital assets	(33,015)	(479,418)	(20,312,969)	-	(20,825,402)
Proceeds from sale of asset	-	-	16,200	-	16,200
Repayment of debt	(30,170)	(876,576)	(1,463,157)	(14,363)	(2,384,266)
Interest paid and issuance costs	(7,054)	(496,244)	(1,305,565)	(1,223)	(1,810,086)
Net cash provided (used) by capital and related financing activities	<u>(70,239)</u>	<u>(1,852,238)</u>	<u>(23,065,491)</u>	<u>(15,586)</u>	<u>(25,003,554)</u>
Cash Flows From Non-Capital Financing Activities:					
State and federal grants	-	-	-	1,110,295	1,110,295
Miscellaneous revenues	502,825	1,684	28,112	12,114	544,735
Advances to and from other funds	(5,460,817)	(7,255,772)	12,623,346	(5,447)	(98,690)
Transfers in (out)	-	(1,651,890)	1,880,507	(33,807)	194,810
Net cash provided (used) by non-capital financing activities	<u>(4,957,992)</u>	<u>(8,905,978)</u>	<u>14,531,965</u>	<u>1,083,155</u>	<u>1,751,150</u>
Cash Flows From Non-Capital Financing Activities:					
Interest on cash and cash equivalents	-	12,476	11,131	132	23,739
Net increase (decrease) in cash and cash equivalents	(4,533,541)	(7,625,931)	(5,319,332)	(145,886)	(17,624,690)
Cash and Cash Equivalents:					
Beginning of year, July 1	<u>4,555,549</u>	<u>8,228,006</u>	<u>5,767,855</u>	<u>350,706</u>	<u>18,902,116</u>
End of year, June 30	<u>\$ 22,008</u>	<u>\$ 602,075</u>	<u>\$ 448,523</u>	<u>\$ 204,820</u>	<u>\$ 1,277,426</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 359,300	\$ 2,204,166	\$ (420,626)	\$ (1,238,167)	\$ 904,673
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	152,889	858,936	2,923,501	14,686	3,950,012
Change in assets and liabilities:					
(Increase) decrease accounts receivable	(89,980)	45,630	670,285	(2,325)	623,610
Increase (decrease) accounts payable and accrued expenses	43,894	4,946	(118,565)	1,424	(68,301)
Increase (decrease) customer deposits payable	-	(8,300)	48,950	-	40,650
Increase (decrease) compensated absences	(1,820)	747	2,213	152	1,292
Increase (decrease) OPEB liability	11,523	5,185	36,872	4,033	57,613
(Increase) in deferred outflows of resources for OPEB	11,435	5,145	36,590	4,002	57,172
Increase (decrease) in deferred inflows of resources for OPEB	(23,985)	(10,793)	(76,753)	(8,395)	(119,926)
(Increase) in deferred outflows of resources for pensions	(1,677)	(754)	(5,364)	(587)	(8,382)
Increase (decrease) in net pension liability	26,649	11,993	85,280	9,328	133,250
Increase (decrease) in deferred inflows of resources for pensions	6,462	2,908	20,680	2,262	32,312
Net cash provided by (used in) operating activities	<u>\$ 494,690</u>	<u>\$ 3,119,809</u>	<u>\$ 3,203,063</u>	<u>\$ (1,213,587)</u>	<u>\$ 5,603,975</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, 2024

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 80,529
Receivables, net	<u>119,084</u>
Total assets	<u>199,613</u>
Liabilities:	
Accounts payable and accrued liabilities	<u>100,007</u>
Net Position:	
Restricted for:	
Individuals, organizations and other governments	<u>\$ 99,606</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, 2024**

	<u>Custodial Funds</u>
Additions:	
Ad valorem taxes for other governments	\$ 2,438,282
Collections on behalf of inmates	<u>170,288</u>
Total additions	<u>2,608,570</u>
Deductions:	
Tax distributions to other governments	2,457,901
Payments on behalf of inmates	<u>182,938</u>
Total deductions	<u>2,640,839</u>
Net increase (decrease) in fiduciary net position	(32,269)
Net Position:	
Net position - beginning	<u>131,875</u>
Net position - ending	<u>\$ 99,606</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, 2024

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 presented as combined water and sewer major enterprise funds in the Pender County financials.

- **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, 2024

- **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, 2024

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, 2024

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, 2024

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 Project Fund, the Rocky Point/Topsail Water Treatment Plant Upgrade 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.

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.

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 Project 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.

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-

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

registered (2a-7) government money market mutual fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It 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.

Governmental Activities:

General Fund	Representative payee deposits	\$ 85,842
General Fund	Tax revaluation	2,023,601
General Fund	Advances from grantors	171,025
Opioid Settlement Fund	Unspent opioid settlement proceeds	1,197,952
ARPA Fund	Advances from grantors	11,439,076
Capital Improvements Fund	Advances from grantors	<u>101,646</u>
Total governmental activities		<u>15,019,142</u>

Business-Type Activities:

Combined Water Fund	Debt service reserve	218,543
Combined Water Fund	Customer deposits	229,980
Combined Sewer Fund	Unexpended bond proceeds	1,823
Section 8 Admin. Fund	Grant restrictions	<u>13,910</u>
Total business-type activities		<u>464,256</u>

Total restricted cash		<u>\$ 15,483,398</u>
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PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2023. 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.

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

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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.

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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.

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, 2024 amounted to \$1,559,026 in total, \$1,421,195 of which represents the liability of the governmental funds and is recorded in the government-wide financial statements and \$137,831 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 \$33,361 at June 30, 2024. 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.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 \$1,035,529 during fiscal year 2024 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. As of June 30, 2024, \$326,638 has been allocated and disbursed to approved programming. The MOA offered the County two options of expending the funds. The County opted for a combination of Option A and Option B, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to help prevent and combat the opioid epidemic.

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, 2024, a total of \$129,469 was expended in the project. As of fiscal year ended June 30, 2024, \$809,591 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.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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.

Prepaid Items – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, which are not spendable resources.

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.

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.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 \$91,670 as of June 30, 2024.

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.

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, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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.

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.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, actual expenditures exceeded budgeted expenditures for the following funds: Pender Tourism Development Authority and General Fund. Management concurs. Management and the Board will more closely review the budget reports to ensure compliance in future years.

B. Finance Officer Bonding

For the fiscal year ended June 30, 2024, the Board-appointed Finance Officer for the County 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).

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.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

At June 30, 2024, the County's deposits had a carrying amount of \$6,138,897 and a bank balance of \$6,588,122. Of the bank balance, \$349,890 was covered by federal depository insurance and \$6,238,232 was covered by collateral held under the Pooling Method. At June 30, 2024, Pender County had \$2,386 cash on hand.

At June 30, 2024, the carrying amount of deposits for Pender County ABC Board was \$244,514 and the bank balance was \$303,620. 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, 2024, Pender County ABC Board had \$800 cash on hand.

At June 30, 2024, the Pender Tourism Development Authority's deposits had a carrying amount of \$68,364 and a bank balance of \$68,364. Of the bank balance, \$68,364 was covered by collateral held under the Pooling Method.

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

Investments

As of June 30, 2024, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
NC Capital Management Trust:					
Government Portfolio	Fair Value-Level 1	<u>\$101,155,074</u>	<u>\$101,155,074</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.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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>
2021	\$ 1,924,714	\$ 637,562	\$ 2,562,276
2022	1,888,967	453,353	2,342,320
2023	2,150,288	319,317	2,469,605
2024	2,114,834	121,074	2,235,908
Total	<u>\$ 8,078,803</u>	<u>\$ 1,531,306</u>	<u>\$ 9,610,109</u>

Receivables

Receivables at the government-wide level at June 30, 2024, 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	\$ 1,292,986	\$ 3,247,335	\$ 463,488	\$ 5,653,855	\$ 10,657,664
Public School Special Revenue	-	-	-	2,046,670	2,046,670
Rescue District	102,340	435,843	-	76,666	614,849
Opioid Settlement	5,297,036	-	-	-	5,297,036
Other nonmajor governmental	16,469	356,055	-	258,026	630,550
Total receivables	6,708,831	4,039,233	463,488	8,035,217	19,246,769
Allowance for doubtful accounts	1,059,407	1,169,353	-	-	2,228,760
Total governmental activities	<u>\$ 5,649,424</u>	<u>\$ 2,869,880</u>	<u>\$ 463,488</u>	<u>\$ 8,035,217</u>	<u>\$ 17,018,009</u>
Business-Type Activities:					
Solid Waste	\$ 359,322	\$ 1,083,412	\$ -	\$ -	\$ 1,442,734
Combined Sewer	112,087	-	-	-	112,087
Combined Water	1,987,922	-	-	-	1,987,922
Other nonmajor business-type	2,325	-	-	-	2,325
Total receivables	2,461,656	1,083,412	-	-	3,545,068
Allowance for doubtful accounts	1,468,044	548,798	-	-	2,016,842
Total business-type activities	<u>\$ 993,612</u>	<u>\$ 534,614</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,528,226</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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

Local option sales tax	\$ 6,522,806
FEMA grants	238,283
Other grants	191,766
DMV - vehicle tax	640,844
Health grants	14,096
DSS grants	<u>427,422</u>
Total	<u>\$ 8,035,217</u>

The Custodial Funds' accounts receivable is presented net of the allowance for uncollectible accounts of \$20,815.

Notes receivable at June 30, 2024 of \$216,661 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, 2024

Capital Assets

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

	<u>Balance</u>				<u>Balance</u>
	<u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2024</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 14,811,158	\$ 8,129,141	\$ (4,787)	\$ -	\$ 22,935,512
Construction in progress	<u>1,776,566</u>	<u>4,257,361</u>	<u>-</u>	<u>(247,999)</u>	<u>5,785,928</u>
Total non-depreciable capital assets	<u>16,587,724</u>	<u>12,386,502</u>	<u>(4,787)</u>	<u>(247,999)</u>	<u>28,721,440</u>
Depreciable Capital Assets:					
Buildings and improvements	33,314,091	219,213	(15,343)	247,999	33,765,960
Intangibles	2,941,895	-	-	-	2,941,895
Equipment	5,103,485	422,050	-	-	5,525,535
Vehicles	<u>7,446,987</u>	<u>1,853,053</u>	<u>(60,052)</u>	<u>-</u>	<u>9,239,988</u>
Total depreciable capital assets	<u>48,806,458</u>	<u>2,494,316</u>	<u>(75,395)</u>	<u>247,999</u>	<u>51,473,378</u>
Right-to-Use Assets:					
Leased equipment	35,561	1,418,775	(41,956)	-	1,412,380
Leased computer equipment	542,755	-	(542,755)	-	-
Subscriptions	<u>2,871,712</u>	<u>39,450</u>	<u>(111,196)</u>	<u>-</u>	<u>2,799,966</u>
Total right-to-use assets	<u>3,450,028</u>	<u>1,458,225</u>	<u>(695,907)</u>	<u>-</u>	<u>4,212,346</u>
Less Accumulated Depreciation:					
Buildings and improvements	19,417,479	954,492	(12,402)	-	20,359,569
Intangibles	1,603,527	118,221	-	-	1,721,748
Equipment	3,002,834	493,232	-	-	3,496,066
Vehicles	<u>5,164,360</u>	<u>884,550</u>	<u>(60,052)</u>	<u>-</u>	<u>5,988,858</u>
Total accumulated depreciation	<u>29,188,200</u>	<u>2,450,495</u>	<u>(72,454)</u>	<u>-</u>	<u>31,566,241</u>
Less Accumulated Amortization:					
Leased equipment	13,839	349,436	-	-	363,275
Leased computer equipment	394,730	148,025	(542,755)	-	-
Subscriptions	<u>274,494</u>	<u>741,484</u>	<u>(110,903)</u>	<u>-</u>	<u>905,075</u>
Total accumulated amortization	<u>683,063</u>	<u>1,238,945</u>	<u>(653,658)</u>	<u>-</u>	<u>1,268,350</u>
Total capital assets being depreciated, net	<u>22,385,223</u>				<u>22,851,133</u>
Governmental activity capital assets, net	<u>\$ 38,972,947</u>				<u>\$ 51,572,573</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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

General government	\$ 2,168,692
Public safety	1,156,396
Human services	169,853
Economic and physical development	56,827
Cultural and recreational	<u>137,672</u>
Total depreciation expense	<u><u>\$ 3,689,440</u></u>

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

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2024</u>
Business-Type Activities:				
Solid Waste Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 246,417	\$ 20,515	\$ -	\$ 266,932
Depreciable Capital Assets:				
Buildings and improvements	3,553,015	12,500	-	3,565,515
Vehicles	88,823	-	-	88,823
Equipment	<u>64,473</u>	<u>-</u>	<u>(9,800)</u>	<u>54,673</u>
Total depreciable capital assets	<u>3,706,311</u>	<u>12,500</u>	<u>(9,800)</u>	<u>3,709,011</u>
Less Accumulated Depreciation:				
Buildings and improvements	1,012,015	132,533	-	1,144,548
Vehicles	33,115	17,764	-	50,879
Equipment	<u>55,782</u>	<u>2,592</u>	<u>(9,800)</u>	<u>48,574</u>
Total accumulated depreciation	<u>1,100,912</u>	<u>152,889</u>	<u>(9,800)</u>	<u>1,244,001</u>
Total depreciable capital assets, net	<u>2,605,399</u>			<u>2,465,010</u>
Solid Waste Fund capital assets, net	<u>\$ 2,851,816</u>			<u>\$ 2,731,942</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2024</u>
Business-Type Activities:				
Combined Sewer Fund:				
Non-Depreciable Capital Assets:				
Construction in progress	\$ 518,585	\$ 422,610	\$ -	\$ 941,195
Depreciable Capital Assets:				
Buildings and improvements	27,636,049	49,357	-	27,685,406
Vehicles	25,653	-	-	25,653
Equipment	87,047	-	-	87,047
Total depreciable capital assets	<u>27,748,749</u>	<u>49,357</u>	<u>-</u>	<u>27,798,106</u>
Less Accumulated Depreciation:				
Buildings and improvements	5,879,396	924,939	-	6,804,335
Vehicles	5,131	5,131	-	10,262
Equipment	37,632	5,342	-	42,974
Total accumulated depreciation	<u>5,922,159</u>	<u>935,412</u>	<u>-</u>	<u>6,857,571</u>
Total depreciable capital assets, net	<u>21,826,590</u>			<u>20,940,535</u>
Combined Sewer				
Fund capital assets, net	<u>\$ 22,345,175</u>			<u>\$ 21,881,730</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

	Balance			Balance
	<u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2024</u>
Business-Type Activities:				
Combined Water Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 380,793	\$ 10,420,211	\$ -	\$ 10,801,004
Construction in progress	<u>7,762,855</u>	<u>9,506,361</u>	<u>-</u>	<u>17,269,216</u>
Total non-depreciable capital assets	<u>8,143,648</u>	<u>19,926,572</u>	<u>-</u>	<u>28,070,220</u>
 Depreciable Capital Assets:				
Buildings and improvements	86,702,741	-	-	86,702,741
Intangibles	4,245,518	-	-	4,245,518
Vehicles	1,035,731	574,138	(58,690)	1,551,179
Equipment	<u>351,920</u>	<u>142,935</u>	<u>-</u>	<u>494,855</u>
Total depreciable capital assets	<u>92,335,910</u>	<u>717,073</u>	<u>(58,690)</u>	<u>92,994,293</u>
 Right-to-Use Assets:				
Subscriptions	<u>65,715</u>	<u>-</u>	<u>(2,721)</u>	<u>62,994</u>
 Less Accumulated Depreciation:				
Buildings and improvements	20,103,105	2,351,667	-	22,454,772
Intangibles	2,933,172	414,960	-	3,348,132
Vehicles	659,732	168,095	(49,690)	778,137
Equipment	<u>162,273</u>	<u>47,778</u>	<u>-</u>	<u>210,051</u>
Total accumulated depreciation	<u>23,858,282</u>	<u>2,982,500</u>	<u>(49,690)</u>	<u>26,791,092</u>
 Less Accumulated Amortization:				
Subscriptions	<u>10,946</u>	<u>22,461</u>	<u>(2,721)</u>	<u>30,686</u>
Total depreciable capital assets, net	<u>68,532,397</u>			<u>66,235,509</u>
Combined Water				
Fund capital assets, net	<u>\$ 76,676,045</u>			<u>\$ 94,305,729</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2024</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>15,615</u>
Total depreciable capital assets	<u>24,998</u>	<u>-</u>	<u>-</u>	<u>24,998</u>
 Right-to-Use Assets:				
Subscriptions	<u>43,926</u>	<u>-</u>	<u>(118)</u>	<u>43,808</u>
 Less Accumulated Depreciation:				
Intangibles	9,383	-	-	9,383
Vehicles	<u>15,615</u>	<u>-</u>	<u>-</u>	<u>15,615</u>
Total accumulated depreciation	<u>24,998</u>	<u>-</u>	<u>-</u>	<u>24,998</u>
 Less Accumulated Amortization:				
Subscriptions	<u>13,583</u>	<u>14,686</u>	<u>(118)</u>	<u>28,151</u>
Total depreciable capital assets, net	<u>30,343</u>			<u>15,657</u>
Section 8 Administration Fund capital assets, net	<u>\$ 30,343</u>			<u>\$ 15,657</u>

Construction Commitments

The government has active construction projects as of June 30, 2024. 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	\$ 1,943,318	\$ 660,544
Penderlea Park Picnic Shelter/Restroom	258,766	24,894
Pender K-8 Design	4,529,240	474,560
Water Treatment Plant High Service Pump Station Upgrade	157,006	612,314
US 421 Water & Sewer line extension	-	12,223,986
Batson Road Line Extension	<u>37,287</u>	<u>178,256</u>
Total	<u>\$ 6,925,617</u>	<u>\$ 14,174,554</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Discretely Presented Component Unit

Capital asset activity for the ABC Board for the year ended June 30, 2024, was as follows:

	Balance			Balance
	July 1, 2023	Additions	Retirements	June 30, 2024
Non-Depreciable Capital Assets:				
Land	\$ 449,360	\$ -	\$ -	\$ 449,360
Construction in progress	860,822	7,274,454	-	8,135,276
Total non-depreciable capital assets	<u>1,310,182</u>	<u>7,274,454</u>	<u>-</u>	<u>8,584,636</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	86,187	1,931	-	88,118
Land improvements	5,992	665	-	6,657
Roof replacement	29,695	-	-	29,695
Equipment	188,472	13,583	-	202,055
Vehicles	51,267	-	-	51,267
Total accumulated depreciation	<u>378,760</u>	<u>16,179</u>	<u>-</u>	<u>394,939</u>
Total depreciable capital assets, net	<u>94,059</u>			<u>77,880</u>
ABC Board capital assets, net	<u>\$ 1,404,241</u>			<u>\$ 8,662,516</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

B. Liabilities

Payables and Accrued Liabilities

Payables and accrued liabilities at the government-wide level at June 30, 2024, 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	\$ 2,995,256	\$ 1,163,992	\$ 58,465	\$ -	\$ 4,217,713
Public School Special Revenue	-	-	693,641	-	693,641
Rescue District	121,208	-	-	-	121,208
Other non-major governmental	<u>2,288,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,288,178</u>
Total governmental activities	<u>\$ 5,404,642</u>	<u>\$ 1,163,992</u>	<u>\$ 752,106</u>	<u>\$ -</u>	<u>\$ 7,320,740</u>
Business-Type Activities:					
Solid Waste	\$ 523,104	\$ 6,823	\$ 1,077	\$ -	\$ 531,004
Combined Sewer	29,340	5,474	117,085	-	151,899
Combined Water	1,152,700	38,634	100,184	229,980	1,521,498
Other non-major business-type	<u>404</u>	<u>3,323</u>	<u>296</u>	<u>-</u>	<u>4,023</u>
Total business-type activities	<u>\$ 1,705,548</u>	<u>\$ 54,254</u>	<u>\$ 218,642</u>	<u>\$ 229,980</u>	<u>\$ 2,208,424</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, 2024

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, 2024, was 14.10% of compensation for law enforcement officers and 12.85% 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 \$3,517,052 for the year ended June 30, 2024.

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, 2024**

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

At June 30, 2024, the County reported a liability of \$18,763,669 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, 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, 2024, the County's proportion was 0.28331% (measured as of June 30, 2023), which was an decrease of 0.01977% from its proportion as of June 30, 2023 (measured as of June 30, 2022).

For the year ended June 30, 2024, the County recognized pension expense of \$5,481,803. At June 30, 2024, 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	\$ 2,090,828	\$ 45,012
Changes of assumptions	797,348	-
Net difference between projected and actual earnings on pension plan investments	5,021,979	-
Changes in proportion and differences between County contributions and proportionate share of contributions	200,589	431,125
County contributions subsequent to the measurement date	3,517,052	-
Total	\$ 11,627,796	\$ 476,137

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

\$3,517,052 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, 2025. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2025	\$ 2,870,024
2026	1,327,056
2027	3,225,172
2028	212,355
2029	-
Thereafter	-
Total	<u>\$ 7,634,607</u>

Actuarial Assumptions. The total pension liability in the December 31, 2022, 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, 2022 actuarial valuation were 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, 2024

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, 2023, 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	6.0%	2.7%
Total	100.0%	

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, 2024**

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:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
County's proportionate share of the net pension liability (asset)	<u>\$ 32,507,319</u>	<u>\$ 18,763,669</u>	<u>\$ 7,448,608</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, 2022 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Inactive members currently receiving benefits	-
Active plan members	<u>81</u>
Total	<u><u>84</u></u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2022, 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	4.00 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, 2022, 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 \$53,290 as benefits came due.

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

At June 30, 2024, the County reported a total pension liability of \$2,787,638. The total pension liability was measured as of December 31, 2023, based on a December 31, 2022 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2023, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the County recognized pension expense of \$337,178.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 245,972	\$ 26,019
Changes of assumptions	294,957	329,036
Contributions made subsequent to the measurement date	26,645	-
Total	<u>\$ 567,574</u>	<u>\$ 355,055</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, 2025. 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
2025	\$ 102,019
2026	87,057
2027	13,087
2028	(32,325)
2029	16,036
Thereafter	-
Total	<u>\$ 185,874</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
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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 4.00%, 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 (3.00%) or 1-percentage-point higher (5.00%) than the current rate:

	1%	Discount	1%
	Decrease	Rate	Increase
	(3.00%)	(4.00%)	(5.00%)
County's proportionate share of the total pension liability	<u>\$ 3,006,011</u>	<u>\$ 2,787,638</u>	<u>\$ 2,589,047</u>

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

	<u>2024</u>
Beginning balance December 31, 2022	\$ 2,445,185
Service cost	134,835
Interest on the total pension liability	104,239
Difference between expected and actual experience	97,725
Changes of assumptions or other inputs	58,944
Benefit payments	<u>(53,290)</u>
Ending balance of the total pension liability December 31, 2023	<u>\$ 2,787,638</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 4.31% at December 31, 2022 (measurement date) to 4.00% at December 31, 2023 (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, 2024

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 \$280,752 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
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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 \$6,667 for the year ended June 30, 2024.

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

At June 30, 2024, the County reported an asset of \$91,670 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, 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, 2024, the County’s proportion was 0.76284% (measured as of June 30, 2023), which was a decrease of 0.03070% from its proportion measured as of June 30, 2023 (measured as of June 30, 2022).

For the year ended June 30, 2024, the County recognized pension expense of \$21,340. At June 30, 2024, 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	\$ -	\$ 4,058
Net difference between projected and actual earnings on pension plan investments	46,564	-
Changes in proportion and differences between County contributions and proportionate share of contributions	9,841	-
County contributions subsequent to the measurement date	6,667	-
Total	\$ 63,072	\$ 4,058

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

\$6,667 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Amount
2025	\$ 18,552
2026	17,340
2027	13,518
2028	2,937
2029	-
Thereafter	-
Total	<u>\$ 52,347</u>

Actuarial Assumptions. The total pension liability in the December 31, 2022 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, 2022 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 99.8% 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, 2023 was 0.9%.

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% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	\$ (62,576)	\$ (91,670)	\$ (116,203)

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, 2024

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, 2023 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022. The total pension liability for LEOSSA was measured as of June 30, 2023, with an actuarial valuation date of December 31, 2022. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities.

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

	LGERS	ROD	LEOSSA	Total
County's proportionate share of net pension liability (asset)	\$ 18,763,669	\$ (91,670)	N/A	\$ 18,671,999
County's proportion of the net pension liability	0.28331%	0.76284%	N/A	-
Total pension liability	N/A	N/A	\$ 2,787,638	\$ 2,787,638
Pension expense	\$ 5,481,803	\$ 21,340	\$ 337,178	\$ 5,840,321

At June 30, 2024, 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	\$ 2,090,828	\$ -	\$ 245,972	\$ 2,336,800
Changes of assumptions	797,348	-	294,957	1,092,305
Net difference between projected and actual earnings on pension plan investments	5,021,979	46,564	-	5,068,543
Changes in proportion and differences between County contributions and proportionate share of contributions	200,589	9,841	-	210,430
County contributions (LGERS, ROD) and administrative costs (LEOSSA) subsequent to the measurement date	<u>3,517,052</u>	<u>6,667</u>	<u>26,645</u>	<u>3,550,364</u>
	<u>\$ 11,627,796</u>	<u>\$ 63,072</u>	<u>\$ 567,574</u>	<u>\$ 12,258,442</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Inflows of Resources:				
Differences between expected and actual experience	\$ 45,012	\$ 4,058	\$ 26,019	\$ 75,089
Changes of assumptions	-	-	329,036	329,036
Changes in proportion and differences between County contributions and proportionate share of contributions	431,125	-	-	431,125
	<u>\$ 476,137</u>	<u>\$ 4,058</u>	<u>\$ 355,055</u>	<u>\$ 835,250</u>

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.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
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Membership of the HCB Plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

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

Total OPEB Liability

The County’s total OPEB liability of \$15,031,967 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

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	3.54 percent
Measurement date	3.65 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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2023	\$ 14,311,808
Service cost	709,954
Interest	528,895
Difference between expected and actual experience	4,330
Changes of assumptions or other inputs	(359,168)
Benefit payments	<u>(163,852)</u>
Net changes	<u>720,159</u>
Balance at June 30, 2024	<u><u>\$ 15,031,967</u></u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.54% to 3.65%.

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.

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, 2024, 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 (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 18,757,932	\$ 15,031,967	\$ 12,227,852

PENDER COUNTY, NORTH CAROLINA

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

	<u>1% Decrease</u>	<u>Healthcare Cost</u>	<u>1% Increase</u>
Total OPEB liability	\$ 11,879,922	\$ 15,031,967	\$ 19,344,992

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

For the year ended June 30, 2024, the County recognized OPEB expense of \$113,127. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,810	\$ 4,341,959
Changes of assumptions or other inputs	3,402,442	4,946,325
County contributions subsequent to the measurement date	178,838	-
Total	<u>\$ 3,585,090</u>	<u>\$ 9,288,284</u>

\$178,838 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, 2025. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2025	\$ (1,125,722)
2026	(1,072,370)
2027	(779,387)
2028	(594,237)
2029	(764,795)
Thereafter	<u>(1,545,521)</u>
Total	<u>\$ (5,882,032)</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.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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.

Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions and OPEB deferrals	\$ 15,843,532	\$ 10,123,534
Taxes receivable, net (General Fund)	-	2,317,155
Taxes receivable, net (Special Revenue Funds)	-	552,725
Grant receivables	-	238,283
Unavailable revenues (Governmental Activities)	-	4,237,629
Charge on refunding	-	436,171
Prepaid taxes	-	59,158
Total	<u>\$ 15,843,532</u>	<u>\$ 17,964,655</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.

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.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

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, which did not meet the requirements. See Stewardship, Compliance, and Accountability note and finding 2024-002 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. The Finance Officer is individually bonded for \$100,000 for the Tourism Development Authority.

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, 2024, 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, 2024**

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, 2024, the value of the lease liability was \$4,943. 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, 2024 was \$16,612 with accumulated amortization of \$11,568.

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, 2024, the value of the lease liability was \$8,641. 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, 2024 was \$18,949 with accumulated amortization of \$9,917.

On July 1, 2023, the County entered into a 43-month lease as lessee for the use of 2024 Huntington 004. An initial lease liability was recorded in the amount of \$568,274. As of June 30, 2024, the value of the lease liability is \$405,741. The County is required to make monthly fixed payments of \$13,216. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2024 of \$561,141 with accumulated amortization of \$156,579.

On July 1, 2023, the County entered into a 60-month lease as lessee for the use of 2024 Huntington 003 PCSO. An initial lease liability was recorded in the amount of \$409,565. As of June 30, 2024, the value of the lease liability is \$304,184. The County is required to make monthly fixed payments of \$6,826. The lease has an interest rate of 3.6900%. The value of the right to use asset as of June 30, 2024 of \$374,742 with accumulated amortization of \$74,977.

On July 1, 2023, the County entered into a 48-month lease as lessee for the use of 2024PCSO Axon Body Cam. An initial lease liability was recorded in the amount of \$440,936. As of June 30, 2024, the value of the lease liability is \$296,229. The County is required to make annual fixed payments of \$100,182. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2024 of \$440,936 with accumulated amortization of \$110,234.

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

Year Ending	Governmental Activities	
	Principal	Interest
June 30		
2025	\$ 333,844	\$ 14,716
2026	335,483	10,092
2027	270,110	5,468
2028	80,301	1,614
Total	\$ 1,019,738	\$ 31,890

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Subscriptions

The County has entered into subscription-based information technology arrangements (SBITAs). The SBITAs qualify as other than short-term SBITAs under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

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, 2024, the value of the subscription liability was \$9,211. 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, 2024 was \$14,905 with accumulated amortization of \$5,962.

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, 2024, the value of the subscription liability was \$12,700. 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, 2024 was \$40,107 with accumulated amortization of \$16,065.

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, 2024, the value of the subscription liability was \$11,362. 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, 2024 was \$31,827 with accumulated amortization of \$18,566.

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 \$407,686. As of June 30, 2024, the value of the subscription liability was \$276,689. 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 of June 30, 2024 of \$407,686 with accumulated amortization of \$101,921.

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 \$505,967. As of June 30, 2024, the value of the subscription liability was \$168,624. 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, 2024 was \$505,967 with accumulated amortization of \$196,764.

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, 2024, 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, 2024 was \$39 with accumulated amortization of \$24.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, 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, 2024 was \$18,798 with accumulated amortization of \$18,770.

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, 2024, 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, 2024 was \$2,277 with accumulated amortization of \$2,154.

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, 2024, the value of the subscription liability was \$0. 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, 2024 was \$8,429 with accumulated amortization of \$7,908.

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, 2024, the value of the subscription liability was \$13,336. 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, 2024 was \$40,013 with accumulated amortization of \$26,675.

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, 2024, the value of the subscription liability was \$22,624. 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, 2024 was \$67,885 with accumulated amortization of \$26,400.

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, 2024, the value of the subscription liability was \$7,359. 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, 2024 was \$22,685 with accumulated amortization of \$9,662.

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, 2024, the value of the subscription liability was \$134,601. 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, 2024 was \$224,440 with accumulated amortization of \$62,594.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, the value of the subscription liability was \$98. 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, 2024 was \$294 with accumulated amortization of \$185.

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, 2024, the value of the subscription liability was \$0. 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, 2024 was \$2,658 with accumulated amortization of \$2,034.

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, 2024, the value of the subscription liability was \$810,101. 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, 2024 was \$1,368,799 with accumulated amortization of \$381,743.

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, 2024, the value of the subscription liability was \$30,315. 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, 2024 was \$59,515 with accumulated amortization of \$25,266.

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, 2024, the value of the subscription liability was \$0. 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, 2024 was \$1,072 with accumulated amortization of \$760.

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, 2024, the value of the subscription liability was \$0. 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, 2024 was \$4,271 with accumulated amortization of \$3,737.

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, 2024, the value of the subscription liability was \$0. 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, 2024 was \$44,229 with accumulated amortization of \$42,386.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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, 2024, the value of the subscription liability was \$0. 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, 2024 was \$1,715 with accumulated amortization of \$1,286.

On July 1, 2023, the County entered into a 36-month subscription for the use of Avineon GIS Managed Data Services. An initial subscription liability was recorded in the amount of \$39,450. As of June 30, 2024, the value of the subscription liability is \$27,007. The County is required to make annual fixed payments of \$12,150. The subscription has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2024 of \$39,157 with accumulated amortization of \$13,050.

The future minimum subscription obligations and the net present value of the minimum subscription payments as of June 30, 2024, were as follows:

Year Ending	Governmental Activities		Business-Type Activities					
	June 30	Principal	Interest	Principal	Interest			
2025	\$	627,830	\$	37,188	\$	36,350	\$	935
2026		442,330		21,786		-		-
2027		417,517		10,849		-		-
Total	\$	<u>1,487,677</u>	\$	<u>69,823</u>	\$	<u>36,350</u>	\$	<u>935</u>

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. \$ 216,661

\$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%. 30,000

Total installment purchases \$ 246,661

The County’s outstanding note from direct placements of \$216,661 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, 2024**

The County’s outstanding note from direct placements of \$30,000 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 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 Notes</u> <u>Principal</u>
2025	\$ 230,000
2026	16,661
Total	<u>\$ 246,661</u>

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. \$ 4,019,636

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. 11,185,364

\$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. 12,735,000

\$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. 1,555,000

\$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. 80,000

\$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. 1,925,000

\$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. 15,450,000

Total business-type activities 42,930,364

Total limited obligation bonds \$ 46,950,000

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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
2025	\$ 315,000	\$ 170,674	\$ 2,010,000	\$ 1,409,112	\$ 2,325,000	\$ 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	355,000	111,424	2,255,000	1,119,658	2,610,000	1,231,082
2030-2034	1,935,000	308,869	12,210,000	4,326,383	14,145,000	4,635,252
2035-2039	414,636	15,549	8,910,364	2,457,056	9,325,000	2,472,605
2040-2044	-	-	7,250,000	1,235,938	7,250,000	1,235,938
2045-2049	-	-	3,230,000	402,150	3,230,000	402,150
2050-2054	-	-	710,000	21,150	710,000	21,150
Total	<u>\$ 4,019,636</u>	<u>\$ 1,035,038</u>	<u>\$ 42,930,364</u>	<u>\$ 14,793,834</u>	<u>\$ 46,950,000</u>	<u>\$ 15,828,872</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, 2024

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.	\$ 3,615,000
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.	14,700,000
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.	5,730,000
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.	<u>32,825,000</u>
Total governmental activities	<u>56,870,000</u>

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%.	824,000
\$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.	4,662,000
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.	<u>5,343,000</u>
Total business-type activities	<u>10,829,000</u>
Total general obligation bonds	<u><u>\$ 67,699,000</u></u>

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

Year Ending <u>June 30</u>	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	3,750,000	991,438	275,000	189,831	4,025,000	1,181,269
2030-2034	18,750,000	3,067,125	1,460,000	866,615	20,210,000	3,933,740
2035-2039	10,025,000	451,125	1,606,000	718,690	11,631,000	1,169,815
2040-2044	-	-	1,769,000	555,553	1,769,000	555,553
2045-2049	-	-	1,949,000	375,663	1,949,000	375,663
2050-2054	-	-	2,043,000	179,219	2,043,000	179,219
2055-2059	-	-	677,000	17,719	677,000	17,719
Total	<u>\$ 56,870,000</u>	<u>\$ 10,857,515</u>	<u>\$ 10,829,000</u>	<u>\$ 3,714,167</u>	<u>\$ 67,699,000</u>	<u>\$ 14,571,682</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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, 2024 was \$4,098,000.

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

Year Ending June 30	Principal	Interest
2025	\$ 99,000	\$ 112,695
2026	102,000	109,973
2027	105,000	107,168
2028	108,000	104,280
2029	111,000	101,310
2030-2034	601,000	459,113
2035-2039	687,000	371,883
2040-2044	787,000	272,085
2045-2049	899,000	157,768
2050-2054	599,000	33,245
Total	<u>\$ 4,098,000</u>	<u>\$ 1,829,520</u>

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, 2024, is as follows:

Change in net position	\$ 497,940
Add back:	
Depreciation	3,917,912
Interest expense	<u>1,574,820</u>
Income available for debt service (net revenue)	<u>\$ 5,990,672</u>
Debt service, principal and interest paid (debt service requirement)	\$ 3,914,553
110% Debt service coverage	\$ 4,306,008
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.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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, 2024 was \$392,208. 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, 2024 was \$111,800. 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 annual debt service payments to maturity for the County’s direct borrowing revolving loans are as follows:

Year Ending June 30	Principal	Interest
2025	\$ 36,746	\$ 6,550
2026	36,746	6,046
2027	36,746	5,542
2028	36,746	5,038
2029	36,746	4,535
2030-2034	183,731	15,115
2035-2039	123,392	3,023
2040-2044	13,155	-
Total	<u>\$ 504,008</u>	<u>\$ 45,849</u>

Debt Related to Capital Activities

Of the total governmental activities’ debt listed, only \$4,266,297 relates to assets for which the County holds title and \$2,507,415 relates to right-to-use leased assets and subscription assets.

	Governmental Activities	Business-Type Activities
Capital assets and right-to-use assets	\$ 51,572,573	\$ 118,935,058
Less: long-term debt	(6,773,712)	(58,397,722)
Less: premiums on long term debt	-	(2,383,513)
Add: unexpended bond proceeds	-	1,823
Net investment in capital assets	<u>\$ 44,798,861</u>	<u>\$ 58,155,646</u>

The business-type activities unspent debt proceeds of \$1,823 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, 2024

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, 2024:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental Activities:					
General obligation bonds	\$ 64,310,000	\$ -	\$ 7,440,000	\$ 56,870,000	\$ 7,395,000
Limited obligation debt	4,329,636	-	310,000	4,019,636	315,000
Direct placement installment purchase contracts	605,060	-	358,399	246,661	230,000
Lease liabilities	170,277	1,418,775	569,314	1,019,738	333,844
Subscription liabilities	2,127,070	39,450	678,843	1,487,677	627,830
Unamortized bond premium	8,490,067	-	663,784	7,826,283	663,784
Total pension liability (LEOSSA)	2,445,185	395,743	53,290	2,787,638	-
Net pension liability (LGERS)	15,830,890	1,532,379	-	17,363,269	-
Total OPEB liabilities	13,607,687	662,546	-	14,270,233	-
Compensated absences	1,292,134	1,663,762	1,534,701	1,421,195	710,598
Total	<u>\$ 113,208,006</u>	<u>\$ 5,712,655</u>	<u>\$ 11,608,331</u>	<u>\$ 107,312,330</u>	<u>\$ 10,276,056</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, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Business-Type Activities:					
Limited obligation debt	\$ 44,895,364	\$ -	\$ 1,965,000	\$ 42,930,364	\$ 2,010,000
General obligation bonds	11,080,000	-	251,000	10,829,000	255,000
Revenue bond	4,194,000	-	96,000	4,098,000	99,000
Direct borrowing federal revolving loan	540,754	-	36,746	504,008	36,746
Unamortized bond premium	2,519,641	-	136,128	2,383,513	136,128
Subscription liabilities	71,870	-	35,520	36,350	36,350
Net pension liability (LGERS)	1,267,150	133,250	-	1,400,400	-
Total OPEB liabilities	704,121	57,613	-	761,734	-
Compensated absences	136,539	200,562	199,270	137,831	68,916
Total	<u>\$ 65,409,439</u>	<u>\$ 391,425</u>	<u>\$ 2,719,664</u>	<u>\$ 63,081,200</u>	<u>\$ 2,642,140</u>

Other

The County had a legal debt margin at June 30, 2024 of \$642,635,236. There are no bonds authorized but unissued at June 30, 2024.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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, 2024, include the following interfund gross receivables and payables:

	Receivables	Payables
Solid Waste Fund	\$ 5,440,031	\$ -
Combined Sewer Fund	7,246,251	-
Combined Water Fund	-	12,686,282
Total	\$ 12,686,282	\$ 12,686,282

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.

Interfund Transfers

Interfund transfers and transfers from component unit during the year ended June 30, 2024, can be summarized as follows:

	Transfers		Reason
	From	To	
Governmental Funds:			
General Fund	\$ 27,955,919	\$ 476,357	
Revaluation Fund	-	1,351,650	Annual contribution
Public School Special Revenue Fund	-	10,289,541	Debt service
ARPA Fund	129,469	-	Contribution to project
Rescue District Fund	-	172,000	County contribution
Opioid Settlement Fund	95,301	-	Opioid eligible expenditures
Other nonmajor governmental funds:			
Fire Service District Fund	-	5,122,233	County contribution
Capital Improvements Fund	341,063	5,911,361	County contribution & to close out projects
School Capital Project Fund	-	5,003,800	Contribution to project
Business-Type Funds:			
Combined Sewer Fund	1,751,038	99,148	Contribution to project & operating capital
Combined Water Fund	2,314,990	7,351,778	Contribution to project & operating capital
Scotts Hill Elevated Tank & Wells CPF	5,600,740	-	Contribution to project
Rocky Point/Topsail Water Treatment Plant Upgrade CPF	-	1,289,990	Contribution to project
US 421 Water & Sewer Expansion CPF	-	1,154,469	Contribution to project
Other nonmajor business-type funds:			
Country Court Apartment Fund	139,141	-	Close out fund
Section 8 Administration Fund	-	105,334	Operating capital
Total	\$ 38,327,661	\$ 38,327,661	

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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	\$ 71,102,435
Less:	
Non-spendable	302,286
Stabilization by state statute	8,910,884
Health department escrow	2,058,502
Sheriff's seizures	70,159
Automation enhancement and preservation	589,423
Committed	<u>1,142,985</u>
Remaining fund balance	<u>\$ 58,028,196</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 \$1,738,838.

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, 2024. 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	<u>\$ 71,102,435</u>
Available fund balance	<u>\$ 61,889,265</u>
General Fund expenditures and transfers out	
less debt issued	<u>\$ 122,544,070</u>
Available fund balance as % General Fund expenditures	50.5%

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 \$671,277 to the Community College operating purposes during the fiscal year ended June 30, 2024. 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, 2024. 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, 2024 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, 2024, 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 \$24,584 to the Council during the fiscal year ended June 30, 2024.

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, 2024.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

7. Related Party Transactions

The County and its discretely presented component units engaged in the following transactions during the year ended June 30, 2024:

Pender County ABC Board:

Payments to the County for profit distributions	\$ 426,031
Payments to the County for mosquito control	38,062
Payments to the County for law enforcement	<u>38,062</u>
Total	<u>\$ 502,155</u>

Payable to the County for profit distributions	\$ 139,520
Payable to the County for mosquito control	7,677
Payable to the County for law enforcement	<u>7,677</u>
Total	<u>\$ 154,874</u>

Pender Tourism Development Authority:

Payments of occupancy tax to the Authority from the County	<u>\$ 43,925</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. Subsequent Events

On August 2, 2024, Pender County accepted funding offer from the Drinking Water State Revolving Fund in the amount of \$10,367,750 payable over 20 years at an interest rate of 0.18%. This will be used for the Scotts Hill Elevated Tank & Wells Project Fund.

On August 29, 2024, Pender County issued Limited Obligation Bonds, Series 2024A \$58,205,000 due in 20 annual April 1 payments of \$3,065,000 plus interest ranging from 4% to 5% through 2044 due on April 1 and October 1. This issue will be serviced by the General Fund and for the purpose of funding construction of a new Law Enforcement and Detention Center facility.

On October 22, 2024, Pender County issued Limited Obligation Bonds, Series 2024B \$40,090,000 due in 20 annual April 1 payments of \$2,005,000 plus interest ranging from 4% to 5% through 2045 due on April 1 and October 1. This issue will be serviced by the General Fund and for the purpose of funding construction of a new Department of Health and Human Services facility.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

On November 19, 2024, Pender County issued General Obligation School Bonds, Series 2024 \$144,000,000 due in 20 annual April 1 payments of \$7,200,000 plus interest ranging from 3% to 5% through 2045 due on April 1 and October 1. This issue will be serviced by the Special Revenue Fund and for the purpose of funding construction of a new K-8 combined elementary and middle school facility.

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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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
County's proportion of the net pension liability (asset) %	0.28331%	0.30308%	0.29549%	0.27287%	0.27334%
County's proportionate share of the net pension liability (asset) \$	\$ 18,763,669	\$ 17,098,040	\$ 4,531,623	\$ 9,750,808	\$ 7,464,702
County's covered payroll*	\$ 24,754,139	\$ 22,546,918	\$ 20,648,316	\$ 19,809,003	\$ 19,210,323
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	75.80%	75.83%	21.95%	49.22%	38.86%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%

* 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset) %	0.24805%	0.25790%	0.26029%	0.25865%	0.25546%
County's proportionate share of the net pension liability (asset) \$	\$ 5,884,594	\$ 3,939,998	\$ 5,524,225	\$ 1,160,806	\$ (1,506,565)
County's covered payroll*	\$ 16,477,422	\$ 16,359,704	\$ 15,716,206	\$ 15,408,045	\$ 15,004,563
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.71%	24.08%	35.15%	7.53%	-10.04%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.08%	102.64%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 3,517,052	\$ 3,043,388	\$ 2,593,749	\$ 2,129,970	\$ 1,806,948
Contributions in relation to the contractually required contribution	<u>3,517,052</u>	<u>3,043,388</u>	<u>2,593,749</u>	<u>2,129,970</u>	<u>1,806,948</u>
Contribution deficiency (excess)	<u>\$ -</u>				
County's covered payroll	\$ 26,844,816	\$ 24,754,139	\$ 22,546,918	\$ 20,648,316	\$ 19,809,003
Contributions as a percentage of covered payroll	13.10%	12.29%	11.50%	10.32%	9.12%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,524,690	\$ 1,208,210	\$ 1,233,545	\$ 1,099,527	\$ 1,068,154
Contributions in relation to the contractually required contribution	<u>1,524,690</u>	<u>1,208,210</u>	<u>1,233,545</u>	<u>1,099,527</u>	<u>1,068,154</u>
Contribution deficiency (excess)	<u>\$ -</u>				
County's covered payroll	\$ 19,210,323	\$ 16,477,422	\$ 16,359,704	\$ 15,716,206	\$ 15,408,045
Contributions as a percentage of covered payroll	7.94%	7.33%	7.54%	7.00%	6.93%

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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
County's proportion of the net pension liability (asset) %	0.76284%	0.79354%	0.87960%	0.78551%	0.62163%
County's proportionate share of the net pension liability (asset) \$	\$ (91,670)	\$ (105,065)	\$ (168,998)	\$ (180,023)	\$ (122,722)
Plan fiduciary net position as a percentage of the total pension liability**	135.74%	139.04%	156.53%	173.62%	164.11%

* 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset) %	0.72079%	0.74470%	0.72559%	0.70577%	0.67167%
County's proportionate share of the net pension liability (asset) \$	\$ (119,384)	\$ (127,113)	\$ (135,656)	\$ (163,555)	\$ (152,245)
Plan fiduciary net position as a percentage of the total pension liability**	153.31%	153.77%	160.17%	197.29%	193.88%

PENDER COUNTY, NORTH CAROLINA

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 6,667	\$ 6,808	\$ 9,097	\$ 10,556	\$ 7,523
Contributions in relation to the contractually required contribution	<u>6,667</u>	<u>6,808</u>	<u>9,097</u>	<u>10,556</u>	<u>7,523</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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 5,908	\$ 6,168	\$ 6,270	\$ 5,928	\$ 5,648
Contributions in relation to the contractually required contribution	<u>5,908</u>	<u>6,168</u>	<u>6,270</u>	<u>5,928</u>	<u>5,648</u>
Contribution deficiency (excess)	<u>\$ -</u>				

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 2,445,185	\$ 2,635,853	\$ 2,313,785	\$ 1,625,621
Service cost	134,835	178,736	175,569	94,807
Interest on the total pension liability	104,239	58,760	44,217	52,225
Difference between expected and actual experience	97,725	51,975	215,636	(65,985)
Changes of assumptions or other inputs	58,944	(431,505)	(67,874)	654,346
Benefit payments	<u>(53,290)</u>	<u>(48,634)</u>	<u>(45,480)</u>	<u>(47,229)</u>
Ending balance of the total pension liability	<u>\$ 2,787,638</u>	<u>\$ 2,445,185</u>	<u>\$ 2,635,853</u>	<u>\$ 2,313,785</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 EIGHT FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,389,357	\$ 1,364,566	\$ 1,156,255	\$ 1,080,043
Service cost	80,247	82,584	71,903	69,071
Interest on the total pension liability	49,745	43,093	44,631	38,558
Difference between expected and actual experience	101,373	(42,146)	(2,144)	-
Changes of assumptions or other inputs	50,379	(56,991)	93,921	(31,417)
Benefit payments	(45,480)	(1,749)	-	-
Ending balance of the total pension liability	<u>\$ 1,625,621</u>	<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 EIGHT FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability	\$ 2,787,638	\$ 2,445,185	\$ 2,635,853	\$ 2,313,785
Covered-employee payroll	4,982,841	4,637,725	4,405,407	3,842,089
Total pension liability as a percentage of covered-employee payroll	55.94%	52.72%	59.83%	60.22%

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 EIGHT FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,625,621	\$ 1,389,357	\$ 1,364,566	\$ 1,156,255
Covered-employee payroll	3,557,965	3,315,521	3,206,779	2,782,922
Total pension liability as a percentage of covered-employee payroll	45.69%	41.90%	42.55%	41.55%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability:				
Service cost	\$ 709,954	\$ 1,199,837	\$ 1,146,005	\$ 691,319
Interest	528,895	500,614	464,143	558,171
Differences between expected and actual experience	4,330	(4,239,927)	(33,056)	(1,000,656)
Changes of assumptions	(359,168)	(5,059,837)	669,547	4,477,413
Benefit payments	<u>(163,852)</u>	<u>(130,554)</u>	<u>(121,188)</u>	<u>(131,750)</u>
Net change in total OPEB liability	<u>720,159</u>	<u>(7,729,867)</u>	<u>2,125,451</u>	<u>4,594,497</u>
Total OPEB liability - beginning	14,311,808	22,041,675	19,916,224	15,321,727
Prior period restatement	-	-	-	-
Total OPEB liability - beginning, restated	<u>14,311,808</u>	<u>22,041,675</u>	<u>19,916,224</u>	<u>15,321,727</u>
Total OPEB liability - ending	<u>\$ 15,031,967</u>	<u>\$ 14,311,808</u>	<u>\$ 22,041,675</u>	<u>\$ 19,916,224</u>
Covered-employee payroll	\$ 20,071,088	\$ 20,071,088	\$ 18,477,695	\$ 18,477,695
Total OPEB liability as a percentage of covered-employee payroll	74.89%	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>
2024	3.65%
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 SEVEN 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, 2024

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 71,839,102	\$ 71,879,461	\$ 40,359
Unrestricted intergovernmental	18,708,244	18,832,954	124,710
Restricted intergovernmental	15,938,136	14,360,470	(1,577,666)
Permits and fees	2,463,335	2,686,075	222,740
Charges for services	5,057,802	4,196,701	(861,101)
Interest	5,060,673	5,420,509	359,836
Miscellaneous	471,948	574,307	102,359
Total revenues	<u>119,539,240</u>	<u>117,950,477</u>	<u>(1,588,763)</u>
Expenditures:			
General Government:			
Governing body	362,758	351,387	11,371
County Manager	1,176,544	1,105,322	71,222
Human resources	573,121	548,600	24,521
Board of Elections	507,219	499,285	7,934
Finance	958,276	933,745	24,531
Information systems	1,424,335	1,797,435	(373,100)
Tax administrator	2,036,200	2,008,310	27,890
AE&P Fund	55,000	13,738	41,262
Register of Deeds	1,717,217	1,697,379	19,838
Public buildings	2,842,681	2,395,972	446,709
Vehicle maintenance	1,242,753	1,090,997	151,756
Inspections	1,455,810	1,370,701	85,109
Court facilities	15,100	79,525	(64,425)
County attorney	77,677	77,767	(90)
Non-departmental	10,878,491	9,473,072	1,405,419
Total general government	<u>25,323,182</u>	<u>23,443,235</u>	<u>1,879,947</u>
Public Safety:			
Sheriff	12,957,749	13,688,935	(731,186)
Jail	2,828,732	2,638,698	190,034
Animal control	323,620	303,344	20,276
Emergency management	809,441	746,942	62,499
Forest resources	311,993	292,215	19,778
Sheriff seizure	78,300	67,503	10,797
Medical examiner	85,000	53,825	31,175
Total public safety	<u>17,394,835</u>	<u>17,791,462</u>	<u>(396,627)</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, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/Under</u>
Economic and Physical Development:			
Extension service	205,116	206,609	(1,493)
Planning	908,927	783,663	125,264
Tourism office	230,753	228,118	2,635
Option 4 payments	1,005,654	1,005,654	-
Outside agencies	1,852,583	1,846,450	6,133
Total economic and physical development	<u>4,203,033</u>	<u>4,070,494</u>	<u>132,539</u>
Human Services:			
Health department	8,401,716	7,377,141	1,024,575
Public assistance	12,179,057	10,559,446	1,619,611
Veterans	211,858	210,183	1,675
EDTAP transportation	200,000	168,705	31,295
Total human services	<u>20,992,631</u>	<u>18,315,475</u>	<u>2,677,156</u>
Culture and Recreation:			
Recreation	1,465,514	1,323,949	141,565
Shooting range	145,000	139,842	5,158
Libraries	1,150,299	987,029	163,270
Youth alternatives	153,959	153,958	1
Total culture and recreation	<u>2,914,772</u>	<u>2,604,778</u>	<u>309,994</u>
Education:			
Local current expense	25,041,519	25,041,519	-
Capital outlay	2,917,084	2,917,084	-
Community college	671,277	671,277	-
Total education	<u>28,629,880</u>	<u>28,629,880</u>	<u>-</u>
Debt Service:			
Principal	1,916,556	1,916,556	-
Interest	255,143	255,143	-
Total debt service	<u>2,171,699</u>	<u>2,171,699</u>	<u>-</u>
Total expenditures	<u>101,630,032</u>	<u>97,027,023</u>	<u>4,603,009</u>
Revenues over (under) expenditures	<u>17,909,208</u>	<u>20,923,454</u>	<u>3,014,246</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, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/Under</u>
Other Financing Sources (Uses):			
Note receivable payments	200,000	-	(200,000)
Lease liabilities issued	-	1,418,775	1,418,775
Subscription liabilities issued	-	39,450	39,450
Sale of surplus property	586,268	723,592	137,324
Insurance proceeds	157,443	91,864	(65,579)
Transfers in (out):			
Transfers from other funds	9,646,926	476,357	(9,170,569)
Transfers to other funds	(59,568,312)	(27,955,919)	31,612,393
Appropriated fund balance	<u>31,068,467</u>	<u>-</u>	<u>(31,068,467)</u>
Total other financing sources (uses)	<u>(17,909,208)</u>	<u>(25,205,881)</u>	<u>(7,296,673)</u>
Revenues and other financing sources over			
Net change in fund balance	<u>\$ -</u>	<u>(4,282,427)</u>	<u>\$ (4,282,427)</u>
Fund Balance:			
Beginning of year, July 1		73,647,714	
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan receivable repayments		<u>(200,000)</u>	
End of year, June 30		<u>\$ 69,165,287</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, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Tax listing	\$ 2,308,150	\$ 371,003	\$ 1,937,147
Revenues over (under) expenditures	<u>(2,308,150)</u>	<u>(371,003)</u>	<u>1,937,147</u>
Other Financing Sources (Uses):			
Transfer from General Fund	1,351,650	1,351,650	-
Appropriated fund balance	<u>956,500</u>	<u>-</u>	<u>(956,500)</u>
Total other financing sources (uses)	<u>2,308,150</u>	<u>1,351,650</u>	<u>(956,500)</u>
Net change in fund balance	<u>\$ -</u>	980,647	<u>\$ 980,647</u>
Fund Balance:			
Beginning of year, June 30		<u>956,501</u>	
End of year, June 30		<u>\$ 1,937,148</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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes - sales	\$ 7,143,183	\$ 7,422,074	\$ 278,891
Lottery funds	<u>770,408</u>	<u>770,408</u>	<u>-</u>
Total revenues	<u>7,913,591</u>	<u>8,192,482</u>	<u>278,891</u>
Expenditures:			
Option 4 redistribution	383,000	-	383,000
Debt service payment	20,811,019	7,440,000	13,371,019
Interest expense	<u>2,290,488</u>	<u>2,290,488</u>	<u>-</u>
Total expenditures	<u>23,484,507</u>	<u>9,730,488</u>	<u>13,754,019</u>
Revenues over (under) expenditures	(15,570,916)	(1,538,006)	14,032,910
Other Financing Sources (Uses):			
Transfer from General Fund	<u>15,570,916</u>	<u>10,289,541</u>	<u>(5,281,375)</u>
Net change in fund balance	<u>\$ -</u>	8,751,535	<u>\$ 8,751,535</u>
Fund Balance:			
Beginning of year, July 1		<u>3,572,720</u>	
End of year, June 30		<u>\$ 12,324,255</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, 2024**

	Budget	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
American Recovery Plan funds	\$ 12,248,666	\$ 680,122	\$ 129,469	\$ 809,591	\$ (11,439,075)
Other Financing Sources (Uses):					
Transfer to US 421 Water & Sewer Expansion Capital Project Fund	<u>(12,248,666)</u>	<u>(680,122)</u>	<u>(129,469)</u>	<u>(809,591)</u>	<u>11,439,075</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			-		
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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes:			
Rescue district taxes:			
Pender County EMS taxes	\$ 8,966,455	\$ 9,057,594	\$ 91,139
Expenditures:			
Public safety:			
Pender volunteer EMS & rescue	<u>9,138,455</u>	<u>9,057,594</u>	<u>80,861</u>
Revenues over (under) expenditures	(172,000)	-	172,000
Other Financing Sources (Uses):			
Transfer from General Fund	<u>172,000</u>	<u>172,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	172,000	<u>\$ 172,000</u>
Fund Balance:			
Beginning of year, July 1		<u>323,301</u>	
End of year, June 30		<u>\$ 495,301</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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Opioid settlement funds	\$ 47,719	\$ 1,035,529	\$ 987,810
Expenditures:			
Contract services	<u>441,479</u>	<u>231,337</u>	<u>210,142</u>
Revenues over (under) expenditures	<u>(393,760)</u>	<u>804,192</u>	<u>1,197,952</u>
Other Financing Sources (Uses):			
Transfer to General Fund	(95,301)	(95,301)	-
Fund balance appropriated	<u>489,061</u>	<u>-</u>	<u>(489,061)</u>
Total other financing sources (uses)	<u>393,760</u>	<u>(95,301)</u>	<u>(489,061)</u>
Net change in fund balance	<u>\$ -</u>	708,891	<u>\$ 708,891</u>
Fund Balance:			
Beginning of year, July 1		<u>489,061</u>	
End of year, June 30		<u>\$ 1,197,952</u>	

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NONMAJOR GOVERMENTAL FUNDS

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PENDER COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024**

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 993,098	\$ 13,466,199	\$ 14,459,297
Accounts receivable	16,469	-	16,469
Taxes receivable (net)	249,307	-	249,307
Due from other governments	66,260	191,766	258,026
Restricted cash	<u>-</u>	<u>101,646</u>	<u>101,646</u>
Total assets	<u>\$ 1,325,134</u>	<u>\$ 13,759,611</u>	<u>\$ 15,084,745</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 362,957	\$ 1,925,221	\$ 2,288,178
Advances from grantors	<u>-</u>	<u>101,646</u>	<u>101,646</u>
Total liabilities	<u>362,957</u>	<u>2,026,867</u>	<u>2,389,824</u>
Deferred Inflows of Resources	<u>249,307</u>	<u>-</u>	<u>249,307</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	82,729	191,766	274,495
Public safety	619,608	-	619,608
Committed:			
Capital outlay and improvements	-	11,540,978	11,540,978
Assigned:			
Cooperative Extension programs	<u>10,533</u>	<u>-</u>	<u>10,533</u>
Total fund balances	<u>712,870</u>	<u>11,732,744</u>	<u>12,445,614</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,325,134</u>	<u>\$ 13,759,611</u>	<u>\$ 15,084,745</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, 2024**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Ad valorem taxes	\$ 6,747,118	\$ -	\$ 6,747,118
Restricted intergovernmental	132,310	1,872,281	2,004,591
Investment earnings	19,679	-	19,679
Total revenues	<u>6,899,107</u>	<u>1,872,281</u>	<u>8,771,388</u>
Expenditures:			
Current:			
General government	-	230,757	230,757
Public safety	12,008,599	3,501,517	15,510,116
Economic and physical development	16,523	401,664	418,187
Human services	-	1,829,152	1,829,152
Culture and recreation	-	571,616	571,616
Education	-	4,548,307	4,548,307
Total expenditures	<u>12,025,122</u>	<u>11,083,013</u>	<u>23,108,135</u>
Revenues over (under) expenditures	<u>(5,126,015)</u>	<u>(9,210,732)</u>	<u>(14,336,747)</u>
Other Financing Sources (Uses):			
Transfers in	5,122,233	10,915,161	16,037,394
Transfers out	-	(341,063)	(341,063)
Total other financing sources (uses)	<u>5,122,233</u>	<u>10,574,098</u>	<u>15,696,331</u>
Net change in fund balances	(3,782)	1,363,366	1,359,584
Fund Balances:			
Beginning of year, July 1	<u>716,652</u>	<u>10,369,378</u>	<u>11,086,030</u>
End of year, June 30	<u>\$ 712,870</u>	<u>\$ 11,732,744</u>	<u>\$ 12,445,614</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, 2024

	Fire Service District Fund	911 Emergency Telephone Fund	Cooperative Extension Fund	Total
Assets:				
Cash and cash equivalents	\$ 547,017	\$ 435,207	\$ 10,874	\$ 993,098
Taxes receivable (net)	249,307	-	-	249,307
Accounts receivable	-	16,409	60	16,469
Due from other governments	66,260	-	-	66,260
Total assets	<u>\$ 862,584</u>	<u>\$ 451,616</u>	<u>\$ 10,934</u>	<u>\$ 1,325,134</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	<u>\$ 359,865</u>	<u>\$ 2,751</u>	<u>\$ 341</u>	<u>\$ 362,957</u>
Deferred Inflows of Resources	<u>249,307</u>	<u>-</u>	<u>-</u>	<u>249,307</u>
Fund Balances:				
Restricted:				
Stabilization by state statute	66,260	16,409	60	82,729
Public safety	187,152	432,456	-	619,608
Assigned:				
Economic and physical development	-	-	10,533	10,533
Total fund balances	<u>253,412</u>	<u>448,865</u>	<u>10,593</u>	<u>712,870</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 862,584</u>	<u>\$ 451,616</u>	<u>\$ 10,934</u>	<u>\$ 1,325,134</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, 2024**

	Fire Service District Fund	911 Emergency Telephone Fund	Cooperative Extension Fund	Total
Revenues:				
Ad valorem taxes	\$ 6,747,118	\$ -	\$ -	\$ 6,747,118
Restricted intergovernmental	-	132,310	-	132,310
Program revenues	-	-	19,679	19,679
Total revenues	<u>6,747,118</u>	<u>132,310</u>	<u>19,679</u>	<u>6,899,107</u>
Expenditures:				
Public safety	11,842,635	165,964	-	12,008,599
Economic and physical development	-	-	16,523	16,523
Total expenditures	<u>11,842,635</u>	<u>165,964</u>	<u>16,523</u>	<u>12,025,122</u>
Revenues over (under) expenditures	(5,095,517)	(33,654)	3,156	(5,126,015)
Other Financing Sources (Uses):				
Transfers from (to):				
Transfers from General Fund	<u>5,122,233</u>	<u>-</u>	<u>-</u>	<u>5,122,233</u>
Net change in fund balances	26,716	(33,654)	3,156	(3,782)
Fund Balances:				
Beginning of year, July 1	<u>226,696</u>	<u>482,519</u>	<u>7,437</u>	<u>716,652</u>
End of year, June 30	<u>\$ 253,412</u>	<u>\$ 448,865</u>	<u>\$ 10,593</u>	<u>\$ 712,870</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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 6,897,502	\$ 6,747,118	\$ (150,384)
Expenditures:			
Public safety:			
Fire Districts:			
Pender Central	436,257	430,420	5,837
Maple Hill	387,966	387,966	-
Rocky Point	777,680	777,533	147
Shiloh	283,332	154,211	129,121
Penderlea	761,332	761,904	(572)
Atkinson	337,630	317,502	20,128
Northeast Pender	332,752	331,870	882
Scotts Hill	841,526	823,642	17,884
Long Creek	1,314,532	1,314,352	180
Hampstead	3,489,089	3,489,391	(302)
Sloop Point	3,037,629	3,038,178	(549)
Penderlea - Dublin Area	20,010	15,666	4,344
Total expenditures	<u>12,019,735</u>	<u>11,842,635</u>	<u>177,100</u>
Revenues over (under) expenditures	(5,122,233)	(5,095,517)	26,716
Other Financing Sources (Uses):			
Transfer from General Fund	<u>5,122,233</u>	<u>5,122,233</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	26,716	<u>\$ 26,716</u>
Fund Balance:			
Beginning of year, July 1		<u>226,696</u>	
End of year, June 30		<u>\$ 253,412</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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 2,675,065	\$ 132,310	\$ (2,542,755)
Expenditures:			
Travel	3,907	-	3,907
Training	9,000	2,424	6,576
Supplies & materials	12,000	240	11,760
Contracted services	130,159	130,223	(64)
Telecommunication service	24,000	16,329	7,671
Other equipment	12,000	10,875	1,125
Capital outlay	49,401	-	49,401
Grant expenditures	2,548,628	5,873	2,542,755
Total expenditures	<u>2,789,095</u>	<u>165,964</u>	<u>2,623,131</u>
Revenues over (under) expenditures	(114,030)	(33,654)	80,376
Other Financing Sources (Uses):			
Appropriated fund balance	<u>114,030</u>	<u>-</u>	<u>(114,030)</u>
Net change in fund balance	<u>\$ -</u>	<u>(33,654)</u>	<u>\$ (33,654)</u>
Fund Balance:			
Beginning of year, July 1		<u>482,519</u>	
End of year, June 30		<u>\$ 448,865</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		\$ 448,865	
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>(76,914)</u>	
Ending balance, PSAP revenue-expenditure report		<u>\$ 371,951</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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Program revenue	\$ 122,135	\$ 19,679	\$ (102,456)
Expenditures:			
Current:			
Supplies and materials	107,080	16,523	90,557
Contracted services	<u>6,716</u>	<u>-</u>	<u>6,716</u>
Total expenditures	<u>113,796</u>	<u>16,523</u>	<u>97,273</u>
Revenues over (under) expenditures	<u>8,339</u>	<u>3,156</u>	<u>(5,183)</u>
Other Financing Sources (Uses):			
Transfer from General Fund	438	-	(438)
Transfer to General Fund	<u>(8,777)</u>	<u>-</u>	<u>8,777</u>
Total other financing sources (uses)	<u>(8,339)</u>	<u>-</u>	<u>8,339</u>
Net change in fund balance	<u>\$ -</u>	<u>3,156</u>	<u>\$ 3,156</u>
Fund Balance:			
Beginning of year, July 1		<u>7,437</u>	
End of year, June 30		<u>\$ 10,593</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, 2024**

	Capital Improvements Fund	School Capital Projects Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ 11,683,319	\$ 1,782,880	\$ 13,466,199
Restricted cash	101,646	-	101,646
Due from other governments	191,766	-	191,766
Total assets	<u>\$ 11,976,731</u>	<u>\$ 1,782,880</u>	<u>\$ 13,759,611</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 597,834	\$ 1,327,387	\$ 1,925,221
Advances from grantors	101,646	-	101,646
Total liabilities	<u>699,480</u>	<u>1,327,387</u>	<u>2,026,867</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	191,766	-	191,766
Committed:			
Capital outlay and improvements	11,085,485	455,493	11,540,978
Total fund balances	<u>11,277,251</u>	<u>455,493</u>	<u>11,732,744</u>
Total liabilities and fund balances	<u>\$ 11,976,731</u>	<u>\$ 1,782,880</u>	<u>\$ 13,759,611</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, 2024**

	Capital Improvements Fund	School Capital Projects Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Restricted intergovernmental	\$ 1,872,281	\$ -	\$ 1,872,281
Expenditures:			
General government	230,757	-	230,757
Public safety	3,501,517	-	3,501,517
Economic and physical development	401,664	-	401,664
Human services	1,829,152	-	1,829,152
Culture and recreation	571,616	-	571,616
Education, schools	-	4,548,307	4,548,307
Total expenditures	<u>6,534,706</u>	<u>4,548,307</u>	<u>11,083,013</u>
Revenues over (under) expenditures	<u>(4,662,425)</u>	<u>(4,548,307)</u>	<u>(9,210,732)</u>
Other Financing Sources (Uses):			
Transfers from (to):			
General Fund	5,911,361	5,003,800	10,915,161
General Fund	(241,915)	-	(241,915)
Combined Sewer Fund	(99,148)	-	(99,148)
Total other financing sources (uses)	<u>5,570,298</u>	<u>5,003,800</u>	<u>10,574,098</u>
Net change in fund balances	907,873	455,493	1,363,366
Fund Balances:			
Beginning of year, June 30	<u>10,369,378</u>	<u>-</u>	<u>10,369,378</u>
End of year, July 1	<u>\$ 11,277,251</u>	<u>\$ 455,493</u>	<u>\$ 11,732,744</u>

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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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, 2024

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Emergency Management Grant	\$ 4,986,443	\$ 3,643,430	\$ 174,449	\$ 3,817,879	\$ (1,168,564)
Coastal Management Grant	-	7,500	-	7,500	7,500
Golden Leaf Foundation Grant	300,000	584,748	-	584,748	284,748
NC EM DRA Grant	2,078,848	2,460,682	-	2,460,682	381,834
OSBM DRA Grant	880,000	875,786	4,214	880,000	-
State Acquisition Reloc Fund	2,078,526	1,660,659	1	1,660,660	(417,866)
Agricultural Building Generator	50,000	50,000	-	50,000	-
NC Soil & Water Conservation Grant	516,422	206,785	26,688	233,473	(282,949)
USDA EWP Program Grant	815,331	622,379	192,952	815,331	-
NCEM HMGP Grant	2,900,283	2,905,783	(5,500)	2,900,283	-
Duke Energy rebate	46,090	46,090	-	46,090	-
Donations	-	140,420	-	140,420	140,420
NC Wildlife Grant	-	10,000	-	10,000	10,000
NCDPS Safety Grant	-	16,430	-	16,430	16,430
NCDA&CS Grant	357,888	320,714	8,862	329,576	(28,312)
NCDOT Grant	4,000,000	-	-	-	(4,000,000)
Governor's Crime Commission Grant	-	23,095	-	23,095	23,095
PARTF- Hampstead Kiwanis Park Phase 4	500,000	-	-	-	(500,000)
PARTF - Central Pender park	500,000	-	-	-	(500,000)
OSBM Grant - Emergency Management Mover Truck Grant	90,000	-	80,691	80,691	(9,309)
OSBM Grant - Pender EMS & Fire EMS Station 9	1,327,440	-	1,327,440	1,327,440	-
State Library - Hampstead Branch Library	62,484	-	62,484	62,484	-
Miscellaneous	102,697	92,278	-	92,278	(10,419)
Total revenues	21,592,452	13,666,779	1,872,281	15,539,060	(6,053,392)
Expenditures:					
Capital outlay:					
HVAC installation	1,190,649	1,190,650	-	1,190,650	(1)
Pender Memorial park	222,795	13,783	5,525	19,308	203,487
Hampstead sidewalk project	200,000	68,272	-	68,272	131,728
Hampstead Kiwanis park	-	214,875	-	214,875	(214,875)
Jail renovations	63,229,901	1,269,546	1,856,595	3,126,141	60,103,760
Courthouse renovations	11,282	-	-	-	11,282
Unified Development Ordinance	80,348	-	-	-	80,348
Library	147,093	147,093	-	147,093	-
Renovation probation	-	140,790	-	140,790	(140,790)
Comprehensive land use plan	-	42,500	-	42,500	(42,500)
Agricultural building generator	294,191	411,557	-	411,557	(117,366)
Public Safety Software	-	226,882	-	226,882	(226,882)
NC EM DRA Grant	1,916,450	1,726,075	-	1,726,075	190,375
OSBM DRA Grant	7,505,086	13,191,209	9,712	13,200,921	(5,695,835)
State Acquisition Reloc Fund	2,178,000	26,307	-	26,307	2,151,693
Golden Leaf	-	121,548	-	121,548	(121,548)
FEMA grants	7,933,279	8,185,559	236,791	8,422,350	(489,071)
NC Soil & Water Conservation Grant	1,331,752	829,164	219,640	1,048,804	282,948
NCDPS Safety Grant	-	16,430	-	16,430	(16,430)
NCDA&CS Grant	357,888	320,714	8,862	329,576	28,312
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, 2024

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Central warehouse	500,000	-	-	-	500,000
Penderlea community park	301,810	3,630	260,707	264,337	37,473
Investigative Technology Tools	-	23,095	-	23,095	(23,095)
PARTF- Hampstead Kiwanis Park Phase 4	3,766,662	3,382	36,692	40,074	3,726,588
PARTF - Central Pender park	4,803,725	-	164,840	164,840	4,638,885
DSS Building	49,000,000	238,281	1,829,152	2,067,433	46,932,567
Courthouse records storage facility	230,757	-	230,757	230,757	-
Abbey Nature preserve	360,000	-	19,102	19,102	340,898
Emergency Management Mover Truck Grant	90,000	-	80,691	80,691	9,309
Pender EMS & Fire EMS Station 9 Grant	1,327,440	-	1,327,440	1,327,440	-
Hampstead Branch Library	1,129,000	-	84,750	84,750	1,044,250
Pender Commerce Park Road Improvements	163,450	-	163,450	163,450	-
Total expenditures	<u>152,271,558</u>	<u>28,411,342</u>	<u>6,534,706</u>	<u>34,946,048</u>	<u>117,325,510</u>
Revenues under expenditures	<u>(130,679,106)</u>	<u>(14,744,563)</u>	<u>(4,662,425)</u>	<u>(19,406,988)</u>	<u>111,272,118</u>
Other Financing Sources (Uses):					
Loan proceeds	108,378,241	1,292,891	-	1,292,891	(107,085,350)
Premium on LOB's	94,611	108,430	-	108,430	13,819
Bond issuance cost	(40,652)	(23,682)	-	(23,682)	16,970
Insurance proceeds	686,595	716,595	-	716,595	30,000
Transfers to General Fund	(4,480,230)	(375,873)	(241,915)	(617,788)	3,862,442
Transfers from General Fund	25,639,689	23,346,014	5,911,361	29,257,375	3,617,686
Transfers to Combined Sewer Fund	(99,148)	-	(99,148)	(99,148)	-
Transfers from Combined Water Fund	500,000	500,000	-	500,000	-
Total other financing sources (uses)	<u>130,679,106</u>	<u>25,564,375</u>	<u>5,570,298</u>	<u>31,134,673</u>	<u>(99,544,433)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 10,819,812</u>	<u>907,873</u>	<u>\$ 11,727,685</u>	<u>\$ 11,727,685</u>
Fund Balances:					
Beginning of year, June 30			<u>10,369,378</u>		
End of year, July 1			<u>\$ 11,277,251</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, 2024

	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
New K-8 School	22,008,800	-	4,548,307	4,548,307	17,460,493
Bond closing costs	785,701	629,974	-	629,974	155,727
Total expenditures	<u>105,411,731</u>	<u>83,172,931</u>	<u>4,548,307</u>	<u>87,721,238</u>	<u>17,690,493</u>
Revenues under expenditures	<u>(104,496,828)</u>	<u>(82,157,713)</u>	<u>(4,548,307)</u>	<u>(86,706,020)</u>	<u>17,790,808</u>
Other Financing Sources (Uses):					
Transfers from (to):					
General Fund	27,883,800	5,875,000	5,003,800	10,878,800	(17,005,000)
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>104,496,828</u>	<u>82,387,713</u>	<u>5,003,800</u>	<u>87,391,513</u>	<u>(17,105,315)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 230,000</u>	455,493	<u>\$ 685,493</u>	<u>\$ 685,493</u>
Fund Balance:					
Beginning of year, June 30			<u>-</u>		
End of year, July 1			<u>\$ 455,493</u>		

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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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Landfill fees	\$ 1,950,000	\$ 2,124,749	\$ 174,749
User fees	4,639,934	4,882,337	242,403
Recycling	212,000	159,704	(52,296)
Miscellaneous	<u>40,000</u>	<u>69,603</u>	<u>29,603</u>
Total operating revenues	<u>6,841,934</u>	<u>7,236,393</u>	<u>394,459</u>
Non-operating revenues:			
Solid waste disposal tax	53,000	57,988	4,988
White goods	14,000	-	(14,000)
Scrap tire	120,000	124,713	4,713
Reimbursement from schools	<u>240,000</u>	<u>320,124</u>	<u>80,124</u>
Total non-operating revenues	<u>427,000</u>	<u>502,825</u>	<u>75,825</u>
Total revenues	<u>7,268,934</u>	<u>7,739,218</u>	<u>470,284</u>
Expenditures:			
Operating expenditures:			
Salaries and employee benefits	588,732	559,912	28,820
Other operating expenditures	6,466,123	6,135,705	330,418
Principal	30,170	30,170	-
Interest	7,054	7,054	-
Capital outlay	<u>176,855</u>	<u>33,015</u>	<u>143,840</u>
Total expenditures	<u>7,268,934</u>	<u>6,765,856</u>	<u>503,078</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 973,362</u>	<u>\$ 973,362</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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues over (under) expenditures		\$ 973,362	
Change in deferred outflows - OPEB		(11,435)	
Change in total OPEB liability		(11,523)	
Change in deferred inflows - OPEB		23,985	
Change in deferred outflows - pension		1,677	
Change in net pension liability		(26,649)	
Change in deferred inflows - pension		(6,462)	
Change in compensated absences		1,820	
Principal payments		30,170	
Change in accrued interest payable		63	
Capital outlay		33,015	
Depreciation		(152,889)	
Change in net position, full accrual basis		<u>\$ 855,134</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, 2024

	<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>585,579</u>	<u>-</u>	<u>585,579</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 42,810</u>	<u>\$ -</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
System development fees	\$ 2,650,000	\$ 3,425,852	\$ 775,852
Sewer fees	728,000	476,347	(251,653)
Other fees	62,000	28,082	(33,918)
Miscellaneous revenues	-	1,684	1,684
Investment income	-	12,476	12,476
Total revenues	<u>3,440,000</u>	<u>3,944,441</u>	<u>504,441</u>
Expenditures:			
Wastewater Operations:			
Salaries and employee benefits	67,191	66,184	1,007
Contracted services	22,000	20,024	1,976
Operating expenditures	165,082	207,799	(42,717)
Capital outlay	<u>203,148</u>	<u>43,107</u>	<u>160,041</u>
Total	<u>457,421</u>	<u>337,114</u>	<u>120,307</u>
Wastewater Treatment Plant:			
Salaries and employee benefits	226,504	226,876	(372)
Operating expenditures	437,690	331,865	105,825
Capital outlay	6,250	6,250	-
Debt service payments:			
Principal	876,576	876,576	-
Interest	<u>508,904</u>	<u>496,244</u>	<u>12,660</u>
Total	<u>2,055,924</u>	<u>1,937,811</u>	<u>118,113</u>
Contingency	<u>61,419</u>	<u>-</u>	<u>61,419</u>
Total expenditures	<u>2,574,764</u>	<u>2,274,925</u>	<u>299,839</u>
Revenues over (under) expenditures	<u>865,236</u>	<u>1,669,516</u>	<u>804,280</u>
Other Financing Sources (Uses):			
Transfers in (out):			
Combined Water Fund	(1,751,038)	(1,751,038)	-
Combined Water Fund	786,654	-	(786,654)
Capital Improvement Fund	<u>99,148</u>	<u>99,148</u>	<u>-</u>
Total other financing sources (uses)	<u>(865,236)</u>	<u>(1,651,890)</u>	<u>(786,654)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 17,626</u>	<u>\$ 17,626</u>

PENDER COUNTY, NORTH CAROLINA

**COMBINED SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024**

	<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		\$ 17,626	
Depreciation and amortization		(858,936)	
Capital outlay expenditures		49,357	
Long-term debt repayments		876,576	
Change in compensated absences		(747)	
Change in accrued interest payable		9,259	
Change in deferred outflows - OPEB		(5,145)	
Change in total OPEB liability		(5,185)	
Change in deferred inflows - OPEB		10,793	
Change in deferred outflows - pension		754	
Change in net pension liability		(11,993)	
Change in deferred inflows - pension		(2,908)	
Change in net position, full accrual basis		<u>\$ 79,451</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, 2024

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
State Reserve Project Grant	\$ 514,044	\$ 380,040	\$ -	\$ 380,040	\$ (134,004)
Miscellaneous revenues	-	4,880	-	4,880	4,880
Total revenues	<u>514,044</u>	<u>384,920</u>	<u>-</u>	<u>384,920</u>	<u>(129,124)</u>
Expenditures:					
Capital outlay	494,558	352,078	-	352,078	142,480
Contract services	178,492	152,449	-	152,449	26,043
Bond closing costs	-	8,382	-	8,382	(8,382)
Total expenditures	<u>673,050</u>	<u>512,909</u>	<u>-</u>	<u>512,909</u>	<u>160,141</u>
Revenues over (under) expenditures	<u>(159,006)</u>	<u>(127,989)</u>	<u>-</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>119,186</u>	<u>-</u>	<u>119,186</u>	<u>(39,820)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (8,803)</u>	<u>\$ -</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, 2024

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
EDA/DEL Lab Grant	\$ 503,746	\$ -	\$ -	\$ -	\$ (503,746)
Expenditures:					
Capital outlay	574,602	-	417,417	417,417	157,185
Contract services	107,060	12,287	5,193	17,480	89,580
Total expenditures	681,662	12,287	422,610	434,897	246,765
Revenues over (under) expenditures	(177,916)	(12,287)	(422,610)	(434,897)	(256,981)
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	\$ (422,610)	\$ (256,981)	\$ (256,981)

PENDER COUNTY, NORTH CAROLINA

COMBINED WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Water fees	\$ 8,300,000	\$ 7,655,811	\$ (644,189)
Connections fees - water	700,000	668,378	(31,622)
Other fees	167,710	161,043	(6,667)
Miscellaneous revenues	-	12,740	12,740
Investment income	200	11,131	10,931
Total revenues	<u>9,167,910</u>	<u>8,509,103</u>	<u>(658,807)</u>
Expenditures:			
Water Operations:			
Salaries and employee benefits	1,708,830	1,671,484	37,346
Contracted services	932,260	494,439	437,821
Water purchases	360,000	386,361	(26,361)
Other operating expenditures	1,463,058	1,334,268	128,790
Capital outlay	<u>20,121,465</u>	<u>11,070,738</u>	<u>9,050,727</u>
Total	<u>24,585,613</u>	<u>14,957,290</u>	<u>9,628,323</u>
Water Treatment Plant:			
Salaries and employee benefits	513,959	460,454	53,505
Contracted services	114,500	111,984	2,516
Water purchases	245,032	245,752	(720)
Other operating expenditures	980,024	927,097	52,927
Capital outlay	66,546	66,546	-
Debt service payments:			
Principal	2,048,577	1,463,157	585,420
Interest	2,043,696	1,305,565	738,131
Total	<u>6,012,334</u>	<u>4,580,555</u>	<u>1,431,779</u>
Total expenditures	<u>30,597,947</u>	<u>19,537,845</u>	<u>11,060,102</u>
Revenues over (under) expenditures	<u>(21,430,037)</u>	<u>(11,028,742)</u>	<u>10,401,295</u>
Other Financing Sources (Uses)			
Transfers in (out):			
Scotts Hill Elevated Tank & Wells Project Fund	5,600,740	5,600,740	-
Rocky Point/Topsail Water Treatment Plant Upgrade CPF	(1,289,990)	(1,289,990)	-
Capital Improvements Fund - Capital Project Fund	(3,500,000)	-	3,500,000
US 421 Water & Sewer Expansion Capital Project Fund	(1,025,000)	(1,025,000)	-
Combined Sewer Fund	964,384	1,751,038	786,654
Sale of capital assets	-	16,200	16,200
Debt issued	11,650,000	-	(11,650,000)
Appropriated fund balance	9,029,903	-	(9,029,903)
Total other financing sources (uses)	<u>21,430,037</u>	<u>5,052,988</u>	<u>(16,377,049)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (5,975,754)</u>	<u>\$ (5,975,754)</u>

PENDER COUNTY, NORTH CAROLINA

COMBINED WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024

	<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		\$ (5,975,754)	
Change in deferred outflows - OPEB		(36,590)	
Change in total OPEB liability		(36,872)	
Change in deferred inflows - OPEB		76,753	
Change in deferred outflows - pension		5,364	
Change in net pension liability		(85,280)	
Change in deferred inflows - pension		(20,680)	
Principal payments		1,463,157	
Gain (loss) on retirement/transfer of assets		(9,000)	
Change in compensated absences		(2,213)	
Change in accrued interest payable		217,730	
Capital outlay		11,137,284	
Capital Project Fund expenditures not capitalized (bond issuance costs)		(263,740)	
Capital Project Fund revenues		28,112	
Transfers from ARPA Fund		129,469	
Transfers from Scotts Hill Elevated Tank & Wells Project Fund		(5,600,740)	
Transfers Rocky Point/Topsail Water Treatment Plant Upgrade CPF		1,289,990	
Transfers US 421 Water & Sewer Expansion Capital Project Fund		1,025,000	
Depreciation and amortization		<u>(2,923,501)</u>	
Change in net position, full accrual basis		<u>\$ 418,489</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, 2024

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Miscellaneous revenues	\$ -	\$ 266,186	\$ 16,869	\$ 283,055	\$ 283,055
Expenditures:					
Contract services	2,635,734	771,420	779,256	1,550,676	1,085,058
Construction	12,067,000	4,548,575	6,436,360	10,984,935	1,082,065
Total expenditures	14,702,734	5,319,995	7,215,616	12,535,611	2,167,123
Revenues over (under) expenditures	(14,702,734)	(5,053,809)	(7,198,747)	(12,252,556)	2,450,178
Other Financing Sources (Uses):					
Transfer in (out):					
Combined Water Fund	7,418,420	7,418,420	-	7,418,420	-
Combined Water Fund	(6,221,484)	-	(5,600,740)	(5,600,740)	620,744
ASADRA loan proceeds	11,555,740	-	-	-	(11,555,740)
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	(34,942)	(23,536)	(263,740)	(287,276)	(252,334)
Total other financing sources (uses)	14,702,734	9,394,696	(5,864,480)	3,530,216	(11,172,518)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 4,340,887	\$ (13,063,227)	\$ (8,722,340)	\$ (8,722,340)

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, 2024

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Miscellaneous revenues	\$ -	\$ -	\$ 8,225	\$ 8,225	\$ 8,225
Expenditures:					
Contract services	20,035,590	1,315,504	1,864,679	3,180,183	16,855,407
Construction	58,608,106	56,543	120,463	177,006	58,431,100
Total expenditures	78,643,696	1,372,047	1,985,142	3,357,189	75,286,507
Revenues over (under) expenditures	(78,643,696)	(1,372,047)	(1,976,917)	(3,348,964)	75,294,732
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	17,863,696	2,500,320	1,289,990	3,790,310	14,073,386
Total other financing sources (uses)	78,643,696	2,500,320	1,289,990	3,790,310	74,853,386
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,128,273	\$ (686,927)	\$ 441,346	\$ 441,346

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, 2024

	<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	139,165	77,215	216,380	40,520
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>139,165</u>	<u>77,215</u>	<u>216,380</u>	<u>1,308,620</u>
Revenues over (under) expenditures	(400,000)	(139,165)	(77,215)	(216,380)	183,620
Other Financing Sources (Uses):					
Transfer in (out):					
Combined Water Fund	<u>400,000</u>	<u>325,000</u>	<u>-</u>	<u>325,000</u>	<u>(75,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 185,835</u>	<u>\$ (77,215)</u>	<u>\$ 108,620</u>	<u>\$ 108,620</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, 2024

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Connection fees	\$ 78,100	\$ -	\$ -	\$ -	\$ (78,100)
USDA Rural Development Grant	3,467,432	-	-	-	(3,467,432)
SEDC grant	10,000	10,000	-	10,000	-
Southeastern Partnership Grant	262,000	262,000	-	262,000	-
Miscellaneous revenues	-	7,527	3,018	10,545	10,545
Total revenues	<u>3,817,532</u>	<u>279,527</u>	<u>3,018</u>	<u>282,545</u>	<u>(3,534,987)</u>
Expenditures:					
Contract services	2,135,200	640,464	173,223	813,687	1,321,513
Administration costs	31,012	-	-	-	31,012
Capacity fees	2,519,335	-	-	-	2,519,335
Environmental permits	6,500	-	-	-	6,500
Meters	102,000	-	-	-	102,000
Construction	20,937,150	311,184	55,165	366,349	20,570,801
Land easements	8,000	8,000	-	8,000	-
Contingency	138,600	-	-	-	138,600
Debt service:					
Principal	5,281,000	-	-	-	5,281,000
Interest	110,301	-	-	-	110,301
Total expenditures	<u>31,269,098</u>	<u>959,648</u>	<u>228,388</u>	<u>1,188,036</u>	<u>30,081,062</u>
Revenues over (under) expenditures	<u>(27,451,566)</u>	<u>(680,121)</u>	<u>(225,370)</u>	<u>(905,491)</u>	<u>26,546,075</u>
Other Financing Sources (Uses):					
USDA Rural Development revenue bond proceeds	5,281,000	-	-	-	5,281,000
Bond Anticipation note proceeds	5,281,000	-	-	-	5,281,000
Transfer in (out):					
ARPA Fund	15,748,666	680,122	129,469	809,591	14,939,075
Combined Water Fund	1,140,900	115,900	1,025,000	1,140,900	-
Total other financing sources (uses)	<u>27,451,566</u>	<u>796,022</u>	<u>1,154,469</u>	<u>1,950,491</u>	<u>25,501,075</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 115,901</u>	<u>\$ 929,099</u>	<u>\$ 1,045,000</u>	<u>\$ 1,045,000</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, 2024

	Section 8 Admin. Fund	Country Court Apartments Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 190,910	\$ -	\$ 190,910
Accounts receivable, net	2,325	-	2,325
Restricted cash	13,910	-	13,910
Total current assets	<u>207,145</u>	<u>-</u>	<u>207,145</u>
Non-current assets:			
Capital assets:			
Subscription assets, net of amortization	15,657	-	15,657
Total assets	<u>222,802</u>	<u>-</u>	<u>222,802</u>
Deferred Outflows of Resources:			
OPEB deferrals	20,077	-	20,077
Pension deferrals	49,952	-	49,952
Total deferred outflows of resources	<u>70,029</u>	<u>-</u>	<u>70,029</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	3,727	-	3,727
Accrued interest payable	296	-	296
Compensated absences liability - current	4,298	-	4,298
Subscription liabilities - current	14,601	-	14,601
Total current liabilities	<u>22,922</u>	<u>-</u>	<u>22,922</u>
Non-current liabilities:			
Compensated absences liability	4,298	-	4,298
Other post-employment benefit liability	53,321	-	53,321
Net pension liability	95,148	-	95,148
Total non-current liabilities	<u>152,767</u>	<u>-</u>	<u>152,767</u>
Total liabilities	<u>175,689</u>	<u>-</u>	<u>175,689</u>
Deferred Inflows of Resources:			
Pension deferrals	2,667	-	2,667
OPEB deferrals	52,014	-	52,014
Total deferred inflows of resources	<u>54,681</u>	<u>-</u>	<u>54,681</u>
Net Position:			
Net investment in capital assets	1,056	-	1,056
Restricted for HUD Section 8 housing	13,910	-	13,910
Unrestricted	47,495	-	47,495
Total net position	<u>\$ 62,461</u>	<u>\$ -</u>	<u>\$ 62,461</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, 2024**

	Section 8 Admin. Fund	Country Court Apartments Fund	Total
Operating Revenues:			
Other operating revenues	\$ 124,127	\$ -	\$ 124,127
Operating Expenses:			
Salaries and benefits	207,121	-	207,121
Housing assistance payments	1,001,560	-	1,001,560
Operating expenses	129,540	-	129,540
Contracted services	9,387	-	9,387
Depreciation and amortization	14,686	-	14,686
Total operating expenses	<u>1,362,294</u>	<u>-</u>	<u>1,362,294</u>
Operating income (loss)	<u>(1,238,167)</u>	<u>-</u>	<u>(1,238,167)</u>
Non-Operating Revenues (Expenses):			
Interest income	132	-	132
Restricted intergovernmental	1,110,295	-	1,110,295
Fraud recovery	12,114	-	12,114
Interest and other charges	(932)	-	(932)
Total non-operating revenues (expenses)	<u>1,121,609</u>	<u>-</u>	<u>1,121,609</u>
Income (loss) before transfers	<u>(116,558)</u>	<u>-</u>	<u>(116,558)</u>
Transfers in	105,334	-	105,334
Transfers out	-	(139,141)	(139,141)
Total transfers in (out)	<u>105,334</u>	<u>(139,141)</u>	<u>(33,807)</u>
Change in net position	(11,224)	(139,141)	(150,365)
Net Position:			
Beginning of year, July 1	<u>73,685</u>	<u>139,141</u>	<u>212,826</u>
End of year, June 30	<u>\$ 62,461</u>	<u>\$ -</u>	<u>\$ 62,461</u>

PENDER COUNTY, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Section 8 Admin. Fund	Country Court Apartments Fund	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 121,802	\$ -	\$ 121,802
Payments to customers and suppliers	(1,151,427)	-	(1,151,427)
Payments to employees	(183,962)	-	(183,962)
Net cash provided (used) by operating activities	<u>(1,213,587)</u>	<u>-</u>	<u>(1,213,587)</u>
Cash Flows From Capital and Related Financing Activities:			
Repayment of debt	(14,363)	-	(14,363)
Interest paid and issuance costs	(1,223)	-	(1,223)
Net cash provided (used) by capital and related financing activities	<u>(15,586)</u>	<u>-</u>	<u>(15,586)</u>
Cash Flows From Non-Capital Financing Activities:			
State and federal grants	1,110,295	-	1,110,295
Miscellaneous revenues	12,114	-	12,114
Advances to and from other funds	(6,025)	578	(5,447)
Transfers in (out)	105,334	(139,141)	(33,807)
Net cash provided (used) by non-capital financing activities	<u>1,221,718</u>	<u>(138,563)</u>	<u>1,083,155</u>
Cash Flows from Investing Activities:			
Interest income	132	-	132
Net decrease in cash and cash equivalents	(7,323)	(138,563)	(145,886)
Cash and Cash Equivalents:			
Beginning of year, July 1	212,143	138,563	350,706
End of year, June 30	<u>\$ 204,820</u>	<u>\$ -</u>	<u>\$ 204,820</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (1,238,167)	\$ -	\$ (1,238,167)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	14,686	-	14,686
Change in assets and liabilities:			
(Increase) decrease accounts receivable	(2,325)	-	(2,325)
Increase (decrease) accounts payable and accrued expenses	1,424	-	1,424
Increase (decrease) compensated absences	152	-	152
Increase (decrease) OPEB	4,033	-	4,033
(Increase) in deferred outflows of resources for OPEB	4,002	-	4,002
Increase (decrease) in deferred inflows of resources for OPEB	(8,395)	-	(8,395)
(Increase) in deferred outflows of resources for pensions	(587)	-	(587)
Increase (decrease) in net pension liability	9,328	-	9,328
Increase (decrease) in deferred inflows of resources for pensions	2,262	-	2,262
Net cash provided (used) by operating activities	<u>\$ (1,213,587)</u>	<u>\$ -</u>	<u>\$ (1,213,587)</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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental - HUD	\$ 1,140,000	\$ 1,110,295	\$ (29,705)
Miscellaneous revenues	124,528	124,127	(401)
Fraud recovery	5,355	12,114	6,759
Investment income	109	132	23
Total revenues	<u>1,269,992</u>	<u>1,246,668</u>	<u>(23,324)</u>
Expenditures:			
Salaries and benefits	198,934	196,326	2,608
Housing assistance payments	1,020,000	1,001,560	18,440
Contracted services	9,864	9,387	477
Operating expenditures	130,942	129,540	1,402
Debt service payments:			
Principal	14,363	14,363	-
Interest	1,223	1,223	-
Total expenditures	<u>1,375,326</u>	<u>1,352,399</u>	<u>22,927</u>
Revenues over (under) expenditures	(105,334)	(105,731)	(397)
Other Financing Sources (Uses):			
Transfers in (out):			
General Fund	105,334	105,334	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (397)</u>	<u>\$ (397)</u>

**Reconciliation of Budgetary Basis (Modified Accrual)
to Full Accrual Basis:**

Revenues and other financing sources over (under) expenditures and other financing uses	\$ (397)
Depreciation and amortization	(14,686)
Principal payments	14,363
Change in accrued interest payable	291
Change in compensated absences	(152)
Change in deferred outflows - OPEB	(4,002)
Change in total OPEB liability	(4,033)
Change in deferred inflows - OPEB	8,395
Change in deferred outflows - pension	587
Change in net pension liability	(9,328)
Change in deferred inflows - pension	(2,262)
Change in net position, full accrual basis	<u>\$ (11,224)</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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers in (out):			
General Fund	\$ (139,141)	\$ (139,141)	\$ -
Fund balance appropriated	<u>139,141</u>	<u>-</u>	<u>(139,141)</u>
Total other financing sources (uses)	<u>-</u>	<u>(139,141)</u>	<u>(139,141)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (139,141)</u>	<u>\$ (139,141)</u>
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Change in net position, full accrual basis		<u>\$ (139,141)</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, 2024

	<u>Municipal Tax Collections</u>	<u>Jail Inmate Fund</u>	<u>Total Custodial Funds</u>
Assets:			
Cash and cash equivalents	\$ 27,876	\$ 52,653	\$ 80,529
Receivables, net	<u>119,084</u>	<u>-</u>	<u>119,084</u>
Total assets	<u>146,960</u>	<u>52,653</u>	<u>199,613</u>
Liabilities:			
Accounts payable and accrued liabilities	<u>100,007</u>	<u>-</u>	<u>100,007</u>
Net Position:			
Restricted for:			
Individuals, organizations and other governments	<u>\$ 46,953</u>	<u>\$ 52,653</u>	<u>\$ 99,606</u>

PENDER COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Municipal Tax Collections</u>	<u>Jail Inmate Fund</u>	<u>Total Custodial Funds</u>
Additions:			
Ad valorem taxes for other governments	\$ 2,438,282	\$ -	\$ 2,438,282
Collections on behalf of inmates	-	170,288	170,288
Total additions	<u>2,438,282</u>	<u>170,288</u>	<u>2,608,570</u>
Deductions:			
Tax distributions to other governments	2,457,901	-	2,457,901
Payments on behalf of inmates	-	182,938	182,938
Total deductions	<u>2,457,901</u>	<u>182,938</u>	<u>2,640,839</u>
Net change in fiduciary net position	(19,619)	(12,650)	(32,269)
Net Position:			
Net position - beginning	<u>66,572</u>	<u>65,303</u>	<u>131,875</u>
Net Position - Ending	<u>\$ 46,953</u>	<u>\$ 52,653</u>	<u>\$ 99,606</u>

OTHER SCHEDULES

- 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
 - Balance Sheet – Unaudited – Water & Sewer Districts Allocations
 - Statement of Revenues, Expenditures, and Changes in Net Position – Unaudited – Water & Sewer Districts Allocations
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PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

GENERAL FUND

JUNE 30, 2024

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2023</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2024</u>
2023-24	\$ -	\$ 70,822,558	\$ 69,361,962	\$ 1,460,596
2022-23	1,860,732	-	1,240,089	620,643
2021-22	939,756	-	471,733	468,023
2020-21	381,183	-	145,441	235,742
2019-20	286,495	-	104,813	181,682
2018-19	137,252	-	29,722	107,530
2017-18	75,464	-	14,164	61,300
2016-17	61,386	-	9,501	51,885
2015-16	44,714	-	5,994	38,720
2014-15	25,503	-	4,289	21,214
2013-14	63,401	-	63,401	-
Total	<u>\$ 3,875,886</u>	<u>\$ 70,822,558</u>	<u>\$ 71,451,109</u>	<u>3,247,335</u>
Less allowance for uncollectible accounts:				
General Fund				<u>930,180</u>
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 2,317,155</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 71,879,461
Reconciling items:				
Penalties and interest				(640,396)
Miscellaneous				<u>212,044</u>
Total collections and credits				<u>\$ 71,451,109</u>

PENDER COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2024

	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	\$ 8,642,165,289	\$ 0.7375	\$ 63,735,969	\$ 63,735,969	\$ -
Vehicle taxes collected by DMV	<u>967,920,457</u>	0.7375	<u>7,138,413</u>	<u>-</u>	<u>7,138,413</u>
Total	<u>9,610,085,746</u>		<u>70,874,382</u>	<u>63,735,969</u>	<u>7,138,413</u>
Discoveries:					
Current year taxes	<u>1,177,100</u>	0.7375	<u>8,681</u>	<u>8,681</u>	<u>-</u>
Abatements:					
Current year taxes	<u>(8,204,085)</u>	0.7375	<u>(60,505)</u>	<u>(60,505)</u>	<u>-</u>
Total property valuation	<u>\$ 9,603,058,761</u>				
Net Levy			70,822,558	63,684,145	7,138,413
Uncollected taxes at June 30, 2024			<u>1,460,596</u>	<u>1,460,596</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 69,361,962</u>	<u>\$ 62,223,549</u>	<u>\$ 7,138,413</u>
Current Levy Collection Percentage			<u>97.94%</u>	<u>97.71%</u>	<u>100.00%</u>

PENDER COUNTY, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY
SECONDARY MARKET DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2024****Assessed Valuation:**

Assessment ratio	<u>100%</u>
Real property	\$ 8,141,962,180
Personal property	1,325,750,017
Public service companies	<u>135,346,564</u>
Total assessed valuation	<u>\$ 9,603,058,761</u>
Tax rate per \$100	<u>\$ 0.7375</u>
Levy (includes discoveries, releases and abatements)	<u>\$ 70,822,558</u>
<p>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:</p>	
Fire and rescue districts	<u>\$ 15,804,712</u>

PENDER COUNTY, NORTH CAROLINA**TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Taxpayers</u>	<u>Type of Business</u>	<u>2023 Assessed Valuation</u>	<u>% of Total Valuation</u>
Duke Energy Progress Inc	Utility	\$ 70,018,670	0.81%
Crooked Run Solar LLC	Engineering	28,396,284	0.33%
Southwood Surf City LLC	Residential Development	26,781,501	0.31%
Tamarack Timber Co NC LLC	Timber Land Management	25,546,115	0.30%
Four County EMC	Utility	22,919,736	0.27%
LL Building Products Inc	Manufacturing	19,159,787	0.22%
HM Bend LLC	Development	16,674,456	0.19%
Blake Farm Apartments LLC	Residential Development	16,418,522	0.19%
Filmwerkrs LLC	Film Industry	16,010,667	0.19%
Weyerhaeuser Company	Timber Land Management	11,882,905	0.14%
		<u>\$ 253,808,643</u>	<u>2.94%</u>

PENDER COUNTY, NORTH CAROLINA**DISCRETELY PRESENTED COMPONENT UNIT
PENDER TOURISM DEVELOPMENT AUTHORITY
BALANCE SHEET
JUNE 30, 2024****Assets:**

Cash and cash equivalents	\$ 68,364
Accounts receivable	901
Total assets	<u>\$ 69,265</u>

Liabilities and Fund Balance:**Liabilities:**

Accounts payable and accrued liabilities	<u>\$ 1,784</u>
--	-----------------

Fund Balance:

Restricted for:	
Stabilization by state statute	901
Tourism promotion	<u>66,580</u>
Total fund balance	<u>67,481</u>

Total liabilities and fund balance	<u>\$ 69,265</u>
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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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Occupancy tax revenues	\$ 55,000	\$ 43,925	\$ (11,075)
Expenditures:			
Promotions	94,622	95,248	(626)
Operating expenditures	<u>378</u>	<u>377</u>	<u>1</u>
Total expenditures	<u>95,000</u>	<u>95,625</u>	<u>(625)</u>
Revenues over (under) expenditures	(40,000)	(51,700)	(10,450)
Other Financing Sources (uses):			
Fund balance appropriated	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>
Net change in fund balance	<u>\$ -</u>	(51,700)	<u>\$ (51,700)</u>
Fund Balance:			
Beginning of year, July 1		<u>119,181</u>	
End of year, June 30		<u>\$ 67,481</u>	

PENDER COUNTY, NORTH CAROLINA

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
PUBLIC HOUSING PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2024

Line Item	Account Description	Housing Choice Vouchers 14.871	CARES Act Funding 14.HCC	Total
Assets:				
Current Assets Cash:				
111	Cash - unrestricted	\$ 36,659	\$ -	\$ 36,659
113	Cash - other restricted	7,049	6,861	13,910
100	Total cash	<u>43,708</u>	<u>6,861</u>	<u>50,569</u>
290	Total Assets and Deferred Outflows of Resources	<u>\$ 43,708</u>	<u>\$ 6,861</u>	<u>\$ 50,569</u>
Liabilities and Equity:				
Liabilities:				
300	Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Equity:				
511.1	Restricted net position	7,049	6,861	13,910
512.1	Unrestricted net position	36,659	-	36,659
513	Total equity - net assets/position	<u>43,708</u>	<u>6,861</u>	<u>50,569</u>
600	Total liabilities and equity - net assets/position	<u>\$ 43,708</u>	<u>\$ 6,861</u>	<u>\$ 50,569</u>
Revenues:				
70600	HUD PHA operating grants	\$ 989,702	\$ -	\$ 989,702
70710	Management fee	120,593	-	120,593
71100	Investment income - unrestricted	132	-	132
71400	Fraud recovery	12,114	-	12,114
71500	Other revenue	856	-	856
70000	Total revenues	<u>1,123,397</u>	<u>-</u>	<u>1,123,397</u>
Expenses:				
Administrative:				
91900	Other	120,593	-	120,593
91000	Total operating - administrative	<u>120,593</u>	<u>-</u>	<u>120,593</u>
Tenant services:				
97000	Excess of operating revenues over expenditures	<u>1,002,804</u>	<u>-</u>	<u>1,002,804</u>
97300	Housing assistance payments	1,001,560	-	1,001,560
90000	Total expenses	<u>1,122,153</u>	<u>-</u>	<u>1,122,153</u>
10000	Excess (deficiency) of total revenue over (under) total expenses	1,244	-	1,244
Memo Account Information:				
11030	Beginning equity	42,464	6,861	49,325
	Ending equity	<u>\$ 43,708</u>	<u>\$ 6,861</u>	<u>\$ 50,569</u>
11180	Housing assistance payments equity	<u>\$ 43,708</u>	<u>\$ 6,861</u>	<u>\$ 50,569</u>

PENDER COUNTY, NORTH CAROLINA

**BALANCE SHEET - UNAUDITED
WATER & SEWER DISTRICTS ALLOCATIONS
JUNE 30, 2024**

	Moore's Creek Water & Sewer District	Central Pender Water & Sewer District
	<u> </u>	<u> </u>
Assets:		
Accounts receivable, net	\$ 46,839	\$ 7,818
Restricted cash	14,600	3,200
Capital assets, net	<u>7,659,859</u>	<u>9,273,651</u>
Total assets	<u>\$ 7,721,298</u>	<u>\$ 9,284,669</u>
Liabilities:		
Customer deposits payable with restricted assets	\$ 14,600	\$ 3,200
Premium on general obligation bonds	11,809	14,545
General obligation bonds payable	<u>4,662,000</u>	<u>5,343,000</u>
Total liabilities	<u>4,688,409</u>	<u>5,360,745</u>
Net Position:		
Net investment in capital assets	2,986,050	3,916,106
Unrestricted	<u>46,839</u>	<u>7,818</u>
Total net position	<u>3,032,889</u>	<u>3,923,924</u>
Total liabilities and net position	<u>\$ 7,721,298</u>	<u>\$ 9,284,669</u>

PENDER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - UNAUDITED WATER & SEWER DISTRICTS ALLOCATIONS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Moore's Creek Water & Sewer District</u>	<u>Central Pender Water & Sewer District</u>
Revenues:		
Operating revenues	\$ 190,053	\$ 102,302
Expenditures:		
Operating expenditures	129,137	84,889
Debt service payments:		
Principal	108,000	123,000
Interest	89,438	102,488
Total expenditures	<u>326,575</u>	<u>310,377</u>
Revenues over (under) expenditures	(136,522)	(208,075)
Other Financing Sources (Uses):		
Contribution from (to) Utilities	<u>4,655</u>	<u>157,996</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(131,867)</u>	<u>(50,079)</u>
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:		
Bond principal	108,000	123,000
Depreciation	(233,646)	(567,844)
Amortization	<u>909</u>	<u>1,119</u>
Change in net position, full accrual basis	(256,604)	(493,804)
Net Position:		
Beginning of year, July 1	<u>3,289,493</u>	<u>4,417,728</u>
End of year, June 30	<u>\$ 3,032,889</u>	<u>\$ 3,923,924</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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 13, 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 compliance and other matters associated with the Pender County ABC Board or that are reported on separately by those auditors who audited the financial statements of 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 2024-001 and 2024-002 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 2024-001 and 2024-002.

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
December 13, 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, 2024. 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, 2024.

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 noncompliance 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 2024-003. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Pender County's response to the noncompliance finding identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Pender County's response was not subjected to

the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 2024-003 to be a significant deficiency.

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

Government Auditing Standards, requires the auditor to perform limited procedures on 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
December 13, 2024

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the 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, 2024. 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, 2024.

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.

Other Matters

The results of our auditing procedures disclosed instances of non-compliance which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2024-003 and 2024-004. Our opinion on each major state program is not modified with respect to these matters.

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

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 certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2023-003 and 2024-004 to be significant deficiencies.

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 responses to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Pender County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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
December 13, 2024

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PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

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? No
- Significant deficiency(s) identified? Yes

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

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

Identification of major federal programs:

<u>Program Name</u>	<u>AL#</u>
Medicaid Cluster	93.778
Child Support Services	93.563
Section 8 Housing Choice Vouchers	14.871
Drinking Water State Revolving Fund	66.468

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, 2024**

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? Yes

Auditee qualified as low-risk auditee? No

Identification of major state programs:

Program Name

Medicaid Cluster
Regional Economic Reserve Grant – EMS Station 9
Public School Building Capital Fund

PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

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

2024-001

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, 2024, actual expenditures exceeded the authorized appropriations made by the governing board for the County and the Tourism Development Authority for the following funds: Pender Tourism Development Authority and General Fund.

Effect: The County and Tourism Development Authority were in violation of North Carolina State Statutes.

Cause: The County and Tourism Development Authority 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 2023-002 from the immediate previous audit.

Recommendation: The County and Tourism Development Authority 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, 2024

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

Finding 2024-002

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 is not individually bonded to meet the requirements.

Effect: The County 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 was in compliance with state statutes by the specified effective date.

Identification of a Repeat Finding: This is modified and a repeat of Finding 2023-005 from the immediate previous audit.

Recommendation: Management should ensure that the Finance Officer is covered sufficiently for the County. 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, 2024

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: Medicaid Cluster

AL # 93.778

Grant Number: 071-420

Finding: 2024-003

Significant Deficiency, Eligibility

Nonmaterial Non-compliance

Criteria: In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that casefiles include all required documentation. In accordance with 45 CFR 435, documentation must be maintained to support eligibility determinations.

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

Context: Of the 484,970 benefit payments valued at \$183,928,254, we examined 60 (\$24,334 value) and determined that one casefile (2%) had inconsistent documentation supporting the eligibility determination in the case file. Upon further review, the recipient was deemed eligible.

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: None. The finding represents an internal control issue; therefore, no questioned costs are applicable. The County was able to substantiate that the recipients were eligible to receive benefits.

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, 2024

4. State Award Findings and Questioned Costs

Finding: 2024-003 – In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that casefiles include all required documentation. See more details at Finding 2024-003 in Section 3 – Federal Award Findings and Questioned Costs.

N.C. Office of State Budget & Management

Program Name: Regional Economic Reserve Grant – EMS Station 9

Grant Number: 20475

Finding: 2024-004

Significant Deficiency, Reporting

Nonmaterial Non-compliance

Criteria: In accordance with 09 NCAC 03M .0205, management should have an adequate system of internal control procedures in place to ensure that reporting deadlines are met.

Condition: The County did not submit the required quarterly reporting on or before the 10th day following the end of the quarter.

Effect: A quarterly reporting deadline was missed.

Cause: Delays in coordination with the subrecipient upon submitting the appropriate documentation for quarterly reporting, created delays in reporting not submitted prior to the deadline.

Questioned Costs: None. The finding represents an internal control issue; therefore, no questioned costs are applicable.

Recommendation: The County's reporting should be reviewed and approved by management in advance to ensure that deadlines are met.

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.



**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2024**

Finding: 2024-001

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

Corrective Action/Management's Response: These instances of expenditures exceeding allocated budget are results of year end accruals and adjustments. For the TDA, this situation was created by one small P-card transaction from June, paid in July, that was properly accrued back to the appropriate fiscal year. Finance has further stressed the importance of budget tracking to P-card holders, especially during year end. The General Fund budget issue was a result of the full accrual entries required by recent lease standards requirements. Finance has further established controls with departmental purchasing liaisons when determining best financing methods for future leases and software agreements.

Proposed Completion Date: Immediately and ongoing.

Finding: 2024-002

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

Corrective Action/Management's Response: Finance delays in communicating with bonding agencies to comply with recent statute updates were further exasperated by delays in staffing with bonding agency points of contact. This issue has been resolved as of September 2024 and will renew annually accordingly.

Proposed Completion Date: Immediately and ongoing.

Finding: 2024-003

Name of Contact Person: Carolyn Moser, Health & Human Services Director

Corrective Action/Management's Response: The Department of Social Services always maintains Medicaid training as a high priority due to the complexity and prevalence of the program. Best practices are addressed at all staff meetings and second party review processes are considered strong, particularly for less experienced staff. This particular situation has been resolved and emphasis placed on maintaining proper documentation has been relayed to Medicaid staff.

Proposed Completion Date: Immediately and ongoing.



Finding: 2024-004

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

Corrective Action/Management's Response: Subrecipient of these funds submitted all required information upon request, and during County Finance review of information submitted, Finance noted required revisions. As County Finance was assisting in compliance with requirements of the grant funding, there were delays in related reporting. Reporting has been submitted, is up to date, and should not experience delays going forward.

Proposed Completion Date: Immediately and ongoing.



PENDER COUNTY, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

Finding:	2023-001
Status:	Corrected.
Finding:	2023-002
Status:	Modified and repeated as 2024-001.
Finding	2023-003
Status:	Corrected.
Finding	2023-004
Status:	Corrected.
Finding	2023-005
Status:	Modified and repeated as 2024-002.
Finding	2022-006
Status:	Corrected.

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PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

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	\$ 809,252	\$ -	\$ -
COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Food Nutrition Services ARPA Funds					
	10.561	071-405	18,653	-	-
Total Supplemental Nutrition Assistance Program Cluster					
			827,905	-	-
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	297,693	-	-
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	192,952	-	-
N.C. Division of Soil & Water Conservation:					
Emergency Watershed Protection Program - Disaster Relief Appropriations Act					
	10.927	19-091-4002 - Round 2	26,688	-	-
Total U.S. Dept. of Agriculture					
			1,345,238	-	-
<u>U.S. Dept. of Justice</u>					
Direct Program:					
Equitable Sharing Program					
	16.922		5,718	-	-
Total U.S. Dept. of Justice					
			5,718	-	-
<u>U.S. Dept. of Treasury</u>					
COVID-19 - Coronavirus State Local Fiscal Recovery Funds					
	21.027	1505-0271	129,469	-	-
Local Assistance and Tribal Consistency Fund					
	21.032	1505-0276	50,000	-	-
Division of Public Health					
COVID-19 - Coronavirus State Local Fiscal Recovery Funds					
	21.027	2B0SF LT, 2B0SG LH	5,824	-	-
Passed-through N.C. Dept. of Cultural and Natural Resources:					
Division of State Library					
COVID-19 - Coronavirus State Local Fiscal Recovery Funds					
	21.027	1505-0271	62,484	-	-
Total U.S. Dept. of Treasury					
			247,777	-	-
<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	26,411	-	-
Total Highway Safety Cluster					
			26,411	-	-
Total U.S. Dept. of Transportation					
			26,411	-	-
<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	66,501	17,497	83,998
HCCBG In-Home/Support Services					
	93.044	HCCBG-PAS	50,701	197,308	248,009
ARPA -Access, HCCBG-In Home /Supp Svc, Non-HCCBG Legal Services					
	93.044	HCCBG-PAS	92,108	16,254	108,362
Special Programs for the Aging, Title III, Part C, Nutrition Services:					
HCCBG - Congregate Meals					
	93.045	HCCBG-PAS	22,261	641	22,902
HCCBG - Delivery Meals					
	93.045	HCCBG-PAS	118,584	3,416	122,000
Nutrition Services Incentive Program - NISP Nutrition					
	93.053	HCCBG-PAS	13,502	-	13,502
ARPA - Nutrition Services Incentive Program					
	93.053	HCCBG-PAS	83,371	14,713	98,084
Total Aging Cluster					
			447,028	249,829	696,857
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services:					
Preventive Health					
	93.043	HCCBG-PAS	5,561	327	5,888
ARPA - Preventive Health					
	93.043	HCCBG-PAS	9,336	-	9,336
National Family Caregiver Support, Title III, Part E:					
Family Caregiver Support					
	93.052	HCCBG-PAS	40,616	3,384	44,000
ARPA - Family Caregiver Support					
	93.052	HCCBG-PAS	23,769	7,923	31,692
Total Division of Aging and Adult Services					
			526,310	261,463	787,773

PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

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	31,364	-	-
Maternal and Child Health Federal Consolidated Programs	93.110	13A1588AMZ	3,906	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	14602720NF	20,843	-	-
Family Planning Services	93.217	13A1592CFP	43,396	-	-
		1331639BP7, 2B0631E, 2B0H			
Immunization Cooperation Agreements	93.268	HBR	45,249	-	-
COVID-19 Immunization Cooperation Agreements	93.268	1331639BP7, 2B06315	105,719	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175878AHH, 2B1883A	140,409	-	-
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	12642680CP	300,000	-	-
Temporary Assistance for Needy Families	93.558	13A15151T2	5,990	-	-
Cancer Prevention and Control Programs for State, Territorial, and Tribal Organizations	93.898	1320310DD7	6,270	-	-
HIV Care Formula Grants - Ryan White Care Act	93.917	1311462BNB	1,706	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311462BNB	100	-	-
Preventive Health and Health Services Block Grant	93.991	12615503PH	30,431	-	-
		12715745AR, 2B25735,			
Maternal and Child Health Services Block Grant to the States	93.994	2D05318, 2D05745	40,466	10,025	-
Total Division of Public Health			775,849	10,025	-
Division of Social Services:					
Administration:					
Temporary Assistance for Needy Families - Work First	93.558	071-430	358,271	-	-
Child Support Services	93.563	071-430	307,989	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	071-290	15,706	3,927	-
Low-Income Home Energy Assistance:					
Weatherization Assistance and Heating and Air Repair	93.568	071-372	33,815	-	-
COVID-19 - Weatherization Assistance and Heating and Air Repair	93.568	071-372	387	-	-
Total Low-Income Home Energy Assistance			34,202	-	-
<u>Special Children Adoption Fund Cluster (Note 4):</u>					
MaryLee Allen Promoting Safe and Stable Families Program - Family Preservation	93.556	071-464	5,105	-	-
Stephanie Tubbs Jones Child Welfare Services Program - Permanency Planning	93.645	071-328	-	96,937	-
Total Special Children Adoption Fund Cluster			5,105	96,937	-
<u>Refugee and Entrant Assistance Cluster (Note 4):</u>					
Refugee and Entrant Assistance State/Replacement Designee					
Administered Programs - Admin	93.566	071-406	2,062	-	-
Total Refugee and Entrant Assistance Cluster			2,062	-	-
Administration for Children and Families					
<u>Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4):</u>					
Foster Care Title IV-E Admin	93.658	071-302	207,339	46,809	-
Adoption Assistance Admin	93.659	071-302	9,105	-	-
Foster Care Title IV-E - Direct Benefits	93.658	071-431	188,828	61,846	-
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster			405,272	108,655	-
<u>Medicaid Cluster:</u>					
Medical Assistance Program Admin	93.778	071-420	1,990,820	75,281	-
Total Medicaid Cluster			1,990,820	75,281	-
Children's Health Insurance Program - N.C. Health Choice Admin	93.767	071-440	126,447	2,811	-
Total State Children's Insurance Program - N.C. Health Choice			126,447	2,811	-
Division of Aging and Adult Services:					
Division of Social Services:					
Social Services Block Grant - Adult Day Care	93.667	071-169	15,781	-	-
Social Services Block Grant - In Home Services	93.667	071-169	199	-	-
Social Services Block Grant - Other Services and Training	93.667	071-010	86,013	-	-
Total Division of Aging and Adult Services			101,993	-	-
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	119,893	-	-
Total Child Care Development Fund Cluster			119,893	-	-
Total Subsidized Child Care Program Cluster / Child Care Development Fund Cluster			119,893	-	-
Total Division of Social Services			3,467,760	287,611	-
Total U.S. Dept. of Health and Human Services			4,769,919	559,099	787,773

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

<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>
<u>U.S. Environmental Protection Agency (EPA)</u>					
Passed through N.C. Dept. of Environmental Quality:					
Division of Water Infrastructure					
Drinking Water State Revolving Fund (SRF) - ASADRA Repayable Loan	66.468	WIF-2006	9,751,303	-	-
Drinking Water State Revolving Fund (SRF) - ASADRA Loan Forgiveness	66.468	WIF-2006	<u>2,819,250</u>	-	-
Total U.S. Environmental Protection Agency			<u>12,570,553</u>	-	-
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Public Safety:					
Division of Emergency Management:					
Disaster Grants - Public Assistance - Presidentially Declared Disasters	97.036	4393DR-NC - 141-99141-00	600,741	-	-
Emergency Management Performance Grants	97.042	EMPG2023 - 8273	<u>39,698</u>	-	-
Total U.S. Dept. of Homeland Security			<u>640,439</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		989,702	-	-
Section 8 Housing Choice Vouchers - Admin Fees	14.871		<u>120,593</u>	-	-
Total Housing Voucher Cluster			<u>1,110,295</u>	-	-
Total U.S. Dept. of Housing and Urban Development			<u>1,110,295</u>	-	-
Total Federal Awards			<u>20,716,350</u>	<u>559,099</u>	<u>787,773</u>
State Awards:					
<u>N.C. Dept. of Administration</u>					
Veterans Service					
Total N.C. Dept. of Administration			-	<u>2,174</u>	-
Passed-through N.C. Dept. of Cultural and Natural Resources:					
Division of State Library					
State Aid to Public Libraries					
Total N.C. Dept. of Cultural and Natural Resources			-	<u>132,599</u>	-
<u>N.C. Office of State Budget & Management</u>					
State Capital Infrastructure Fund Grant - Courthouse Generator		Contract #20471	-	2,001	-
State Capital Infrastructure Fund Grant - Emergency Management Generator		Contract #20472	-	2,213	-
State Capital Infrastructure Fund Grant - Emergency Management Mover		Contract #20474	-	80,691	-
Regional Economic Reserve Grant - EMS Station 9		Contract #20475	-	1,327,440	1,327,440
Current Operations Appropriations Act, Session Law 2021-180 (2021-189)		Contract #2047RD1	-	<u>2,000</u>	-
Total N.C. Office of State Budget & Management			-	<u>1,414,345</u>	<u>1,327,440</u>
<u>N.C. Department of Agriculture & Consumer Services</u>					
Division of Soil & Water Conservation:					
Streamflow Rehabilitation Assistance Program - StRAP					
Total N.C. Dept. of Agriculture & Consumer Services		22-080-4101	-	<u>8,862</u>	-
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services:					
DCD Smart Start					
State Child Welfare - State Protective Services			-	189	-
Direct Benefit Payments:			-	46,016	-
State Foster Home			-	60,271	-
State Foster Home Fund (SFHF) Maximization			-	212,575	-
Extended Foster Care Maximization Non IV-E Programs			-	17,740	-
Foster Care Kinship			-	<u>15,317</u>	-
Total Division of Social Services			-	<u>352,108</u>	-
Division of Public Health:					
Food and Lodging Fees					
DPH Aid-to-Counties		11534752SZ	-	12,316	-
General Communicable Disease Control		116141100, 2B14110	-	77,111	-
Child Health		117545100, 2B14510	-	9,999	-
Breast and Cervical Cancer Control Program		127157450, 2D05745	-	15,059	-
Family Planning State		132055990, 2B05599	-	4,455	-
Healthy Communities		13A157350, 2B25735	-	13,743	-
High Risk Maternity Clinics		2B15503	-	3,747	-
Maternal Health		2B15740	-	20,055	-
Mosquito and Tick Suppression		13A157400	-	1,823	-
School Nurse Funding Initiative		2B14801	-	4,000	-
Women's Health Service Fund		2D05358	-	150,000	-
Tuberculosis Control		13A16021FR	-	7,756	-
State Fiscal Recovery Funds		2B24551, 2B24554	-	6,493	-
Total Division of Public Health		2B0249N	-	<u>116,145</u>	-
Passed through Cape Fear Council of Governments:					
Administration					
Senior Center General			-	22,186	22,186
Fan/Heat Program			-	<u>1,090</u>	<u>1,090</u>
Total N. C. Department of Health and Human Services			-	<u>818,086</u>	<u>23,276</u>

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

<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>
<u>N.C. Dept. of Public Safety</u>					
Division of Emergency Management:					
State Acquisition and Relocation Fund - Hurricane Matthew			-	71,458	-
Transportation Infrastructure Resiliency Grant		NCEM-TIRG1021-2E03	-	165,783	-
Juvenile Crime Prevention Councils:					
Teen Court - Community Service			-	53,147	-
Task Force Admin			-	6,700	-
Youth Leadership Development			-	35,000	-
Parenting Training Grant			-	14,250	-
Office of Juvenile Justice Youth Services			-	44,862	-
Total N.C. Dept. of Public Safety			-	391,200	-
<u>N.C. Department of Transportation</u>					
ROAP - RGP			-	102,016	102,016
ROAP - EDTAP			-	48,923	48,923
ROAP - Employment			-	17,766	17,766
Total NC Department of Transportation			-	168,705	168,705
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund			-	770,408	-
Total NC Department of Public Instruction			-	770,408	-
<u>N.C. 911 Board</u>					
PSAP Grant Funds		G2024-11	-	5,873	-
Total State Awards			-	3,712,252	1,519,421
<u>Other Financial Assistance</u>					
N.C. Department of Justice					
Opioid Settlement Fund (Note 5)			-	326,638	-
Total Federal and State Awards			\$ 20,716,350	\$ 4,597,989	\$ 2,307,194

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, 2024. The information in this SEFSA is presented in accordance with the implementation of Title 2 U.S. Code of Federal Regulation 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 allowed under the Uniform Guidance.

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

Note 5: Opioid Settlement Fund

The NC Department of Justice does not consider Opioid Settlement Funds either federal or state financial assistance since they are from a settlement with private major drug companies. Since these funds are subject to the State Single Audit Implementation Act, they are reported as "Other Financial Assistance" on the SEFSA, and considered state awards for state single audit requirements.

Note 6: Loans Outstanding

Pender County had the following loan balance outstanding at June 30, 2024, for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. No drawdowns have been made at June 30, 2024, for the Drinking Water State Revolving Fund. The balance of loans outstanding at June 30, 2024 consist of:

<u>Program Title</u>	<u>ALN</u>	<u>Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Drinking Water State Revolving Funds	66.468	WIF-2006	\$ -