

**PENDER COUNTY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

MARTIN ♦ STARNES

& ASSOCIATES, CPAs, P.A.

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

Pender County, North Carolina

**List of Principal Officials
June 30, 2022**

Board of County Commissioners

Jaqueline A. (Jackie) Newton – Chairman

Wendy Fletcher-Hardee – Vice Chairman

Jerry Groves
Dr. Jimmy T. Tate
Archibald “Fred” McCoy

County Manager

David Andrews

Finance Officer

Margaret Blue

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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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Public School Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Pender County Alcoholic Beverage Control ("ABC") Board, which represents 97.08%, 92.92%, and 99.59%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the ABC Board, is based solely on the report of the other auditors.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 9 to the financial statements, for the fiscal year ended June 30, 2022, Pender County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 25, 2023

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, 2022. 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

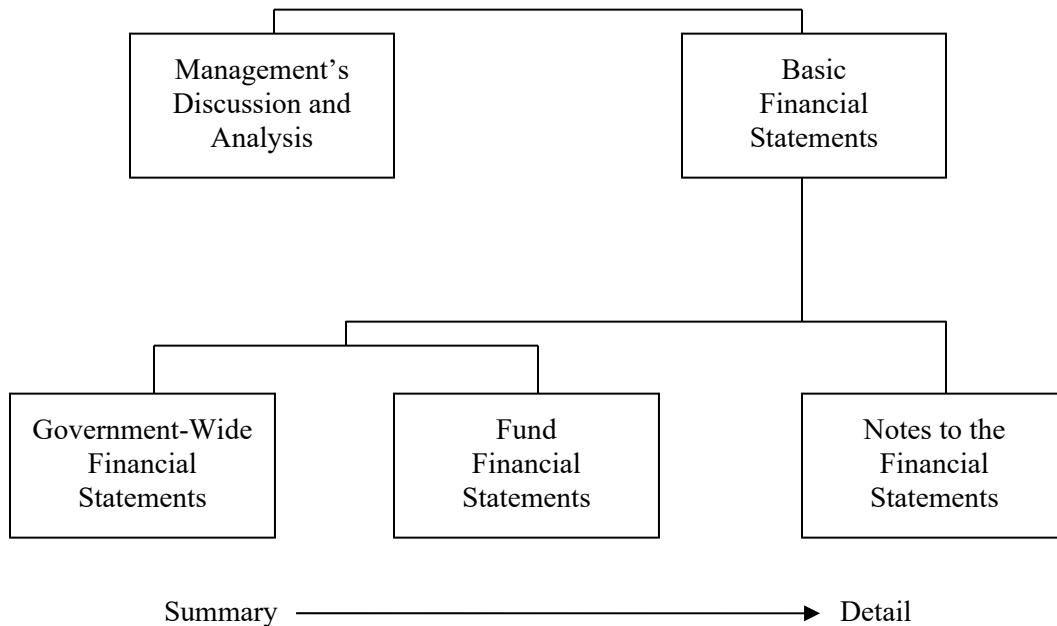
- The assets and deferred outflows of resources of Pender County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$61,221,919 (net position).
- The government's total net position produced an increase of \$27,043,314 during the fiscal year. This included an increase of \$24,681,672 from governmental sources, and business-type funds produced an increase of \$2,361,642.
- As of the close of the current fiscal year, Pender County's governmental funds reported combined ending fund balances of \$75,949,186, an increase of \$14,162,182 in comparison with the prior year. Approximately 71.8% of this total amount, or \$54,550,756, 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 \$54,619,972, or 68.7%, of total General Fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Pender County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Pender County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **government-wide financial statements**. They provide both short and long-term information about the County's financial status.

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is the **required supplemental information**. This section contains funding information about the County's pension plans. After the required supplemental information, **supplemental information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Pender County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Pender County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Pender County adopts an annual budget for its General Fund, as required by 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 \$61,221,919 net position as of June 30, 2022. The County's net position increased \$27,043,314 for the fiscal year ended June 30, 2022. Net position is reported in three categories: net investment in capital assets, \$64,959,718, restricted net position of \$17,103,602, and unrestricted net position (deficit) of (\$20,841,401).

The invested in capital assets, net of related debt, category is defined as the County's investment in County owned capital assets (e.g., land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Pender County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Pender County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

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

The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position (deficit) totaled (\$20,841,401) at June 30, 2022. This deficit is a result of the situation described in the following paragraph.

Under North Carolina law, the County is responsible for providing capital funding for the schools. The County has chosen to meet its obligation to provide the schools capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the schools. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$71.8 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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 94,984,434	\$ 75,485,868	\$ 24,433,617	\$ 40,502,052	\$ 119,418,051	\$ 115,987,920
Capital assets, net	<u>34,780,339</u>	<u>32,803,357</u>	<u>99,888,087</u>	<u>101,753,020</u>	<u>134,668,426</u>	<u>134,556,377</u>
Total assets	<u>129,764,773</u>	<u>108,289,225</u>	<u>124,321,704</u>	<u>142,255,072</u>	<u>254,086,477</u>	<u>250,544,297</u>
Deferred Outflows of Resources	<u>12,426,249</u>	<u>10,857,816</u>	<u>747,158</u>	<u>649,900</u>	<u>13,173,407</u>	<u>11,507,716</u>
Liabilities:						
Current and other liabilities	20,413,694	16,339,059	4,047,026	21,767,887	24,460,720	38,106,946
Long-term liabilities	<u>106,162,261</u>	<u>117,418,258</u>	<u>64,930,286</u>	<u>67,733,972</u>	<u>171,092,547</u>	<u>185,152,230</u>
Total liabilities	<u>126,575,955</u>	<u>133,757,317</u>	<u>68,977,312</u>	<u>89,501,859</u>	<u>195,553,267</u>	<u>223,259,176</u>
Deferred Inflows of Resources	<u>9,418,291</u>	<u>3,961,578</u>	<u>1,066,407</u>	<u>739,612</u>	<u>10,484,698</u>	<u>4,701,190</u>
Net Position:						
Net investment in capital assets	29,185,261	27,014,609	35,774,457	36,563,068	64,959,718	63,577,677
Restricted	17,095,653	18,730,283	7,949	30,009	17,103,602	18,760,292
Unrestricted deficit	<u>(40,084,138)</u>	<u>(64,316,746)</u>	<u>19,242,737</u>	<u>16,070,424</u>	<u>(20,841,401)</u>	<u>(48,246,322)</u>
Total net position	<u>\$ 6,196,776</u>	<u>\$ (18,571,854)</u>	<u>\$ 55,025,143</u>	<u>\$ 52,663,501</u>	<u>\$ 61,221,919</u>	<u>\$ 34,091,647</u>

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

- Continued diligence in the collection of property taxes by obtaining a collection percentage of 96.86%, even during a global pandemic.
- Conservative budgeting and continued growth in local options sales taxes as well as other growth driven revenues, including ad valorem taxes based on valuation.
- Additionally, significant sales of surplus property generated over \$4 million in proceeds.

Pender County's Changes in Net Position

Figure 3

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
Program revenues:						
Charges for services	\$ 7,302,992	\$ 6,857,304	\$ 20,523,825	\$ 20,166,939	\$ 27,826,817	\$ 27,024,243
Operating grants and contributions	13,921,813	23,185,297	1,069,199	1,489,430	14,991,012	24,674,727
Capital grants and contributions	2,629,283	4,234,943	10,000	-	2,639,283	4,234,943
General revenues:						
Property taxes	70,366,152	67,033,144	-	-	70,366,152	67,033,144
Other taxes	23,257,031	20,895,882	-	-	23,257,031	20,895,882
Investment earnings, unrestricted	161,634	17,538	2,452	41,047	164,086	58,585
Miscellaneous, unrestricted	<u>1,006,308</u>	<u>306,591</u>	<u>372,912</u>	<u>600,071</u>	<u>1,379,220</u>	<u>906,662</u>
Total revenues	<u>122,737,749</u>	<u>122,530,699</u>	<u>22,274,038</u>	<u>22,297,487</u>	<u>145,011,787</u>	<u>144,828,186</u>
Expenses:						
General government	16,154,657	13,244,938	-	-	16,154,657	13,244,938
Public safety	28,950,049	31,401,009	-	-	28,950,049	31,401,009
Economic and physical development	5,398,788	9,394,672	-	-	5,398,788	9,394,672
Human services	16,180,831	14,822,301	-	-	16,180,831	14,822,301
Cultural and recreation	2,273,896	1,965,095	-	-	2,273,896	1,965,095
Education	25,593,621	23,774,942	-	-	25,593,621	23,774,942
Interest on long-term debt	2,424,019	4,310,878	-	-	2,424,019	4,310,878
Resource Recovery	-	-	6,038,746	6,009,509	6,038,746	6,009,509
Rocky Point/Topsail water & sewer	-	-	5,764,845	4,979,665	5,764,845	4,979,665
Water & water treatment plant	-	-	4,051,378	2,872,317	4,051,378	2,872,317
Waste water treatment & sewer	-	-	1,779,619	1,787,671	1,779,619	1,787,671
Section 8 housing	-	-	1,329,201	1,413,951	1,329,201	1,413,951
Country Court apartments	-	-	88,446	81,360	88,446	81,360
Water districts	<u>-</u>	<u>-</u>	<u>1,940,377</u>	<u>2,292,988</u>	<u>1,940,377</u>	<u>2,292,988</u>
Total expenses	<u>96,975,861</u>	<u>98,913,835</u>	<u>20,992,612</u>	<u>19,437,461</u>	<u>117,968,473</u>	<u>118,351,296</u>
Change in net position before transfers	25,761,888	23,616,864	1,281,426	2,860,026	27,043,314	26,476,890
Transfers	<u>(1,080,216)</u>	<u>(845,788)</u>	<u>1,080,216</u>	<u>845,788</u>	<u>-</u>	<u>-</u>
Change in net position	<u>24,681,672</u>	<u>22,771,076</u>	<u>2,361,642</u>	<u>3,705,814</u>	<u>27,043,314</u>	<u>26,476,890</u>
Net Position:						
Beginning of year, July 1	(18,571,854)	(41,379,592)	52,663,501	48,292,668	34,091,647	6,913,076
Prior period adjustment	<u>86,958</u>	<u>36,662</u>	<u>-</u>	<u>665,019</u>	<u>86,958</u>	<u>701,681</u>
Beginning of year, as restated	<u>(18,484,896)</u>	<u>(41,342,930)</u>	<u>52,663,501</u>	<u>48,957,687</u>	<u>34,178,605</u>	<u>7,614,757</u>
End of year, June 30	<u>\$ 6,196,776</u>	<u>\$ (18,571,854)</u>	<u>\$ 55,025,143</u>	<u>\$ 52,663,501</u>	<u>\$ 61,221,919</u>	<u>\$ 34,091,647</u>

Governmental Activities. The County's governmental activities net position increased by \$24,681,672 primarily due to the following:

- Increased ad valorem collections from increased valuation as a result of recent new construction
- Continued sales tax increases as well as other growth driven revenues from Register of Deeds and Building Permits and Inspections
- Over \$4 million in proceeds generated from sales of surplus property, including industrial lots in the Pender Commerce Park

Business-Type Activities. Business-type activities increased Pender County's net position by \$2,361,642. Key elements of this increase are as follows:

- Diligence in collections for current and past due charges for services, noting over \$400,000 decrease in accounts receivable.
- 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 \$60,331,920, while total fund balance reached \$68,436,099. 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 75.9% of General Fund expenditures, while total fund balance represents 86.1% of that same amount.

At June 30, 2022, the governmental funds of Pender County reported a combined fund balance of \$75,949,186, a 22.9% 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 \$4,075,164 and increased expenditures by \$6,841,150.

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 four major proprietary funds: Resource Recovery Fund, Rocky Pt/Topsail Water & Sewer Fund, Water Treatment Plant and Water Fund, and Waste Water Treatment and Sewer Fund. Unrestricted net position of the proprietary funds at the end of the fiscal year was \$19,242,737. The total growth in net position for those funds was \$2,361,642. 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, 2022, totals \$134,668,426 (net of accumulated depreciation). These assets include buildings, roads and bridges, utility plants and distribution lines, land, machinery and equipment, park facilities, intangibles and vehicles.

Major capital asset transactions during the year include:

- Purchase of land for future construction projects
- Vehicle replacement for damaged or surplus vehicles

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 14,170,608	\$ 12,074,148	\$ 612,610	\$ 558,434	\$ 14,783,218	\$ 12,632,582
Buildings	14,213,244	14,786,398	95,178,109	96,063,135	109,391,353	110,849,533
Furniture, vehicles, and equipment	3,391,096	3,903,028	385,744	299,561	3,776,840	4,202,589
Other	1,458,425	1,539,629	1,727,305	2,142,265	3,185,730	3,681,894
Construction in progress	1,546,966	500,154	1,984,319	2,689,625	3,531,285	3,189,779
Total	<u>\$ 34,780,339</u>	<u>\$ 32,803,357</u>	<u>\$ 99,888,087</u>	<u>\$ 101,753,020</u>	<u>\$ 134,668,426</u>	<u>\$ 134,556,377</u>

Long-Term Debt. As of June 30, 2022, Pender County had total bonded debt outstanding of \$138,863,000, all of which is debt backed by the full faith and credit of the County.

Pender County's Long-Term Debt
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Limited obligation debt	\$ 4,631,041	\$ 4,924,636	\$ 46,818,959	\$ 66,555,364	\$ 51,450,000	\$ 71,480,000
General obligation bonds	71,800,000	79,320,000	11,325,000	11,566,000	83,125,000	90,886,000
Revenue bonds	-	-	4,288,000	4,379,000	4,288,000	4,379,000
Federal revolving loan	-	-	577,500	614,245	577,500	614,245
Lease liabilities	404,576	-	-	-	404,576	-
Direct placement installment purchase contracts	963,459	1,321,857	67,035	74,162	1,030,494	1,396,019
Net pension liability (LEOSSA)	2,635,853	2,313,785	-	-	2,635,853	2,313,785
Net pension liability (LGERs)	4,269,785	9,175,819	261,838	574,989	4,531,623	9,750,808
Total other post-employment benefits	20,719,165	18,721,242	1,322,510	1,194,982	22,041,675	19,916,224
Compensated absences	1,258,277	1,205,657	119,247	105,618	1,377,524	1,311,275
Unamortized bond premiums	9,153,851	9,817,635	2,655,769	2,791,897	11,809,620	12,609,532
Total	\$ 115,836,007	\$ 126,800,631	\$ 67,435,858	\$ 87,856,257	\$ 183,271,865	\$ 214,656,888

Pender County's total debt decreased by \$31,385,023 (14.6%) during the past fiscal year, primarily due to a complex utilities refunding in the previous year where the final escrow payment was made in the current fiscal year.

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 \$549,412,707. The County does not have any unissued bonds at June 30, 2022.

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

Economic Factors and Next Year's Budgets and Rates

Pender County has been one of the fastest growing counties in North Carolina during the last decade. The 2020 census population estimate was 64,103 with a growth rate of 1.65%, up 23% from the 2010 population estimate of 52,217. The County's unemployment rate has held steady. Pender County remains a Tier 3 County as reflected in the 2021 County Tier Designations published by the NC Department of Commerce, indicating that the County is 1 of the 20 "least distressed" counties within the State. This designation results from the high population growth in the middle of the decade and the assessed value of Topsail Township and is not indicative of the true County-wide economic picture.

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, and transition to more urban growth.

In September 2018, Hurricane Florence had significant impacts on all aspects of the local economy and citizens of Pender County. From sheltering and debris operations to continued housing concerns there have been significant resources expended and efforts made to recover and repair the damage left by the storm. Management has worked endlessly with recovery agencies and public assistance programs to restore to pre-storm conditions as much as possible as well as provide citizens with as much information and access to resources for recovery. Many people throughout the County are still recovering from Hurricane Florence and will continue.

March 2020 marked the onset of a global pandemic caused by the COVID-19 Coronavirus. While there were countless impacts on the people of Pender County and the local economies, there were significant financial impacts from the numerous Executive Orders issued ranging from closing places of business to extensions of requirements for payments related to taxes and services. The County immediately implemented mitigating cost cutting strategies in order to compensate for extremely unprecedented and unknown circumstances, and future budgets planned with very conservative projections. Continued efforts to minimize the impact of the unknown variables throughout the COVID-19 pandemic were maintained throughout the 2022 year.

Encouraging Business and Industry Development

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

Pender Commerce Park (PCP) along US Highway 421 continues to fuel strong economic development activities in Pender County. Last year, 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. This expansion will allow Pender County to further diversify and expand its tax base and workforce in years to come.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities. The County Commissioners approved a \$84,724,884 General Fund Budget on June 6, 2022, which was included within a total budget ordinance of \$169,576,222, adopted on the same date, with a tax rate of \$.645 per 100 of assessed valuation, which is the same as the previous fiscal year. The initial budget ordinance does not include an appropriation from the Fund Balance of the General Fund.

Business-Type Activities. 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.

The Surface Water Treatment Plant was dedicated and officially went online in November 2012. This plant provides all of the drinking water for the Rocky Point/Topsail and Scotts Hill Water & Sewer Districts and now the Moore's Creek and Central Pender Water Distribution Systems. The plant is designed to upgrade to 6 MGD with little additional investment and will operate to serve the current and future water districts with safe drinking water supply for the next 10 to 15 years. Discussions are underway to evaluate the best way to accommodate the growth in eastern Pender County.

The installation of approximately 75 miles of new public water mains and services and a 500,000-gallon elevated water storage tank to serve the Moore's Creek and Central Pender Water & Sewer Districts was completed in June 2018. This allowed the County to serve an additional 900 water customers in these Districts. Additionally, several new wells and elevated tank projects were put into operation during the 2021 year and several others under construction and design. This provided quick access to much needed capacity on the Eastern side of the County.

Construction of the first phase of the US Highway 421 Pender Commerce Park infrastructure was completed in December 2014. Those improvements included water distribution, sewer collection, storm water management, street lighting, sidewalks, street trees, and over a mile of roadway construction which serves the entire Commerce Park. Plans to further develop this infrastructure have been approved, are in the works, and are largely made possible by ARPA funding.

In order to provide wastewater treatment and disposal for development of the Commerce Park, a new state-of-the-art wastewater treatment facility went under construction in March 2014 and was completed in June 2017. To accommodate the anticipated high-strength waste stream and provide a unique and sustainable facility, the process was designed as an Adaptive Eco-System utilizing hydroponics (plants) and moving bed bioreactors (MBBR). The wastewater treatment plant was built to attract new businesses and industries to the Commerce Park and surrounding areas. Because the plant was added as an economic benefit for competing with other areas in eastern North Carolina, it is not self-sustaining and requires subsidy from the General Fund at this time. The facility has an initial treatment capacity of 500,000 gallons per day and utilizes an NPDES permit that was acquired via inter-local agreement with the Cape Fear Public Utility Authority in New Hanover County. The NPDES provides for a point discharge to the Cape Fear River of up to 4 million gallons per day; however, permit provisions allow for construction in incremental capacities as demand increases.

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.

BASIC FINANCIAL STATEMENTS

PENDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Pender County ABC Board	Pender Tourism Development Authority
Assets:					
Cash and cash equivalents	\$ 67,786,220	\$ 20,858,601	\$ 88,644,821	\$ 594,093	\$ 78,788
Accounts receivables (net)	1,345,621	1,350,224	2,695,845	317	6,353
Taxes receivables (net)	3,567,064	730,364	4,297,428	-	-
Internal balances	483,896	(483,896)	-	-	-
Due from other governments	12,671,189	659	12,671,848	-	-
Notes receivable	633,328	-	633,328	-	-
Prepaid items	-	-	-	44,014	-
Inventories	43,998	-	43,998	1,151,966	-
Restricted cash and cash equivalents	7,880,122	1,977,665	9,857,787	-	-
Restricted net pension asset, Register of Deeds	168,998	-	168,998	-	-
Right-to-use leased assets, net of amortization	403,998	-	403,998	-	-
Capital assets:					
Land and construction in progress	15,717,574	2,596,929	18,314,503	734,043	-
Capital assets net of depreciation/amortization	19,062,765	97,291,158	116,353,923	113,997	-
Total capital assets	34,780,339	99,888,087	134,668,426	848,040	-
Total assets	129,764,773	124,321,704	254,086,477	2,638,430	85,141
Deferred Outflows of Resources:					
Pension deferrals	7,729,071	447,338	8,176,409	-	-
OPEB deferrals	4,697,178	299,820	4,996,998	191,062	-
Total deferred outflows of resources	12,426,249	747,158	13,173,407	191,062	-
Liabilities:					
Accounts payable and accrued liabilities	3,519,750	908,717	4,428,467	1,481,230	181
Accrued interest payable	933,619	456,962	1,390,581	-	-
Liabilities payable from restricted assets:					
Customer deposits	-	175,775	175,775	-	-
Prepaid fees	9,808	-	9,808	-	-
Advances from grantors	6,276,771	-	6,276,771	-	-
Long-term liabilities:					
Due within one year	9,673,746	2,505,572	12,179,318	-	-
Due in more than one year	78,537,458	63,345,938	141,883,396	-	-
Net pension liability (LGERS)	4,269,785	261,838	4,531,623	95,696	-
Total OPEB liability	20,719,165	1,322,510	22,041,675	-	-
Total pension liability (LEOSSA)	2,635,853	-	2,635,853	-	-
Total liabilities	126,575,955	68,977,312	195,553,267	1,576,926	181
Deferred Inflows of Resources:					
Deferred gain on refunding	-	479,787	479,787	-	-
Pension deferrals	6,254,917	388,460	6,643,377	136,721	-
OPEB deferrals	3,104,509	198,160	3,302,669	-	-
Prepaid taxes	58,865	-	58,865	-	-
Total deferred inflows of resources	9,418,291	1,066,407	10,484,698	136,721	-

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

PENDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2022

	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	29,185,261	35,774,457	64,959,718	581,540	-
Restricted for:					
Stabilization by state statute	10,473,232	-	10,473,232	-	6,353
Health	4,397,945	-	4,397,945	-	-
Capital projects	700	-	700	-	-
Public safety	1,450,668	-	1,450,668	-	-
Sheriff's seizures	72,951	-	72,951	-	-
Automation enhancement and preservation	528,928	-	528,928	-	-
Register of Deeds' Pension plan	171,229	-	171,229	-	-
Tourism promotion	-	-	-	-	78,607
Working capital	-	-	-	331,422	-
HUD Section 8 housing	-	7,949	7,949	-	-
Unrestricted (deficit)	(40,084,138)	19,242,737	(20,841,401)	202,883	-
Total net position (deficit)	<u>\$ 6,196,776</u>	<u>\$ 55,025,143</u>	<u>\$ 61,221,919</u>	<u>\$ 1,115,845</u>	<u>\$ 84,960</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, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 16,154,657	\$ 5,827,992	\$ 554,793	\$ -
Public safety	28,950,049	289,739	2,088,402	585,671
Economic and physical development	5,398,788	966,034	-	2,043,612
Human services	16,180,831	-	8,626,531	-
Cultural and recreation	2,273,896	219,227	127,087	-
Education	25,593,621	-	2,525,000	-
Interest on long-term debt	2,424,019	-	-	-
Total governmental activities	<u>96,975,861</u>	<u>7,302,992</u>	<u>13,921,813</u>	<u>2,629,283</u>
Business-Type Activities:				
Resource Recovery Fund	6,038,746	6,576,637	-	-
Rocky Point/Topsail Water & Sewer Fund	5,764,845	7,404,655	-	10,000
Water and Water Treatment Plant Fund	4,051,378	2,088,901	-	-
Waste Water Treatment and Sewer	1,779,619	3,117,628	-	-
Section 8 Housing	1,329,201	213,705	1,068,113	-
Country Court Apartments	88,446	73,471	-	-
Water Districts	1,940,377	1,048,828	1,086	-
Total business-type activities	<u>20,992,612</u>	<u>20,523,825</u>	<u>1,069,199</u>	<u>10,000</u>
Total primary government	<u>\$ 117,968,473</u>	<u>\$ 27,826,817</u>	<u>\$ 14,991,012</u>	<u>\$ 2,639,283</u>
Component Units:				
Pender County ABC Board	\$ 11,154,824	\$ 11,195,950	\$ -	\$ -
Pender Tourism Development Authority	4,382	-	-	-
Total component units	<u>\$ 11,159,206</u>	<u>\$ 11,195,950</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, 2022

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	\$ (9,771,872)	\$ -	\$ (9,771,872)		
Public safety	(25,986,237)	-	(25,986,237)		
Economic and physical development	(2,389,142)	-	(2,389,142)		
Human services	(7,554,300)	-	(7,554,300)		
Cultural and recreation	(1,927,582)	-	(1,927,582)		
Education	(23,068,621)	-	(23,068,621)		
Interest on long-term debt	(2,424,019)	-	(2,424,019)		
Total governmental activities	(73,121,773)	-	(73,121,773)		
Business-Type Activities:					
Resource Recovery Fund	-	537,891	537,891		
Rocky Point/Topsail Water & Sewer Fund	-	1,649,810	1,649,810		
Water and Water Treatment Plant Fund	-	(1,962,477)	(1,962,477)		
Waste Water Treatment and Sewer	-	1,338,009	1,338,009		
Section 8 Housing	-	(47,383)	(47,383)		
Country Court Apartments	-	(14,975)	(14,975)		
Water Districts	-	(890,463)	(890,463)		
Total business-type activities	-	610,412	610,412		
Total primary government	(73,121,773)	610,412	(72,511,361)		
Component Units:					
Pender County ABC Board				\$ 41,126	\$ -
Pender Tourism Development Authority				-	(4,382)
Total component units				41,126	(4,382)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	70,366,152	-	70,366,152	-	-
Local option sales tax	22,164,176	-	22,164,176	-	-
Other taxes	1,092,855	-	1,092,855	-	46,371
Investment earnings, unrestricted	161,634	2,452	164,086	170	-
Miscellaneous, unrestricted	1,006,308	372,912	1,379,220	-	-
Gain (loss) on sale of assets	4,092,536	295,650	4,388,186	-	-
Transfers	(1,080,216)	1,080,216	-	-	-
Total general revenues and transfers	97,803,445	1,751,230	99,554,675	170	46,371
Change in net position	24,681,672	2,361,642	27,043,314	41,296	41,989
Net Position:					
Beginning of year, July 1	(18,571,854)	52,663,501	34,091,647	1,074,549	42,971
Prior period adjustment	86,958	-	86,958	-	-
Beginning of year, as restated	(18,484,896)	52,663,501	34,178,605	1,074,549	42,971
End of year, June 30	\$ 6,196,776	\$ 55,025,143	\$ 61,221,919	\$ 1,115,845	\$ 84,960

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

PENDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Public School Special Revenue Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 62,917,821	\$ -	\$ -	\$ 4,021,915	\$ 66,939,736
Accounts receivable, net	1,132,807	-	-	212,814	1,345,621
Taxes receivable, net	2,820,091	-	-	746,973	3,567,064
Due from other governments	9,837,624	1,730,332	-	1,103,233	12,671,189
Due from other funds	553,112	-	-	-	553,112
Inventory	43,998	-	-	-	43,998
Notes receivable	633,328	-	-	-	633,328
Restricted cash	835,834	-	5,902,083	1,142,205	7,880,122
Total assets	<u>\$ 78,774,615</u>	<u>\$ 1,730,332</u>	<u>\$ 5,902,083</u>	<u>\$ 7,227,140</u>	<u>\$ 93,634,170</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 3,192,110	\$ -	\$ -	\$ 309,208	\$ 3,501,318
Prepaid fees	9,808	-	-	-	9,808
Advances from grantors	55,700	-	5,902,083	318,988	6,276,771
Due to other funds	-	69,216	-	-	69,216
Total liabilities	<u>3,257,618</u>	<u>69,216</u>	<u>5,902,083</u>	<u>628,196</u>	<u>9,857,113</u>
Deferred Inflows of Resources:					
Property taxes receivable	2,820,091	-	-	746,973	3,567,064
Grants receivable	4,201,942	-	-	-	4,201,942
Prepaid taxes	58,865	-	-	-	58,865
Total deferred inflows of resources	<u>7,080,898</u>	<u>-</u>	<u>-</u>	<u>746,973</u>	<u>7,827,871</u>
Fund Balances:					
Non-spendable:					
Inventory	43,998	-	-	-	43,998
Notes receivable	633,328	-	-	-	633,328
Restricted:					
Stabilization by state statute	7,426,853	1,730,332	-	1,316,047	10,473,232
Health Department	4,397,945	-	-	-	4,397,945
Public safety	-	-	-	1,450,668	1,450,668
Sheriff's seizures	72,951	-	-	-	72,951
Automation enhancement and preservation	528,928	-	-	-	528,928
School capital projects	-	-	-	823,917	823,917
Committed:					
Tax revaluation	485,501	-	-	-	485,501
Cultural and recreation	186,484	-	-	-	186,484
Capital outlay and improvements	-	-	-	2,248,781	2,248,781
Assigned:					
Economic and physical development	-	-	-	12,558	12,558
Subsequent year's expenditures	40,139	-	-	-	40,139
Unassigned	54,619,972	(69,216)	-	-	54,550,756
Total fund balances	<u>68,436,099</u>	<u>1,661,116</u>	<u>-</u>	<u>5,851,971</u>	<u>75,949,186</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 78,774,615</u>	<u>\$ 1,730,332</u>	<u>\$ 5,902,083</u>	<u>\$ 7,227,140</u>	<u>\$ 93,634,170</u>

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

PENDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

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

Total fund balance, governmental funds	\$ 75,949,186
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.	34,780,339
Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	403,998
Net pension asset, ROD	168,998
Net pension liability - LGERS	(4,269,785)
Total pension liability - LEOSSA	(2,635,853)
Total OPEB liability	(20,719,165)
Deferred outflows of resources related to pensions are not reported in the funds.	7,729,071
Deferred outflows of resources related to OPEB are not reported in the funds.	4,697,178
Deferred inflows of resources for taxes and grants receivable	7,769,006
Deferred inflows of resources related to pensions are not reported in the funds.	(6,254,917)
Deferred inflows of resources related to OPEB are not reported in the funds.	(3,104,509)
Internal service funds are used by management to charge the costs of certain activities such as insurance to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities on the Statement of Net Position.	828,052
Some liabilities, including bonds payable, lease liability, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(88,211,204)
Accrued interest payable on the Statement of Net Position	<u>(933,619)</u>
Total net position of governmental activities	<u>\$ 6,196,776</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, 2022

	General	Public School Special Revenue Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes	\$ 56,231,708	\$ -	\$ -	\$ 14,001,870	\$ 70,233,578
Unrestricted intergovernmental	16,951,569	6,305,462	-	-	23,257,031
Restricted intergovernmental	10,965,524	2,525,000	222,250	2,838,322	16,551,096
Permits and fees	2,427,055	-	-	-	2,427,055
Charges for services	4,867,130	-	-	-	4,867,130
Interest	148,896	57	-	12,681	161,634
Miscellaneous	169,850	-	-	-	169,850
Total revenues	<u>91,761,732</u>	<u>8,830,519</u>	<u>222,250</u>	<u>16,852,873</u>	<u>117,667,374</u>
Expenditures:					
General government	17,474,405	-	-	-	17,474,405
Public safety	14,205,678	-	-	15,825,278	30,030,956
Economic and physical development	3,437,883	-	-	1,921,609	5,359,492
Human services	15,525,925	-	-	-	15,525,925
Culture and recreation	2,502,798	-	-	-	2,502,798
Education	25,258,212	335,409	-	-	25,593,621
Debt service:					
Principal	875,859	7,520,000	-	-	8,395,859
Interest	219,072	2,875,963	-	-	3,095,035
Total expenditures	<u>79,499,832</u>	<u>10,731,372</u>	<u>-</u>	<u>17,746,887</u>	<u>107,978,091</u>
Revenues over (under) expenditures	<u>12,261,900</u>	<u>(1,900,853)</u>	<u>222,250</u>	<u>(894,014)</u>	<u>9,689,283</u>
Other Financing Sources (Uses):					
Lease liabilities issued	628,442	-	-	-	628,442
Sale of surplus property	4,088,215	-	-	-	4,088,215
Insurance proceeds	245,084	-	-	591,374	836,458
Transfers in	-	3,307,011	-	4,187,506	7,494,517
Transfers out	(8,352,483)	-	(222,250)	-	(8,574,733)
Total other financing sources (uses)	<u>(3,390,742)</u>	<u>3,307,011</u>	<u>(222,250)</u>	<u>4,778,880</u>	<u>4,472,899</u>
Net change in fund balances	8,871,158	1,406,158	-	3,884,866	14,162,182
Fund Balances:					
Beginning of year, July 1	<u>59,564,941</u>	<u>254,958</u>	<u>-</u>	<u>1,967,105</u>	<u>61,787,004</u>
End of year, June 30	<u>\$ 68,436,099</u>	<u>\$ 1,661,116</u>	<u>\$ -</u>	<u>\$ 5,851,971</u>	<u>\$ 75,949,186</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, 2022

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

Net change in fund balances - total governmental funds	\$ 14,162,182
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.	
Capital outlay	4,940,730
Depreciation	(1,956,745)
Gain (loss) on capital assets transferred from other funds	4,321
Net book value of capital assets disposed of during the year, not recognized on the modified accrual basis	(70,225)
Right to use leased asset capital outlay expenditures which were capitalized	628,442
Amortization of right to use leased assets is not reported as an expenditure in the governmental funds statement.	(224,444)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	141,381
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.	
Issuance of debt and leases	(628,442)
Principal	8,395,859
Amortization and accrued interest	671,016
Pension expense - LEOSSA	(311,002)
Pension expense - LGERS	393,772
Pension expense - ROD	10,866
OPEB plan expense	(1,423,419)
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(52,620)
Change in net position of governmental activities	<u>\$ 24,681,672</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 FUND
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund			
	Budgeted Amounts			Variance With Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 55,529,913	\$ 55,529,913	\$ 56,231,708	\$ 701,795
Unrestricted intergovernmental	14,904,520	14,904,520	16,951,569	2,047,049
Restricted intergovernmental	10,795,335	13,631,411	10,965,524	(2,665,887)
Permits and fees	1,712,882	1,752,882	2,427,055	674,173
Charges for services	3,765,519	4,936,538	4,867,130	(69,408)
Interest	9,200	9,200	148,896	139,696
Miscellaneous	244,384	272,453	169,850	(102,603)
Total revenues	86,961,753	91,036,917	91,761,732	724,815
Expenditures:				
General government	16,676,025	20,033,418	16,931,650	3,101,768
Public safety	13,787,128	14,839,464	14,205,678	633,786
Economic and physical development	3,613,074	3,691,275	3,437,883	253,392
Human services	17,488,273	19,148,062	15,509,313	3,638,749
Culture and recreation	2,782,719	3,150,590	2,502,798	647,792
Education, schools	25,258,212	25,258,212	25,258,212	-
Debt service:				
Principal	553,596	875,860	875,859	1
Interest	215,776	219,072	219,072	-
Total expenditures	80,374,803	87,215,953	78,940,465	8,275,488
Revenues over expenditures	6,586,950	3,820,964	12,821,267	9,000,303
Other Financing Sources (Uses):				
Lease liabilities issued	-	-	69,075	69,075
Note receivable payments	200,000	200,000	-	(200,000)
Sale of surplus property	100,000	498,000	4,088,215	3,590,215
Insurance proceeds	25,000	149,558	245,084	95,526
Transfers from other funds	7,715,197	7,715,197	-	(7,715,197)
Transfers to other funds	(14,669,187)	(17,939,762)	(8,587,983)	9,351,779
Appropriated fund balance	42,040	5,556,043	-	(5,556,043)
Total other financing sources (uses)	(6,586,950)	(3,820,964)	(4,185,609)	(364,645)
Net change in fund balance	\$ -	\$ -	8,635,658	\$ 8,635,658
Reconciliation from Budgetary Basis to Modified Accrual Basis:				
Initial implementation of lease standard:				
Lease liability issued			559,367	
Capital outlay			(559,367)	
Fund Balance:				
Beginning of year, July 1			59,079,440	
End of year, June 30			67,715,098	
A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Transfer from General Fund			235,500	
Fund balance, beginning of year			485,501	
Fund balance, end of year			\$ 68,436,099	

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 FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Public School Special Revenue Fund			
	Budgeted Amounts		Actual	Variance With Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Unrestricted intergovernmental	5,357,180	5,357,180	6,305,462	948,282
Restricted intergovernmental	632,000	632,000	2,525,000	1,893,000
Permits and fees	-	-	-	-
Charges for services	-	-	-	-
Interest	12	12	57	45
Miscellaneous	-	-	-	-
Total revenues	<u>5,989,192</u>	<u>5,989,192</u>	<u>8,830,519</u>	<u>2,841,327</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Education, schools	408,509	408,509	335,409	73,100
Debt service:				
Principal	7,520,000	7,520,000	7,520,000	-
Interest	3,013,588	3,013,588	2,875,963	137,625
Total expenditures	<u>10,942,097</u>	<u>10,942,097</u>	<u>10,731,372</u>	<u>210,725</u>
Revenues over expenditures	<u>(4,952,905)</u>	<u>(4,952,905)</u>	<u>(1,900,853)</u>	<u>3,052,052</u>
Other Financing Sources (Uses):				
Lease liabilities issued	-	-	-	-
Note receivable payments	-	-	-	-
Sale of surplus property	-	-	-	-
Insurance proceeds	-	-	-	-
Transfers from other funds	4,952,905	4,952,905	3,307,011	(1,645,894)
Transfers to other funds	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>4,952,905</u>	<u>4,952,905</u>	<u>3,307,011</u>	<u>(1,645,894)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,406,158</u>	<u>\$ 1,406,158</u>
Fund Balance:				
Beginning of year, July 1			<u>254,958</u>	
End of year, June 30			<u>\$ 1,661,116</u>	

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Business-Type Activities			
	Enterprise Funds			
	Resource Recovery Fund	Rocky Point/ Topsail Water & Sewer Fund	Water and Water Treatment Plant Fund	Waste Water Treatment and Sewer Fund
Assets:				
Current assets:				
Cash and cash equivalents	\$ 3,906,287	\$ 7,466,446	\$ -	\$ 5,956,009
Accounts receivable, net	128,033	988,126	5,200	26,857
Taxes receivables (net)	730,364	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	640,042	-	-
Restricted cash and cash equivalents	-	146,875	165,850	1,618,633
Total current assets	4,764,684	9,241,489	171,050	7,601,499
Non-current assets:				
Capital assets:				
Land and construction in progress	246,417	575,743	586,034	-
Other capital assets, net of depreciation	2,642,668	19,463,636	28,826,838	19,248,790
Total capital assets	2,889,085	20,039,379	29,412,872	19,248,790
Total assets	7,653,769	29,280,868	29,583,922	26,850,289
Deferred Outflows of Resources:				
OPEB deferrals	68,960	110,933	53,968	23,986
Pension deferrals	103,236	181,470	82,578	27,580
Total deferred outflows of resources	172,196	292,403	136,546	51,566
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	462,646	236,756	136,926	45,998
Accrued interest payable	1,242	31,934	230,452	137,844
Due to other funds	18,192	-	251,216	6,083
Liabilities payable from restricted assets:				
Customer deposits payable	-	146,875	200	-
Compensated absences liability - current	13,338	25,072	8,678	4,405
Installment notes payable - current	-	-	-	-
Federal revolving loan - current	30,170	-	-	-
Revenue bonds payable - current	-	-	94,000	-
Limited obligation bonds payable - current	-	665,000	260,000	826,875
General obligation bonds payable - current	-	-	19,000	-
Bond premiums - current	-	-	48,631	76,476
Total current liabilities	525,588	1,105,637	1,049,103	1,097,681

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Business-Type Activities		Governmental
	Enterprise Funds		Activities
	Total		
	Aggregate		Internal
	Nonmajor Funds	Total	Service Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,529,859	\$ 20,858,601	\$ 846,484
Accounts receivable, net	202,008	1,350,224	-
Taxes receivables (net)	-	730,364	-
Due from other governments	659	659	-
Due from other funds	771	640,813	-
Restricted cash and cash equivalents	46,307	1,977,665	-
Total current assets	3,779,604	25,558,326	846,484
Non-current assets:			
Capital assets:			
Land and construction in progress	1,188,735	2,596,929	-
Other capital assets, net of depreciation	27,109,226	97,291,158	-
Total capital assets	28,297,961	99,888,087	-
Total assets	32,077,565	125,446,413	846,484
Deferred Outflows of Resources:			
OPEB deferrals	41,973	299,820	-
Pension deferrals	52,474	447,338	-
Total deferred outflows of resources	94,447	747,158	-
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	26,391	908,717	18,432
Accrued interest payable	55,490	456,962	-
Due to other funds	849,218	1,124,709	-
Liabilities payable from restricted assets:			
Customer deposits payable	28,700	175,775	-
Compensated absences liability - current	8,131	59,624	-
Installment notes payable - current	7,199	7,199	-
Federal revolving loan - current	6,576	36,746	-
Revenue bonds payable - current	-	94,000	-
Limited obligation bonds payable - current	175,000	1,926,875	-
General obligation bonds payable - current	226,000	245,000	-
Bond premiums - current	11,021	136,128	-
Total current liabilities	1,393,726	5,171,735	18,432

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Business-Type Activities			
	Enterprise Funds			
	Resource Recovery Fund	Rocky Point/ Topsail Water & Sewer Fund	Water and Water Treatment Plant Fund	Waste Water Treatment and Sewer Fund
Non-current liabilities:				
Compensated absences liability	13,339	25,071	8,678	4,406
Other postemployment benefit liability	304,175	489,335	238,050	105,800
Net pension liability	61,505	104,316	49,199	16,235
Federal revolving loan	422,378	-	-	-
Installment notes payable	-	-	-	-
Revenue bonds payable	-	-	4,194,000	-
Limited obligation bonds payable	-	16,115,000	13,010,000	12,037,084
General obligation bonds payable	-	-	844,000	-
Bond premiums	-	-	1,327,950	917,718
Total non-current liabilities	801,397	16,733,722	19,671,877	13,081,243
Total liabilities	1,326,985	17,839,359	20,720,980	14,178,924
Deferred Inflows of Resources:				
Deferred gain on refunding	-	432,229	-	-
Pension deferrals	91,249	154,762	72,992	24,085
OPEB deferrals	45,577	73,319	35,669	15,853
Total deferred inflows of resources	136,826	660,310	108,661	39,938
Net Position:				
Net investment in capital assets	2,436,537	3,259,379	9,615,291	7,009,270
Restricted for HUD Section 8 housing	-	-	-	-
Unrestricted	3,925,617	7,814,223	(724,464)	5,673,723
Total net position	\$ 6,362,154	\$ 11,073,602	\$ 8,890,827	\$ 12,682,993

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Business-Type Activities		Governmental Activities
	Enterprise Funds		
	Total		
	Aggregate		Internal
	Nonmajor Funds	Total	Service Funds
Non-current liabilities:			
Compensated absences liability	8,129	59,623	-
Other postemployment benefit liability	185,150	1,322,510	-
Net pension liability	30,583	261,838	-
Federal revolving loan	118,376	540,754	-
Installment notes payable	59,836	59,836	-
Revenue bonds payable	-	4,194,000	-
Limited obligation bonds payable	3,730,000	44,892,084	-
General obligation bonds payable	10,236,000	11,080,000	-
Bond premiums	273,973	2,519,641	-
Total non-current liabilities	14,642,047	64,930,286	-
Total liabilities	16,035,773	70,102,021	18,432
Deferred Inflows of Resources:			
Deferred gain on refunding	47,558	479,787	-
Pension deferrals	45,372	388,460	-
OPEB deferrals	27,742	198,160	-
Total deferred inflows of resources	120,672	1,066,407	-
Net Position:			
Net investment in capital assets	13,453,980	35,774,457	-
Restricted for HUD Section 8 housing	7,949	7,949	-
Unrestricted	2,553,638	19,242,737	828,052
Total net position	\$ 16,015,567	\$ 55,025,143	\$ 828,052

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, 2022

	Business-Type Activities			
	Enterprise Funds			
	Resource Recovery Fund	Rocky Point/ Topsail Water & Sewer Fund	Water and Water Treatment Plant Fund	Waste Water Treatment and Sewer Fund
Operating Revenues:				
Charges for services	\$ 6,538,963	\$ 7,404,655	\$ 2,088,901	\$ 3,117,628
Dwelling rental	-	-	-	-
Miscellaneous	37,674	-	-	-
Total operating revenues	6,576,637	7,404,655	2,088,901	3,117,628
Operating Expenses:				
Cost of services	5,936,550	4,641,131	1,561,858	459,610
Depreciation and amortization	94,301	686,738	920,520	740,813
Total operating expenses	6,030,851	5,327,869	2,482,378	1,200,423
Operating income (loss)	545,786	2,076,786	(393,477)	1,917,205
Non-Operating Revenues (Expenses):				
Restricted intergovernmental	-	10,000	-	-
Interest income	-	849	265	1,319
Miscellaneous income	370,736	-	-	-
Gain (loss) on disposal of capital assets	-	304,567	-	-
Interest and other charges	(7,895)	(436,976)	(1,569,000)	(579,196)
Total non-operating revenues (expenses)	362,841	(121,560)	(1,568,735)	(577,877)
Income (loss) before transfers	908,627	1,955,226	(1,962,212)	1,339,328
Transfers in	-	222,250	1,181,080	817,646
Transfers out	-	-	-	(1,342,493)
Total transfers in (out)	-	222,250	1,181,080	(524,847)
Change in net position	908,627	2,177,476	(781,132)	814,481
Net Position:				
Beginning of year, July 1	5,453,527	8,896,126	9,671,959	11,868,512
End of year, June 30	\$ 6,362,154	\$ 11,073,602	\$ 8,890,827	\$ 12,682,993

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, 2022

	Business-Type Activities		Governmental
	Enterprise Funds		Activities
	Total		
	Aggregate		Internal
	Nonmajor Funds	Total	Service Funds
Operating Revenues:			
Charges for services	\$ 1,027,871	\$ 20,178,018	\$ -
Dwelling rental	58,584	58,584	-
Miscellaneous	249,549	287,223	-
Total operating revenues	1,336,004	20,523,825	-
Operating Expenses:			
Cost of services	1,876,600	14,475,749	-
Depreciation and amortization	1,255,626	3,697,998	-
Total operating expenses	3,132,226	18,173,747	-
Operating income (loss)	(1,796,222)	2,350,078	-
Non-Operating Revenues (Expenses):			
Restricted intergovernmental	1,069,199	1,079,199	-
Interest income	19	2,452	-
Miscellaneous income	2,176	372,912	-
Gain (loss) on disposal of capital assets	(8,917)	295,650	-
Interest and other charges	(225,798)	(2,818,865)	-
Total non-operating revenues (expenses)	836,679	(1,068,652)	-
Income (loss) before transfers	(959,543)	1,281,426	-
Transfers in	201,733	2,422,709	-
Transfers out	-	(1,342,493)	-
Total transfers in (out)	201,733	1,080,216	-
Change in net position	(757,810)	2,361,642	-
Net Position:			
Beginning of year, July 1	16,773,377	52,663,501	828,052
End of year, June 30	\$ 16,015,567	\$ 55,025,143	\$ 828,052

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, 2022

	Business-Type Activities			
	Enterprise Funds			
	Resource Recovery Fund	Rocky Point/ Topsail Water & Sewer Fund	Water and Water Treatment Plant Fund	Waste Water Treatment and Sewer Fund
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 6,582,019	\$ 7,349,126	\$ 2,100,798	\$ 3,198,861
Payments to customers and suppliers	(5,443,298)	(3,572,986)	(929,471)	(304,118)
Payments to employees	(477,217)	(979,343)	(336,225)	(120,569)
Net cash provided (used) by operating activities	661,504	2,796,797	835,102	2,774,174
Cash Flows From Capital and Related Financing Activities:				
Acquisition & construction of capital assets	(54,176)	(953,100)	(596,983)	-
Proceeds from sale of asset	-	308,888	-	-
Repayment of debt	(30,169)	(16,395,000)	(365,000)	(816,405)
Interest paid and issuance costs	(8,061)	(469,707)	(1,392,175)	(600,012)
Net cash provided (used) by capital and related financing activities	(92,406)	(17,508,919)	(2,354,158)	(1,416,417)
Cash Flows From Non-Capital Financing Activities:				
State and federal grants	-	10,000	-	-
Miscellaneous revenues	370,736	-	-	-
Advances to and from other funds	8,241	17,529	(7,699)	2,058
Transfers in (out)	-	222,250	1,181,080	(524,847)
Net cash provided (used) by non-capital financing activities	378,977	249,779	1,173,381	(522,789)
Cash Flows From Non-Capital Financing Activities:				
Interest on cash and cash equivalents	-	849	265	1,319
Net increase (decrease) in cash and cash equivalents	948,075	(14,461,494)	(345,410)	836,287
Cash and Cash Equivalents:				
Beginning of year, July 1	2,958,212	22,074,815	511,260	6,738,355
End of year, June 30	\$ 3,906,287	\$ 7,613,321	\$ 165,850	\$ 7,574,642
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 545,786	\$ 2,076,786	\$ (393,477)	\$ 1,917,205
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	94,301	686,738	920,520	740,813
Change in assets and liabilities:				
(Increase) decrease accounts receivable	5,382	(69,704)	11,697	81,233
Increase (decrease) accounts payable and accrued expenses	(17,811)	78,476	282,229	26,505
Increase (decrease) customer deposits payable	-	14,175	200	-
Increase (decrease) compensated absences	18,858	(13,279)	2,301	2,706
Increase (decrease) OPEB	29,331	47,186	22,955	10,202
(Increase) in deferred outflows of resources for OPEB	731	1,179	573	255
Increase (decrease) in deferred inflows of resources for OPEB	(9,167)	(14,747)	(7,174)	(3,188)
(Increase) in deferred outflows of resources for pensions	(23,596)	(40,016)	(18,873)	(6,227)
Increase (decrease) in net pension liability	(73,560)	(124,759)	(58,841)	(19,415)
Increase (decrease) in deferred inflows of resources for pensions	91,249	154,762	72,992	24,085
Net cash provided by (used in) operating activities	\$ 661,504	\$ 2,796,797	\$ 835,102	\$ 2,774,174
Non-Cash Transactions:				
Transfer of capital assets (to) from other funds	\$ -	\$ (4,321)	\$ -	\$ -

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, 2022

	Business-Type Activities		Governmental
	Enterprise Funds		Activities
	Total		
	Aggregate		Internal
	Nonmajor Funds	Total	Service Funds
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 1,372,774	\$ 20,603,578	\$ -
Payments to customers and suppliers	(1,822,659)	(12,072,532)	-
Payments to employees	(375,745)	(2,289,099)	-
Net cash provided (used) by operating activities	(825,630)	6,241,947	-
Cash Flows From Capital and Related Financing Activities:			
Acquisition & construction of capital assets	(399,982)	(2,004,241)	-
Proceeds from sale of asset	-	308,888	-
Repayment of debt	(2,505,703)	(20,112,277)	-
Interest paid and issuance costs	(252,382)	(2,722,337)	-
Net cash provided (used) by capital and related financing activities	(3,158,067)	(24,529,967)	-
Cash Flows From Non-Capital Financing Activities:			
State and federal grants	1,318,109	1,328,109	-
Miscellaneous revenues	2,176	372,912	-
Advances to and from other funds	(74,522)	(54,393)	-
Transfers in (out)	201,733	1,080,216	-
Net cash provided (used) by non-capital financing activities	1,447,496	2,726,844	-
Cash Flows From Non-Capital Financing Activities:			
Interest on cash and cash equivalents	19	2,452	-
Net increase (decrease) in cash and cash equivalents	(2,536,182)	(15,558,724)	-
Cash and Cash Equivalents:			
Beginning of year, July 1	6,112,348	38,394,990	846,484
End of year, June 30	\$ 3,576,166	\$ 22,836,266	\$ 846,484
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (1,796,222)	\$ 2,350,078	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,255,626	3,697,998	-
Change in assets and liabilities:			
(Increase) decrease accounts receivable	35,370	63,978	-
Increase (decrease) accounts payable and accrued expenses	(334,634)	34,765	-
Increase (decrease) customer deposits payable	1,400	15,775	-
Increase (decrease) compensated absences	3,044	13,630	-
Increase (decrease) OPEB	17,854	127,528	-
(Increase) in deferred outflows of resources for OPEB	447	3,185	-
Increase (decrease) in deferred inflows of resources for OPEB	(5,580)	(39,856)	-
(Increase) in deferred outflows of resources for pensions	(11,731)	(100,443)	-
Increase (decrease) in net pension liability	(36,576)	(313,151)	-
Increase (decrease) in deferred inflows of resources for pensions	45,372	388,460	-
Net cash provided by (used in) operating activities	\$ (825,630)	\$ 6,241,947	\$ -
Non-Cash Transactions:			
Transfer of capital assets (to) from other funds	\$ -	\$ (4,321)	\$ -

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

PENDER COUNTY, NORTH CAROLINA**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****JUNE 30, 2022**

	Custodial Funds
Assets:	
Cash and cash equivalents	\$ 101,014
Receivables, net	<u>103,027</u>
Total assets	<u>204,041</u>
Liabilities:	
Accounts payable and accrued liabilities	<u>45,334</u>
Net Position:	
Restricted for:	
Individuals, organizations and other governments	<u><u>\$ 158,707</u></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, 2022

	Custodial Funds
Additions:	
Ad valorem taxes for other governments	\$ 1,804,440
Collections on behalf of inmates	<u>179,277</u>
Total additions	<u>1,983,717</u>
Deductions:	
Tax distributions to other governments	1,784,049
Payments on behalf of inmates	<u>148,031</u>
Total deductions	<u>1,932,080</u>
Net increase (decrease) in fiduciary net position	51,637
Net Position:	
Net position - beginning	<u>107,070</u>
Net position - ending	<u><u>\$ 158,707</u></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, 2022

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 nonmajor enterprise funds with the exception of Rocky Point/Topsail Water and Sewer District, which is reported as a major fund.

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. The Authority’s operations are reported in two nonmajor enterprise funds: the Section 8 Administration and Country Court Apartments Funds. Separate financial statements are not issued for the Authority.

Maple Hill Water 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. The District provides potable water to the customers in the District. Under state law, NCGS 162A-89, the Pender County Board of Commissioners also serve as the governing board of the District. This District is reported as a nonmajor enterprise fund. Separate financial statements are not issued for the District.

The Rocky Point/Topsail Water and Sewer District (“the District”): The District was established by the Pender County Board of Commissioners. The District provides potable water and access to sewer services to the customers in the District. Under state law, NCGS 162A-89, the Pender County Board of Commissioners also serve as the governing board of the District. The District is reported as a major enterprise fund. Separate financial statements are not issued for the District.

Scotts Hill 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. Approximately 650 potential customers (households and businesses) are within the District. The District began the provision for potable water to the customers in the District in November 2011. Under state law, NCGS 162A-89, the Pender County Board of Commissioners also serve as the governing board of the District. This District is reported as a nonmajor enterprise fund. Separate financial statements are not issued for the District.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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. This District is reported as a non-major enterprise fund. Separate financial statements are not issued for the District.

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. This District is reported as a nonmajor enterprise fund. Separate financial statements are not issued for the District.

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.

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, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.

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.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.

The County reports the following major enterprise funds:

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

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

Water and Water Treatment Plant Fund. This fund is used to account for the operations of the water treatment plant and the Limited Obligation Bonds issued by the County to cover the Water District General Obligation Bonds.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Waste Water Treatment and Sewer Fund. This fund is used to account for the operations of the wastewater treatment plant and sewer operations.

Internal Service Funds – The internal service funds are used to account for the financial activities of the County's self-insured employee health insurance and workers' compensation.

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, Rescue District Fund, 911 Emergency Telephone Fund, Cooperative Extension Fund, Capital Improvements Fund, and School Capital Projects Fund.

Enterprise Funds: Maple Hill Water Fund, Section 8 Admin. Fund, Country Court Apartments Fund, Scotts Hill Water & Sewer Fund, Moore's Creek Water District, and Central Pender Water District. The majority of the enterprise funds have capital project funds which are cumulative and are reported in the major or nonmajor operating funds.

Internal Service Funds: Employee Health Insurance Fund and Workers' Compensation 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 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.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 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 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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 and Rescue Districts, Cooperative Extension Fund, Public School Special Revenue Fund, and the Enterprise Operating Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the ARPA Fund, Capital Improvements Fund, School Capital Fund, and the Enterprise Capital Projects Funds, which are consolidated with the Enterprise Operating Funds for reporting purposes. A reconciliation is included for the General Fund due to the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*.

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(c)(8)] authorizes the County, the ABC Board, and the Tourism Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust ("NCCMT").

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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. Escrow, debt service, SEC, and tax escrow deposits are 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 General Fund, ARPA Fund, and Capital Improvements Fund are classified as restricted because their use is completely restricted for the purpose for which the grants were awarded.

Governmental Activities:

General Fund	Representative payee deposits	\$ 59,133
General Fund	Tax revaluation	721,001
General Fund	Advances from grantors	55,700
ARPA Fund	Advances from grantors	5,902,083
Capital Improvements Fund	Advances from grantors	318,988
School Capital Projects Fund	Unexpended bond proceeds	823,217
Total governmental activities		<u>7,880,122</u>

Business-Type Activities:

Rocky Point/Topsail Water & Sewer Fund	Customer deposits	146,875
Water and Water Treatment Plant Fund	Debt service reserve	165,650
Water and Water Treatment Plant Fund	Customer deposits	200
Waste Water Treatment Plant and Sewer	Unexpended bond proceeds	1,618,633
Maple Hill Water Fund	Customer deposits	7,200
Section 8 Admin. Fund	Grant restrictions	7,949
Country Court Apartments Fund	SEC and tax escrow deposits	9,658
Country Court Apartments Fund	Customer deposits	2,900
Scotts Hill Water & Sewer Fund	Customer deposits	3,200
Moore's Creek Water District	Customer deposits	13,000
Central Pender Water District	Customer deposits	2,400
Total business-type activities		<u>1,977,665</u>

Total restricted cash	<u><u>\$ 9,857,787</u></u>
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PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2021. As allowed by state law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due 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 ABC Board are valued at the lower of cost (first-in, first-out), which approximates market or net realizable value. The inventory of the County and ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory is recorded as an expense as it is consumed or sold.

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

K. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets with an estimated useful life greater than one year are reported at cost or estimated historical cost. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$10,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

	<u>Years</u>
Buildings	50
Infrastructure	40
Other improvements	25
Furniture and equipment	10
Vehicles	6
Computer equipment	3

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

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

L. Right to Use Assets

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

M. 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 – prepaid taxes, property taxes receivable, grants receivable, deferred gain on refunding, and other pension-related and OPEB deferrals.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

N. 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.

O. Compensated Absences

The vacation policies of the County provides for the accumulation of up to 240 hours earned vacation leave with such leave being fully vested when earned. Effective July 1, 1994, the County has elected to pay, upon satisfactory separation of service from the County with over five years of service to the County, 25% of the accumulated sick leave value to the separating employee. Accumulated earned leave pay at June 30, 2022 amounted to \$1,377,524 in total, \$1,258,277 of which represents the liability of the governmental funds and is recorded in the government-wide financial statements and \$119,247 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 \$34,461 at June 30, 2022. 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.

P. 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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Subsequent to year end, the County received \$144,931 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. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

Q. 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 subsequent to year end. 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.

R. Net Position/Fund Balances

Net Position

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

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

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

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

Fund Balances

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

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

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

Restricted Fund Balance

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

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

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

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

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 for School Capital Projects – unspent proceeds of financing, restricted to the purpose for which the debt was issued.

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$823,217 and restricted for Register of Deeds pension plan of \$171,229, for a net difference of \$651,988, as of June 30, 2022.

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.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approved the appropriation.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Pender County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County.

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

S. 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.

T. 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 (LERS) 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, 2022

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, 2022, actual expenditures exceeded budgeted expenditures for the following fund: Rescue District Fund. Management concurs. Management and the Board will more closely review the budget reports to ensure compliance in future years.

B. Non-Compliance with North Carolina General Statutes

N.C. General Statute 159-34 requires the County to have an audit as soon as possible after the close of each fiscal year. The 2022 audit was delayed; refer to finding 2022-001 for further information.

3. Detail Notes on All Funds

A. Assets

Deposits

All deposits of 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.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

At June 30, 2022, the County's deposits had a carrying amount of \$6,320,356 and a bank balance of \$7,323,932. Of the bank balance, \$325,543 was covered by federal depository insurance and \$6,998,389 was covered by collateral held under the Pooling Method.

At June 30, 2022, Pender County had \$2,386 cash on hand.

At June 30, 2022, the carrying amount of deposits for Pender County ABC Board was \$593,293 and the bank balance was \$535,606. 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, 2022, Pender County ABC Board had \$800 cash on hand.

At June 30, 2022, the Pender Tourism Development Authority's deposits had a carrying amount of \$78,788 and a bank balance of \$78,788. Of the bank balance, \$78,788 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, 2022, the County had the following investments and maturities:

Investment Type	Valuation	Fair Value	Less Than 6 Months	6-12 Months	1-3 Years
	Measurement Method				
NC Capital Management Trust: Government Portfolio	Fair Value-Level 1	<u>\$ 92,280,880</u>	<u>\$ 92,280,880</u>	<u>N/A</u>	<u>N/A</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

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

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

Property Tax - Use-Value Assessment on Certain Lands

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

<u>Year of Levy</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,683,116	\$ 557,532	\$ 2,240,648
2020	1,947,365	467,368	2,414,733
2021	1,917,733	284,783	2,202,516
2022	1,925,559	110,238	2,035,797
Total	<u>\$ 7,473,773</u>	<u>\$ 1,419,921</u>	<u>\$ 8,893,694</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Receivables

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

	Accounts Receivable	Property Taxes	Sales Tax	Due from Other Governments	Total
Governmental Activities:					
General	\$ 745,423	\$ 3,371,563	\$ 387,384	\$ 9,837,624	\$ 14,341,994
Other governmental	212,814	872,661	-	2,833,565	3,919,040
Total receivables	958,237	4,244,224	387,384	12,671,189	18,261,034
Allowance for doubtful accounts	-	677,160	-	-	677,160
Total governmental activities	<u>\$ 958,237</u>	<u>\$ 3,567,064</u>	<u>\$ 387,384</u>	<u>\$ 12,671,189</u>	<u>\$ 17,583,874</u>
Business-Type Activities:					
Resource Recovery	\$ 146,717	\$ 1,046,238	\$ -	\$ -	\$ 1,192,955
Rocky Point/Topsail Water & Sewer	1,790,759	-	-	-	1,790,759
Water and Water Treatment Plant	10,953	-	-	-	10,953
Waste Water Treatment Plant and Sewer	39,403	-	-	-	39,403
Other business-type	567,515	-	-	659	568,174
Total receivables	2,555,347	1,046,238	-	659	3,602,244
Allowance for doubtful accounts	1,205,123	315,874	-	-	1,520,997
Total business-type activities	<u>\$ 1,350,224</u>	<u>\$ 730,364</u>	<u>\$ -</u>	<u>\$ 659</u>	<u>\$ 2,081,247</u>

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

Local option sales tax	\$ 5,495,858
FEMA grants	4,201,942
Other grants	975,918
DMV - vehicle tax	608,266
Health grants	646,469
DSS grants	742,736
Total	<u>\$ 12,671,189</u>

The Custodial Funds' accounts receivable is presented net of the allowance for uncollectible accounts of \$29,325.

Notes receivable at June 30, 2022 of \$633,328 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, 2022

Capital Assets

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

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2022</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 12,074,148	\$ 2,106,592	\$ (10,132)	\$ -	\$ 14,170,608
Construction in progress	500,154	1,046,812	-	-	1,546,966
Total non-depreciable capital assets	<u>12,574,302</u>	<u>3,153,404</u>	<u>(10,132)</u>	<u>-</u>	<u>15,717,574</u>
Depreciable Capital Assets:					
Buildings and improvements	32,334,356	366,601	-	-	32,700,957
Intangibles	2,941,895	-	-	-	2,941,895
Equipment	4,119,231	573,275	-	-	4,692,506
Vehicles	5,508,602	847,450	(239,398)	32,410	6,149,064
Total depreciable capital assets	<u>44,904,084</u>	<u>1,787,326</u>	<u>(239,398)</u>	<u>32,410</u>	<u>46,484,422</u>
Less Accumulated Depreciation:					
Buildings and improvements	17,547,958	939,755	-	-	18,487,713
Intangibles	1,343,270	140,200	-	-	1,483,470
Equipment	2,319,259	358,805	-	-	2,678,064
Vehicles	4,405,641	517,985	(179,305)	28,089	4,772,410
Total accumulated depreciation	<u>25,616,128</u>	<u>\$ 1,956,745</u>	<u>\$ (179,305)</u>	<u>\$ 28,089</u>	<u>27,421,657</u>
Total capital assets being depreciated, net	<u>19,287,956</u>				<u>19,062,765</u>
Governmental activity capital assets, net	<u>\$ 31,862,258</u>				<u>\$ 34,780,339</u>

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

General government	\$ 1,124,035
Public safety	553,798
Human services	165,445
Economic and physical development	10,828
Cultural and recreational	102,639
Total depreciation expense	<u>\$ 1,956,745</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-Type Activities:				
Wastewater Treatment and Sewer Fund:				
Depreciable Capital Assets:				
Buildings and improvements	\$ 23,204,151	\$ -	\$ -	\$ 23,204,151
Equipment	16,295	-	-	16,295
Vehicles	17,330	-	-	17,330
Total depreciable capital assets	<u>23,237,776</u>	<u>-</u>	<u>-</u>	<u>23,237,776</u>
Less Accumulated Depreciation:				
Buildings and improvements	3,141,413	813,948	-	3,955,361
Equipment	16,295	-	-	16,295
Vehicles	13,989	3,341	-	17,330
Total accumulated depreciation	<u>3,171,697</u>	<u>\$ 817,289</u>	<u>\$ -</u>	<u>3,988,986</u>
Total depreciable capital assets, net	<u>20,066,079</u>			<u>19,248,790</u>
Wastewater Treatment and Sewer capital assets, net	<u>\$ 20,066,079</u>			<u>\$ 19,248,790</u>
	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-Type Activities:				
Maple Hill Water Fund:				
Non-Depreciable Capital Assets:				
Construction in progress	\$ 393,529	\$ 1,086	\$ -	\$ 394,615
Depreciable Capital Assets:				
Buildings and improvements	<u>5,633,929</u>	<u>-</u>	<u>-</u>	<u>5,633,929</u>
Less Accumulated Depreciation:				
Buildings and improvements	1,744,614	140,283	-	1,884,897
Total accumulated depreciation	<u>1,744,614</u>	<u>\$ 140,283</u>	<u>\$ -</u>	<u>1,884,897</u>
Total depreciable capital assets, net	<u>3,889,315</u>			<u>3,749,032</u>
Maple Hill Water Fund capital assets, net	<u>\$ 4,282,844</u>			<u>\$ 4,143,647</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-Type Activities:					
Rocky Point/Topsail Water and Sewer Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 343,493	\$ -	\$ -	\$ -	\$ 343,493
Construction in progress	9,619	246,191	-	(23,560)	232,250
Total non-depreciable capital assets	<u>353,112</u>	<u>246,191</u>	<u>-</u>	<u>(23,560)</u>	<u>575,743</u>
Depreciable Capital Assets:					
Buildings and improvements	26,293,493	557,552	-	23,560	26,874,605
Intangibles	9,485	-	-	-	9,485
Vehicles	609,973	142,689	-	(32,410)	720,252
Equipment	219,256	6,668	-	-	225,924
Total depreciable capital assets	<u>27,132,207</u>	<u>706,909</u>	<u>-</u>	<u>(8,850)</u>	<u>27,830,266</u>
Less Accumulated Depreciation:					
Buildings and improvements	7,094,939	661,527	-	-	7,756,466
Intangibles	9,485	-	-	-	9,485
Vehicles	520,450	25,212	-	(28,089)	517,573
Equipment	63,460	19,646	-	-	83,106
Total accumulated depreciation	<u>7,688,334</u>	<u>\$ 706,385</u>	<u>\$ -</u>	<u>\$ (28,089)</u>	<u>8,366,630</u>
Total depreciable capital assets, net	<u>19,443,873</u>				<u>19,463,636</u>
Rocky Point/Topsail Water and Sewer Fund capital assets, net	<u>\$ 19,796,985</u>				<u>\$ 20,039,379</u>

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-Type Activities:				
Section 8 Administration Fund:				
Depreciable Capital Assets:				
Intangibles	\$ 9,383	\$ -	\$ -	\$ 9,383
Vehicles	15,615	-	-	15,615
Total depreciable capital assets	<u>24,998</u>	<u>-</u>	<u>-</u>	<u>24,998</u>
Less Accumulated Depreciation:				
Intangibles	9,383	-	-	9,383
Vehicles	15,615	-	-	15,615
Total accumulated depreciation	<u>24,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>24,998</u>
Total depreciable capital assets, net	<u>-</u>			<u>-</u>
Section 8 Administration Fund capital assets, net	<u>\$ -</u>			<u>\$ -</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-Type Activities:				
Country Court Apartments Fund:				
Depreciable Capital Assets:				
Buildings and improvements	\$ 1,216,449	\$ -	\$ (10,000)	\$ 1,206,449
Intangibles	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
Total depreciable capital assets	<u>1,217,649</u>	<u>-</u>	<u>(10,000)</u>	<u>1,207,649</u>
 Less Accumulated Depreciation:				
Buildings and improvements	248,774	41,940	(1,083)	289,631
Intangibles	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
Total accumulated depreciation	<u>249,974</u>	<u>\$ 41,940</u>	<u>\$ (1,083)</u>	<u>290,831</u>
Total depreciable capital assets, net	<u>967,675</u>			<u>916,818</u>
Country Court Apartments capital assets, net	<u>\$ 967,675</u>			<u>\$ 916,818</u>

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-Type Activities:				
Resource Recovery Fund:				
Non-Depreciable Capital Assets:				
Land	<u>\$ 192,241</u>	<u>\$ 54,176</u>	<u>\$ -</u>	<u>\$ 246,417</u>
 Depreciable Capital Assets:				
Buildings and improvements	3,553,015	-	-	3,553,015
Vehicles	29,788	-	-	29,788
Equipment	<u>55,235</u>	<u>-</u>	<u>-</u>	<u>55,235</u>
Total depreciable capital assets	<u>3,638,038</u>	<u>-</u>	<u>-</u>	<u>3,638,038</u>
 Less Accumulated Depreciation:				
Buildings and improvements	837,391	87,599	-	924,990
Vehicles	10,923	5,958	-	16,881
Equipment	<u>52,755</u>	<u>744</u>	<u>-</u>	<u>53,499</u>
Total accumulated depreciation	<u>901,069</u>	<u>\$ 94,301</u>	<u>\$ -</u>	<u>995,370</u>
Total depreciable capital assets, net	<u>2,736,969</u>			<u>2,642,668</u>
Resource Recovery Fund capital assets, net	<u>\$ 2,929,210</u>			<u>\$ 2,889,085</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-Type Activities:					
Scotts Hill Water & Sewer Fund:					
Non-Depreciable Capital Assets:					
Construction in progress	\$ 2,286,477	\$ 398,896	\$ -	\$ (1,913,953)	\$ 771,420
Depreciable Capital Assets:					
Buildings and improvements	3,110,091	-	-	1,913,953	5,024,044
Vehicles	21,377	-	-	-	21,377
Total depreciable capital assets	<u>3,131,468</u>	<u>-</u>	<u>-</u>	<u>1,913,953</u>	<u>5,045,421</u>
Less Accumulated Depreciation:					
Buildings and improvements	809,361	285,097	-	-	1,094,458
Vehicles	21,377	-	-	-	21,377
Total accumulated depreciation	<u>830,738</u>	<u>\$ 285,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,115,835</u>
Total depreciable capital assets, net	<u>2,300,730</u>				<u>3,929,586</u>
Scott's Hill capital assets, net	<u>\$ 4,587,207</u>				<u>\$ 4,701,006</u>

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-Type Activities:				
Water and Water Treatment Fund:				
Non-Depreciable Capital Assets:				
Construction in progress	\$ -	\$ 586,034	\$ -	\$ 586,034
Depreciable Capital Assets:				
Buildings and improvements	34,352,806	-	-	34,352,806
Intangibles	1,111,033	-	-	1,111,033
Vehicles	68,834	-	-	68,834
Equipment	33,920	10,949	-	44,869
Total depreciable capital assets	<u>35,566,593</u>	<u>10,949</u>	<u>-</u>	<u>35,577,542</u>
Less Accumulated Depreciation:				
Buildings and improvements	5,159,631	859,548	-	6,019,179
Intangibles	531,268	102,460	-	633,728
Vehicles	68,027	807	-	68,834
Equipment	22,627	6,336	-	28,963
Total accumulated depreciation	<u>5,781,553</u>	<u>\$ 969,151</u>	<u>\$ -</u>	<u>6,750,704</u>
Total depreciable capital assets, net	<u>29,785,040</u>			<u>28,826,838</u>
Water and Water Treatment Fund capital assets, net	<u>\$ 29,785,040</u>			<u>\$ 29,412,872</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Business-Type Activities:				
Moore's Creek Water District:				
Depreciable Capital Assets:				
Buildings and improvements	\$ 9,035,514	\$ -	\$ -	\$ 9,035,514
Vehicles	38,791	-	-	38,791
Total depreciable capital assets	<u>9,074,305</u>	<u>-</u>	<u>-</u>	<u>9,074,305</u>
Less Accumulated Depreciation:				
Buildings and improvements	692,173	225,888	-	918,061
Vehicles	21,335	7,758	-	29,093
Total accumulated depreciation	<u>713,508</u>	<u>\$ 233,646</u>	<u>\$ -</u>	<u>947,154</u>
Total depreciable capital assets, net	<u>8,360,797</u>			<u>8,127,151</u>
Moore's Creek Water District capital assets, net	<u>\$ 8,360,797</u>			<u>\$ 8,127,151</u>
	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Business-Type Activities:				
Central Pender Water District Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 22,700	-	-	\$ 22,700
Depreciable Capital Assets:				
Buildings and improvements	10,213,741	-	-	10,213,741
Intangibles	3,125,000	-	-	3,125,000
Total depreciable capital assets	<u>13,338,741</u>	<u>-</u>	<u>-</u>	<u>13,338,741</u>
Less Accumulated Depreciation:				
Buildings and improvements	821,758	255,344	-	1,077,102
Intangibles	1,562,500	312,500	-	1,875,000
Total accumulated depreciation	<u>2,384,258</u>	<u>\$ 567,844</u>	<u>\$ -</u>	<u>2,952,102</u>
Total depreciable capital assets, net	<u>10,954,483</u>			<u>10,386,639</u>
Central Pender Water District Fund capital assets, net	<u>\$ 10,977,183</u>			<u>\$ 10,409,339</u>
Business-type activities capital assets, net	<u>\$ 101,753,020</u>			<u>\$ 99,888,087</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Construction Commitments

The government has no active construction projects as of June 30, 2022.

Discretely Presented Component Unit

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

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Non-Depreciable Capital Assets:				
Land	\$ 64,730	\$ 402,813	\$ -	\$ 467,543
Construction in progress	-	266,500	-	266,500
Total non-depreciable capital assets	<u>64,730</u>	<u>669,313</u>	<u>-</u>	<u>734,043</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	82,324	1,931	-	84,255
Land improvements	4,660	666	-	5,326
Roof replacement	29,695	-	-	29,695
Equipment	157,492	16,203	-	173,695
Vehicles	38,450	10,254	-	48,704
Total accumulated depreciation	<u>329,768</u>	<u>\$ 29,054</u>	<u>\$ -</u>	<u>358,822</u>
Total depreciable capital assets, net	<u>143,051</u>			<u>113,997</u>
ABC Board capital assets, net	<u>\$ 207,781</u>			<u>\$ 848,040</u>

Right-to-Use Leased Assets

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Governmental Activities:				
Right-to-Use Leased Assets:				
Buildings	\$ -	\$ 50,126	\$ -	\$ 50,126
Equipment	-	35,561	-	35,561
Computer equipment	-	542,755	-	542,755
Total	-	628,442	-	628,442
Less Accumulated Amortization:				
Buildings	-	20,886	-	20,886
Equipment	-	6,193	-	6,193
Computer equipment	-	197,365	-	197,365
Total accumulated amortization	-	\$ 224,444	\$ -	224,444
Right-to-use leased assets, net	\$ -			\$ 403,998

B. Liabilities

Payables and Accrued Liabilities

Payables and accrued liabilities at the government-wide level at June 30, 2022, 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	\$ 2,126,115	\$ 1,065,995	\$ 49,624	\$ -	\$ 3,241,734
Other governmental	327,640	-	883,995	-	1,211,635
Total governmental activities	\$ 2,453,755	\$ 1,065,995	\$ 933,619	\$ -	\$ 4,453,369
Business-Type Activities:					
Resource Recovery	\$ 440,855	\$ 21,791	\$ 1,242	\$ -	\$ 463,888
Rocky Point/Topsail Water and Sewer	191,777	44,979	31,934	146,875	415,565
Water and Water Treatment Plant	124,200	12,726	230,452	200	367,578
Waste Water Treatment Plan and Sewer	40,204	5,794	137,844	-	183,842
Other business-type	12,021	14,370	55,490	28,700	110,581
Total business-type activities	\$ 809,057	\$ 99,660	\$ 456,962	\$ 175,775	\$ 1,541,454

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, was 12.10% of compensation for law enforcement officers and 11.35% 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 \$2,593,749 for the year ended June 30, 2022.

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

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

At June 30, 2022, the County reported a liability of \$4,531,623 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the County's proportion was 0.29549% (measured as of June 30, 2021), which was an increase of 0.02262% from its proportion as of June 30, 2021 (measured as of June 30, 2020).

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

For the year ended June 30, 2022, the County recognized pension expense of \$2,174,844. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,441,672	\$ -
Changes of assumptions	2,847,017	-
Net difference between projected and actual earnings on pension plan investments	-	6,474,328
Changes in proportion and differences between County contributions and proportionate share of contributions	519,777	-
County contributions subsequent to the measurement date	2,593,749	-
Total	<u>\$ 7,402,215</u>	<u>\$ 6,474,328</u>

\$2,593,749 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ 628,296
2024	63,800
2025	(376,774)
2026	(1,981,184)
2027	-
Thereafter	-
Total	<u>\$ (1,665,862)</u>

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

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

The plan actuary currently uses mortality rates based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates 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, 2021 are summarized in the following table:

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

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

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	<u>\$ 17,591,383</u>	<u>\$ 4,531,623</u>	<u>\$ (6,215,801)</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 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, 2020 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Inactive members currently receiving benefits	-
Active plan members	<u>81</u>
Total	<u>83</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period 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 FOR THE YEAR ENDED JUNE 30, 2022

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 \$45,480 as benefits came due.

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

At June 30, 2022, the County reported a total pension liability of \$2,635,853. The total pension liability was measured as of December 31, 2021, based on a December 31, 2020, actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2021, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$356,482.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 232,623	\$ 60,906
Changes of assumptions	492,554	82,348
Contributions made subsequent to the measurement date	20,991	-
Total	<u>\$ 746,168</u>	<u>\$ 143,254</u>

\$20,991 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ 136,696
2024	133,561
2025	137,476
2026	122,514
2027	48,544
Thereafter	<u>3,132</u>
Total	<u>\$ 581,923</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 2.25%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
County's proportionate share of the total pension liability	<u>\$ 2,854,485</u>	<u>\$ 2,635,853</u>	<u>\$ 2,435,872</u>

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

	2022
Beginning balance December 31, 2020	\$ 2,313,785
Service cost	175,569
Interest on the total pension liability	44,217
Difference between expected and actual experience	215,636
Changes of assumptions or other inputs	(67,874)
Benefit payments	<u>(45,480)</u>
Ending balance of the total pension liability December 31, 2021	<u>\$ 2,635,853</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 1.93% at December 31, 2020 (measurement date) to 2.25% at December 31, 2021 (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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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

The County contributed \$233,948 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.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.

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 \$9,097 for the year ended June 30, 2022.

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

At June 30, 2022, the County reported an asset of \$168,998 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2021, the County's proportion was 0.87960%, which was an increase of 0.09409% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense of (\$1,769). At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,803	\$ 2,049
Changes of assumptions	12,323	-
Net difference between projected and actual earnings on pension plan investments	-	519
Changes in proportion and differences between County contributions and proportionate share of contributions	4,803	23,227
County contributions subsequent to the measurement date	9,097	-
Total	<u>\$ 28,026</u>	<u>\$ 25,795</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

\$9,097 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ (7,212)
2024	(3,199)
2025	(396)
2026	3,941
2027	-
Thereafter	-
Total	<u>\$ (6,866)</u>

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

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

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

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

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

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2021 is 1.4%.

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

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

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 asset	<u>\$ (134,236)</u>	<u>\$ (168,998)</u>	<u>\$ (198,209)</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 for the State of North Carolina.

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

PENDER COUNTY, NORTH CAROLINA

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

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
County's proportionate share of net pension liability (asset)	\$ 4,531,623	\$ (168,998)	N/A	\$ 4,362,625
County's proportion of the net pension liability	0.29549%	0.87960%	N/A	-
Total pension liability	N/A	N/A	\$ 2,635,853	\$ 2,635,853
Pension expense	\$ 2,174,844	\$ (1,769)	\$ 356,482	\$ 2,529,557

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

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Outflows of Resources:				
Differences between expected and actual experience	\$ 1,441,672	\$ 1,803	\$ 232,623	\$ 1,676,098
Changes of assumptions	2,847,017	12,323	492,554	3,351,894
Changes in proportion and differences between County contributions and proportionate share of contributions	519,777	4,803	-	524,580
County contributions (LGERS, ROD) and administrative costs (LEOSSA) subsequent to the measurement date	2,593,749	9,097	20,991	2,623,837
	<u>\$ 7,402,215</u>	<u>\$ 28,026</u>	<u>\$ 746,168</u>	<u>\$ 8,176,409</u>
Deferred Inflows of Resources:				
Differences between expected and actual experience	\$ -	\$ 2,049	\$ 60,906	\$ 62,955
Changes of assumptions	-	-	82,348	82,348
Net difference between projected and actual earnings on pension plan investments	6,474,328	519	-	6,474,847
Changes in proportion and differences between County contributions and proportionate share of contributions	-	23,227	-	23,227
	<u>\$ 6,474,328</u>	<u>\$ 25,795</u>	<u>\$ 143,254</u>	<u>\$ 6,643,377</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Other Post-Employment Benefits

Plan Administration. Under a County resolution, Pender County administers a single-employer defined benefit Healthcare Benefits Plan (HCB Plan), single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of credible service with the County. The County pays the full cost of coverage for these benefits through private insurers. Also, retirees can purchase coverage for their dependents at the County's group rates. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

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

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

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

Membership of the HCB Plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

	<u>General Employees</u>
Inactive plan members or beneficiaries currently receiving benefit payments	31
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>422</u>
Total	<u><u>453</u></u>

Total OPEB Liability

The County's total OPEB liability of \$22,041,675 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation	
General employees	3.25% - 8.41%
Law enforcement officers	3.25% - 7.90%
Municipal bond index rate	
Prior measurement date	2.21 percent
Measurement date	2.16 percent
Healthcare cost trend rates	
Pre-Medicare medical and prescription drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare medical and prescription drug	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	<u>\$ 19,916,224</u>
Service cost	1,146,005
Interest	464,143
Difference between expected and actual experience	(33,056)
Changes of assumptions or other inputs	669,547
Benefit payments	<u>(121,188)</u>
Net changes	<u>2,125,451</u>
Balance at June 30, 2022	<u><u>\$ 22,041,675</u></u>

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

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

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 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, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 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, 2022, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 28,209,408	\$ 22,041,675	\$ 17,499,277

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

	1% Decrease	Healthcare Cost	1% Increase
Total OPEB liability	\$ 16,950,126	\$ 22,041,675	\$ 29,183,815

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$1,644,835. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,770,338
Changes of assumptions or other inputs	4,866,444	1,532,331
County contributions subsequent to the measurement date	130,554	-
Total	\$ 4,996,998	\$ 3,302,669

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

\$130,554 benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2023	\$ 34,687
2024	34,687
2025	34,687
2026	88,039
2027	381,022
Thereafter	990,653
Total	<u>\$ 1,563,775</u>

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions and OPEB deferrals	\$ 13,173,407	\$ 9,946,046
Taxes receivable, net (General Fund)	-	2,820,091
Taxes receivable, net (Special Revenue Funds)	-	746,973
Grant receivables	-	4,201,942
Charge on refunding	-	479,787
Prepaid taxes	-	58,865
Total	<u>\$ 13,173,407</u>	<u>\$ 18,253,704</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Risk Management

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

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

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

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

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

The liability of unpaid claims of the County as of June 30, 2022, is as follows:

	<u>2022</u>	<u>2021</u>
Unpaid claims at July 1	\$ 18,432	\$ 18,432
Incurred claims and judgements for current and prior year events where the County has retained risk of loss	-	-
Payments on claims for current and prior year events where the County has retained risk of loss	-	-
Unpaid claims at June 30	<u>\$ 18,432</u>	<u>\$ 18,432</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 Finance Officer is individually bonded for \$100,000. 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's Finance Officer serves on the Board of Directors for Pender Tourism Development Authority and is individually bonded for \$50,000, separate from the bonding as the County's Finance Officer.

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, 2022, 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.

Governmental Funds:

On February 1, 2022, Pender County, NC entered into a 12-month lease as Lessee for the use of Antique Store. An initial lease liability was recorded in the amount of \$35,847. As of June 30, 2022, the value of the lease liability is \$20,935. Pender County is required to make monthly fixed payments of \$3,000. The lease has an interest rate of 0.9320%. As a result of the lease, the County has recorded a right-to-use asset with a net book value of \$20,911 at June 30, 2022. Pender County has 1 extension option, each for 12 months.

On February 1, 2022, Pender County, NC entered into a 12-month lease as Lessee for the use of Narcotics Space. An initial lease liability was recorded in the amount of \$14,279. As of June 30, 2022, the value of the lease liability is \$8,339. Pender County is required to make monthly fixed payments of \$1,195. The lease has an interest rate of 0.9320%. As a result of the lease, the County has recorded a right-to-use asset with a net book value of \$8,329 at June 30, 2022. Pender County has 1 extension option, each for 12 months.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

On July 1, 2021, Pender County, NC 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, 2022, the value of the lease liability is \$12,738. Pender County is required to make quarterly fixed payments of \$995. The lease has an interest rate of 0.8930%. As a result of the lease, the County has recorded a right-to-use asset with a net book value of \$12,756 at June 30, 2022.

On November 19, 2021, Pender County, NC 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, 2022, the value of the lease liability is \$16,130. Pender County is required to make quarterly fixed payments of \$974. The lease has an interest rate of 1.1770%. As a result of the lease, the County has recorded a right-to-use asset with a net book value of \$16,612 at June 30, 2022.

On July 1, 2021, Pender County, NC entered into a 33-month lease as Lessee for the use of Huntington-002. An initial lease liability was recorded in the amount of \$542,755. As of June 30, 2022, the value of the lease liability is \$346,434. Pender County is required to make monthly fixed payments of \$16,607. The lease has an interest rate of 0.7270%. As a result of the lease, the County has recorded a right-to-use asset with a net book value of \$345,390 at June 30, 2022.

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2023	\$ 234,300	\$ 2,227
2024	156,693	647
2025	7,762	116
2026	4,850	42
2027	971	3
Total	<u>\$ 404,576</u>	<u>\$ 3,035</u>

Mortgage Notes

Pender County Housing Authority (Country Court Enterprise Fund) has two direct placement notes outstanding aggregating \$67,035 due to the United States Department of Agriculture Farmer's Home Administration. The notes are collateralized by an apartment complex and bear interest at 1%. The Country Court Apartments mortgaged property are pledged as collateral for the debt. In the event of default, there will be foreclosure upon mortgaged property by USDA Rural Development.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Year Ending June 30	Principal	Interest
2023	\$ 7,199	\$ 637
2024	7,271	565
2025	7,344	492
2026	7,418	418
2027	7,492	344
2028-2032	30,311	769
Total	<u>\$ 67,035</u>	<u>\$ 3,225</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.

\$ 616,661

\$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%.

150,000

\$239,846 note executed on August 1, 2019 to purchase Axon body cameras and consists of down payment of \$24,000 and 4 annual payments of \$53,962. The interest rate is 0%.

107,923

\$197,749 note executed on July 1, 2019 for the purchase of Axon tasers and consists of down payment of \$20,000 and 4 annual payments of \$44,437. The interest rate is 0%.

88,875

Total installment purchases

\$ 963,459

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The County's outstanding note from direct placements of \$616,661 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.

The County's outstanding note from direct placements of \$150,000 is secured by the Deed of Trust granting a lien of record on the premises. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank would without notice, the entire balance of remaining principal and interest shall be automatically due and payable.

The County's outstanding note from direct placements related of \$107,923 is secured by a security interest in the equipment. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank would repossess the equipment.

The County's outstanding note from direct placements related of \$88,875 is secured by a security interest in the equipment. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank would repossess the equipment.

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

Year Ending June 30	Installment Note	
	Principal	Interest
2023	\$ 358,398	\$ -
2024	373,400	-
2025	231,661	-
Total	<u>\$ 963,459</u>	<u>\$ -</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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. \$ 4,631,041

Business-Type Activities:

\$24,800,000 Series 2015 due in annual payments ranging from \$1,000,000 to \$1,575,000, plus bi-annual average interest rate of 3.73%, through April 2035. This debt is split funded between governmental and business-type activities. 12,863,959

\$13,780,000 Water Treatment Plant Bonds, Refunding Series 2020 due in annual payments ranging from \$255,000 to \$705,000, plus interest ranging from 3 to 5%, through June 2050. 13,270,000

\$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. 1,675,000

\$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. 115,000

\$2,155,000 Scotts Hill Water & Sewer District Refunding Bond, Series 2020, due in annual payments ranging from \$15,000 to \$140,000, plus interest ranging from 0.6 to 3.2% through June 2044. 2,115,000

\$17,080,000 Rocky Point - Topsail Water & Sewer District Refunding Bond, Series 2020 due in annual payments ranging from \$110,000 to \$890,000, plus interest ranging from 0.6 to 3.2% through June 2044. 16,780,000

Total business-type activities 46,818,959

Total limited obligation bonds \$ 51,450,000

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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
2023	\$ 298,125	\$ 201,476	\$ 1,926,875	\$ 1,537,110	\$ 2,225,000	\$ 1,738,586
2024	308,725	186,570	1,966,275	1,476,367	2,275,000	1,662,937
2025	316,675	171,134	2,013,325	1,408,650	2,330,000	1,579,784
2026	323,300	155,300	2,066,700	1,337,798	2,390,000	1,493,098
2027	335,225	145,601	2,114,775	1,280,957	2,450,000	1,426,558
2028-2032	1,831,150	472,419	11,553,850	5,162,484	13,385,000	5,634,903
2033-2037	1,217,841	93,462	10,782,159	3,111,559	12,000,000	3,205,021
2038-2042	-	-	7,825,000	1,706,609	7,825,000	1,706,609
2043-2047	-	-	4,515,000	746,885	4,515,000	746,885
2048-2051	-	-	2,055,000	205,500	2,055,000	205,500
Total	<u>\$ 4,631,041</u>	<u>\$ 1,425,962</u>	<u>\$ 46,818,959</u>	<u>\$ 17,973,919</u>	<u>\$ 51,450,000</u>	<u>\$ 19,399,881</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, 2022

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. \$ 9,570,000

General Obligation School Bonds, Series 2016 \$24,500,000 due in 20 annual payments of \$1,225,000 plus interest ranging from 2% to 5% through 2036, serviced by the Special Revenue Fund. 17,150,000

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. 7,205,000

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. 37,875,000

Total governmental activities 71,800,000

Business-Type Activities:

\$1,000,000 Water Treatment Plant Bonds, Water Series, 2012D to USDA Rural Development, due in annual payments ranging from \$16,000 to \$41,000, plus interest at 2.75%. 863,000

\$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. 4,876,000

6,047,000 Central Pender Water & Sewer District USDA Water Bonds, Series 2016 due in annual payments ranging from \$113,000 to \$218,000, plus interest at 1.875% per annum through June 2056. 5,586,000

Total business-type activities 11,325,000

Total general obligation bonds \$ 83,125,000

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Year Ending June 30	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 7,490,000	\$ 2,697,413	\$ 245,000	\$ 219,895	\$ 7,735,000	\$ 2,917,308
2024	7,440,000	2,416,738	251,000	215,135	7,691,000	2,631,873
2025	7,395,000	2,111,713	255,000	210,254	7,650,000	2,321,967
2026	6,105,000	1,840,988	260,000	205,298	6,365,000	2,046,286
2027	5,410,000	1,560,063	265,000	200,239	5,675,000	1,760,302
2028-2032	20,435,000	4,876,250	1,404,000	921,845	21,839,000	5,798,095
2033-2037	17,525,000	1,314,375	1,545,000	779,571	19,070,000	2,093,946
2038-2042	-	-	1,703,000	622,728	1,703,000	622,728
2043-2047	-	-	1,875,000	449,775	1,875,000	449,775
2048-2052	-	-	2,049,000	258,888	2,049,000	258,888
2053-2056	-	-	1,473,000	65,569	1,473,000	65,569
Total	<u>\$ 71,800,000</u>	<u>\$ 16,817,540</u>	<u>\$ 11,325,000</u>	<u>\$ 4,149,197</u>	<u>\$ 83,125,000</u>	<u>\$ 20,966,737</u>

Revenue Bond

The \$4,955,000 Water Revenue Bond, 2012C to USDA Rural Development, due in annual payments ranging from \$75,000 to \$205,000, plus interest at 2.75% through June 2052. The County has pledged future water customer revenues, net of specified operating expenses, to repay the bonds. The outstanding balance at June 30, 2022 was \$4,288,000.

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

Year Ending June 30	Principal	Interest
2023	\$ 94,000	\$ 117,920
2024	96,000	115,335
2025	99,000	112,695
2026	102,000	109,973
2027	105,000	107,168
2028-2032	570,000	490,875
2033-2037	651,000	408,183
2038-2042	745,000	313,638
2043-2047	854,000	205,343
2048-2052	972,000	81,648
Total	<u>\$ 4,288,000</u>	<u>\$ 2,062,778</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, is as follows:

Change in net position	\$ 667,294
Add back:	
Depreciation	2,902,406
Interest expense	<u>2,231,065</u>
Income available for debt service (net revenue)	<u>\$ 5,800,765</u>
Debt service, principal and interest paid (debt service requirement)	\$ 3,503,641
110% Debt service coverage	\$ 3,854,005
Net revenue exceeds 110% of debt service requirement	Yes

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

Revolving Loans

The \$584,971 direct borrowing federal revolving loan from NC DENR, due in annual payments of \$30,170, plus interest at 1.67% through May 2037. The outstanding balance at June 30, 2022 was \$452,548. 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, 2022 was \$124,952. The County agrees that any other monies due to the unit of local government from the state may be withheld by the state and applied to the payment of this obligation whenever the unit fails to pay any payment of principal or interest on this note when due.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Year Ending June 30	Principal	Interest
2023	\$ 36,746	\$ 7,558
2024	36,746	7,054
2025	36,746	6,550
2026	36,746	6,046
2027	36,746	5,542
2028-2032	183,731	20,153
2033-2037	183,731	7,558
2038-2041	26,308	-
Total	<u>\$ 577,500</u>	<u>\$ 60,461</u>

Debt Related to Capital Activities

Of the total governmental activities debt listed, only \$5,594,500 relates to assets for which the County holds title and \$404,576 relates to right-to-use leased assets.

	Governmental Activities	Business-Type Activities
Capital assets and right-to-use leased assets	\$ 35,184,337	\$ 99,888,087
Less: long-term debt	(5,999,076)	(63,076,494)
Less: premiums on long term debt	-	(2,655,769)
Add: unexpended bond proceeds	-	1,618,633
Net investment in capital assets	<u>\$ 29,185,261</u>	<u>\$ 35,774,457</u>

*Unexpended debt proceeds related to education debt in the amount of \$823,217 is not included in the calculation of governmental net investment in capital assets. The business-type activities unspent debt proceeds of \$1,618,633 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, 2022

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, 2022:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental Activities:					
General obligation bonds	\$ 79,320,000	\$ -	\$ 7,520,000	\$ 71,800,000	\$ 7,490,000
Limited obligation debt	4,924,636	-	293,595	4,631,041	298,125
Direct placement installment purchase contracts	1,321,857	-	358,398	963,459	358,398
Lease liabilities	-	628,442	223,866	404,576	234,300
Unamortized bond premium	9,817,635	-	663,784	9,153,851	663,784
Total pension liability (LEOSSA)	2,313,785	435,422	113,354	2,635,853	-
Net pension liability (LGERS)	9,175,819	-	4,906,034	4,269,785	-
Total OPEB liabilities	18,721,242	2,142,912	144,989	20,719,165	-
Compensated absences	1,205,657	1,487,361	1,434,741	1,258,277	629,139
Total	<u>\$ 126,800,631</u>	<u>\$ 4,694,137</u>	<u>\$ 15,658,761</u>	<u>\$ 115,836,007</u>	<u>\$ 9,673,746</u>

The General Fund is used to liquidate the liability for compensated absences and other post-employment benefits for governmental activities.

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Business-Type Activities:					
Limited obligation debt	\$ 66,555,364	\$ -	\$ 19,736,405	\$ 46,818,959	\$ 1,926,875
General obligation bonds	11,566,000	-	241,000	11,325,000	245,000
Revenue bond	4,379,000	-	91,000	4,288,000	94,000
Direct borrowing federal revolving loan	614,245	-	36,745	577,500	36,746
Direct placement installment purchase contracts and mortgage notes	74,162	-	7,127	67,035	7,199
Unamortized bond premium	2,791,897	-	136,128	2,655,769	136,128
Net pension liability (LGERS)	574,989	-	313,151	261,838	-
Total OPEB liabilities	1,194,982	136,783	9,255	1,322,510	-
Compensated absences	105,618	88,470	74,841	119,247	59,624
Total	<u>\$ 87,856,257</u>	<u>\$ 225,253</u>	<u>\$ 20,645,652</u>	<u>\$ 67,435,858</u>	<u>\$ 2,505,572</u>

Other

The County had a legal debt margin at June 30, 2022 of \$549,412,707. There are no bonds authorized but unissued at June 30, 2022.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, include the following interfund gross receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 553,112	\$ -
Rocky Point/Topsail Water & Sewer Fund	640,042	-
Public School Special Revenue Fund	-	69,216
Resource Recovery Fund	-	18,192
Water Treatment Plant and Water Fund	-	251,216
Waste Water Treatment Plant and Sewer	-	6,083
Maple Hill Water Fund	-	2,115
Section 8 Admin. Fund	-	5,373
Country Court Apartments Fund	771	31,153
Scotts Hill Water & Sewer Fund	-	679,602
Moore's Creek Water District	-	1,454
Central Pender Water District	-	129,521
Total	<u>\$ 1,193,925</u>	<u>\$ 1,193,925</u>

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Interfund Transfers

Interfund transfers and transfers from component unit during the year ended June 30, 2022, can be summarized as follows:

	Transfers		Reason
	From	To	
Governmental Funds:			
General Fund	\$ 8,587,983	\$ -	
Public School Special Revenue Fund	-	3,307,011	Debt service
ARPA Fund	222,250	-	Contribution to project
Other nonmajor governmental funds:			
Revaluation Fund	-	235,500	Annual contribution
Fire Service District Fund	-	774,931	County contribution
Rescue District Fund	-	712,000	County contribution
Capital Improvements Fund	-	2,700,575	County contribution
Business-Type Funds:			
Rocky Point/Topsail Water & Sewer Fund -			
US 21 Sewer Project Capital Project Fund	-	222,250	Contribution to project
Water and Water Treatment Plant Fund	-	1,181,080	Operating capital
Water and Water Treatment Plant Fund	586,000	-	Contribution to project
Water and Water Treatment Plant Fund -			
Rocky Point/Topsoil Water Treatment			
Plant Upgrade Capital Project Fund	-	586,000	Contribution to project
Waste Water Treatment and Sewer Fund	1,342,493	-	Operating capital
Waste Water Treatment and Sewer Fund	-	817,646	Debt service
Other nonmajor business-type funds:			
Scotts Hill Water & Sewer Fund	-	54,007	Operating capital
Central Pender Water District	-	107,406	Operating capital
Section 8 Administration Fund	-	40,320	Operating capital
Total	<u>\$ 10,738,726</u>	<u>\$ 10,738,726</u>	

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.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 68,436,099
Less:	
Non-spendable	677,326
Stabilization by state statute	7,426,853
Health department escrow	4,397,945
Sheriff's seizures	72,951
Automation enhancement and preservation	528,928
Committed	671,985
Assigned	40,139
Remaining fund balance	<u>\$ 54,619,972</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 \$105,252.

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, 2022. 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>\$ 68,436,099</u>
Available fund balance	<u>\$ 60,331,920</u>
General Fund expenditures and transfers out	
less debt issued	<u>\$ 87,223,873</u>
Available fund balance as % General Fund expenditures	69.2%

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

4. Joint Ventures

The County, in conjunction with the State of North Carolina, New Hanover County and the Pender County Board of Education, participates in a joint venture to operate Cape Fear Community College ("Community College"). Each of the three participants appoints four members of the thirteen-member Board of Trustees of the Community College. The President of the Community College's student government serves as an ex-officio non-voting member of the Community College's Board of Trustees. The Community College is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$620,286 to the Community College operating purposes during the fiscal year ended June 30, 2022. 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, 2022. 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, 2022 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, 2022, 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 \$35,286 to the Council during the fiscal year ended June 30, 2022.

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, 2022.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

7. Related Party Transactions

The County and its discretely presented component units engaged in the following transactions during the year ended June 30, 2022:

Pender County ABC Board:

Payments to the County for profit distributions	\$ 601,414
Payments to the County for mosquito control	38,457
Payments to the County for law enforcement	<u>38,457</u>
Total	<u>\$ 678,328</u>

Pender Tourism Development Authority:

Payments of occupancy tax due to the Authority from the County	<u>\$ 46,371</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. Change in Accounting Principle

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

As part of implementing the statement, the County restated beginning net position on Exhibit B by \$86,958 to account for the removal of capital lease assets and liabilities recorded under previous lease guidance. The previous debt balances and net book value of the capital lease assets were adjusted to zero.

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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 NINE FISCAL YEARS***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's proportion of the net pension liability (asset) %	0.29549%	0.27287%	0.27334%	0.24805%	0.25790%
County's proportionate share of the net pension liability (asset) \$	\$ 4,531,623	\$ 9,750,808	\$ 7,464,702	\$ 5,884,594	\$ 3,939,998
County's covered payroll*	\$ 20,648,316	\$ 19,809,003	\$ 19,210,323	\$ 16,477,422	\$ 16,359,704
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.95%	49.22%	38.86%	35.71%	24.08%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%

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

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

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

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

PENDER COUNTY, NORTH CAROLINA

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 2,593,749	\$ 2,129,970	\$ 1,806,948	\$ 1,524,690	\$ 1,208,210
Contributions in relation to the contractually required contribution	<u>2,593,749</u>	<u>2,129,970</u>	<u>1,806,948</u>	<u>1,524,690</u>	<u>1,208,210</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 22,546,918	\$ 20,648,316	\$ 19,809,003	\$ 19,210,323	\$ 16,477,422
Contributions as a percentage of covered payroll	11.50%	10.32%	9.12%	7.94%	7.33%

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 COUNTY CONTRIBUTIONS
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
LAST NINE FISCAL YEARS**

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

PENDER COUNTY, NORTH CAROLINA

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's proportion of the net pension liability (asset) %	0.87960%	0.78551%	0.62163%	0.72079%	0.74470%
County's proportionate share of the net pension liability (asset) \$	\$ (168,998)	\$ (180,023)	\$ (122,722)	\$ (119,384)	\$ (127,113)
County's covered payroll*	\$ 79,253	\$ 100,339	\$ 79,007	\$ 57,471	\$ 198,658
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-213.24%	-179.41%	-155.33%	-207.73%	-63.99%
Plan fiduciary net position as a percentage of the total pension liability**	156.53%	173.62%	164.11%	153.31%	153.77%

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

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.72559%	0.70577%	0.67167%	0.66000%
County's proportionate share of the net pension liability (asset) \$	\$ (135,656)	\$ (163,555)	\$ (152,245)	\$ (140,884)
County's covered payroll*	\$ 176,691	\$ 173,510	\$ 376,502	\$ 376,510
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-76.78%	-94.26%	-40.44%	-37.42%
Plan fiduciary net position as a percentage of the total pension liability**	160.17%	197.29%	193.88%	190.50%

PENDER COUNTY, NORTH CAROLINA

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 9,097	\$ 10,556	\$ 7,523	\$ 5,908	\$ 6,168
Contributions in relation to the contractually required contribution	<u>9,097</u>	<u>10,556</u>	<u>7,523</u>	<u>5,908</u>	<u>6,168</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 82,224	\$ 79,253	\$ 100,339	\$ 79,007	\$ 57,471
Contributions as a percentage of covered payroll	11.06%	13.32%	7.50%	7.48%	10.73%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,270	\$ 5,928	\$ 5,648	\$ 5,484
Contributions in relation to the contractually required contribution	<u>6,270</u>	<u>5,928</u>	<u>5,648</u>	<u>5,484</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 198,658	\$ 176,691	\$ 173,510	\$ 376,502
Contributions as a percentage of covered payroll	3.16%	3.36%	3.26%	1.46%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 2,313,785	\$ 1,625,621	\$ 1,389,357	\$ 1,364,566	\$ 1,156,255	\$ 1,080,043
Service cost	175,569	94,807	80,247	82,584	71,903	69,071
Interest on the total pension liability	44,217	52,225	49,745	43,093	44,631	38,558
Difference between expected and actual experience	215,636	(65,985)	101,373	(42,146)	(2,144)	-
Changes of assumptions or other inputs	(67,874)	654,346	50,379	(56,991)	93,921	(31,417)
Benefit payments	<u>(45,480)</u>	<u>(47,229)</u>	<u>(45,480)</u>	<u>(1,749)</u>	<u>-</u>	<u>-</u>
Ending balance of the total pension liability	<u>\$ 2,635,853</u>	<u>\$ 2,313,785</u>	<u>\$ 1,625,621</u>	<u>\$ 1,389,357</u>	<u>\$ 1,364,566</u>	<u>\$ 1,156,255</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 TOTAL PENSION LIABILITY AS A PERCENTAGE OF
COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SIX FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,635,853	\$ 2,313,785	\$ 1,625,621	\$ 1,389,357	\$ 1,364,566	\$ 1,156,255
Covered-employee payroll	4,405,407	3,842,089	3,557,965	3,315,521	3,206,779	2,782,922
Total pension liability as a percentage of covered-employee payroll	59.83%	60.22%	45.69%	41.90%	42.55%	41.55%

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 CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST FIVE FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:					
Service cost	\$ 1,146,005	\$ 691,319	\$ 605,947	\$ 735,867	\$ 859,652
Interest	464,143	558,171	506,855	529,945	472,731
Differences between expected and actual experience	(33,056)	(1,000,656)	(10,594)	(1,781,711)	(2,578)
Changes of assumptions	669,547	4,477,413	1,247,481	(1,223,407)	(2,031,656)
Benefit payments	<u>(121,188)</u>	<u>(131,750)</u>	<u>(114,690)</u>	<u>(119,073)</u>	<u>(115,955)</u>
Net change in total OPEB liability	<u>2,125,451</u>	<u>4,594,497</u>	<u>2,234,999</u>	<u>(1,858,379)</u>	<u>(817,806)</u>
Total OPEB liability - beginning	19,916,224	15,321,727	13,086,728	14,945,107	8,503,553
Prior period restatement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,259,360</u>
Total OPEB liability - beginning, restated	<u>19,916,224</u>	<u>15,321,727</u>	<u>13,086,728</u>	<u>14,945,107</u>	<u>15,762,913</u>
Total OPEB liability - ending	<u>\$ 22,041,675</u>	<u>\$ 19,916,224</u>	<u>\$ 15,321,727</u>	<u>\$ 13,086,728</u>	<u>\$ 14,945,107</u>
Covered-employee payroll	\$ 18,477,695	\$ 18,477,695	\$ 16,422,948	\$ 16,341,735	\$ 14,340,852
Total OPEB liability as a percentage of covered-employee payroll	119.29%	107.79%	93.29%	80.08%	104.21%

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>
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.

MAJOR GOVERNMENTAL FUNDS

- General Fund
 - Public School Special Revenue Fund
 - ARPA 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, 2022**

	Final Budget	Actual	Variance With Final Budget Over/Under
Revenues:			
Ad valorem taxes	\$ 55,529,913	\$ 56,231,708	\$ 701,795
Unrestricted intergovernmental	14,904,520	16,951,569	2,047,049
Restricted intergovernmental	13,631,411	10,965,524	(2,665,887)
Permits and fees	1,752,882	2,427,055	674,173
Charges for services	4,936,538	4,867,130	(69,408)
Interest	9,200	148,896	139,696
Miscellaneous	272,453	369,850	97,397
Total revenues	<u>91,036,917</u>	<u>91,961,732</u>	<u>924,815</u>
Expenditures:			
General Government:			
Governing body	244,791	229,343	15,448
County Manager	592,843	588,738	4,105
Human resources	409,469	363,952	45,517
Board of Elections	383,192	316,849	66,343
Finance	889,022	869,437	19,585
Information systems	2,175,860	1,695,002	480,858
Tax administrator	1,814,841	1,564,555	250,286
AE&P Fund	60,500	21,330	39,170
Register of Deeds	1,962,953	1,999,216	(36,263)
Public buildings	4,673,356	3,988,929	684,427
Vehicle maintenance	1,620,301	1,032,462	587,839
Inspections	1,550,500	999,258	551,242
Court facilities	19,500	17,935	1,565
County attorney	197,519	71,763	125,756
Non-departmental	3,438,771	3,172,881	265,890
Total general government	<u>20,033,418</u>	<u>16,931,650</u>	<u>3,101,768</u>
Public Safety:			
Sheriff	10,388,245	10,328,796	59,449
Jail	2,685,227	2,489,241	195,986
Animal control	345,782	263,619	82,163
Emergency management	1,011,474	778,526	232,948
Forest resources	262,098	213,590	48,508
Sheriff seizure	61,638	46,846	14,792
Medical examiner	85,000	85,060	(60)
Total public safety	<u>14,839,464</u>	<u>14,205,678</u>	<u>633,786</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, 2022**

	Final Budget	Actual	Variance With Final Budget Over/Under
Economic and Physical Development:			
Extension service	182,713	168,652	14,061
Planning	668,486	573,407	95,079
Tourism office	243,487	236,694	6,793
Option 4 payments	1,013,654	804,031	209,623
Outside agencies	1,582,935	1,655,099	(72,164)
Total economic and physical development	3,691,275	3,437,883	253,392
Human Services:			
Health department	7,533,655	5,937,967	1,595,688
Public assistance	11,226,441	9,216,151	2,010,290
Veterans	211,090	178,319	32,771
EDTAP transportation	176,876	176,876	-
Total human services	19,148,062	15,509,313	3,638,749
Culture and Recreation:			
Recreation	1,650,924	1,258,334	392,590
Shooting range	168,245	148,717	19,528
Libraries	1,109,435	921,933	187,502
Youth alternatives	221,986	173,814	48,172
Total culture and recreation	3,150,590	2,502,798	647,792
Education:			
Local current expense	21,720,842	21,720,842	-
Capital outlay	2,917,084	2,917,084	-
Community college	620,286	620,286	-
Total education	25,258,212	25,258,212	-
Debt Service:			
Principal	875,860	875,859	1
Interest	219,072	219,072	-
Total debt service	1,094,932	1,094,931	1
Total expenditures	87,215,953	78,940,465	8,275,488

PENDER COUNTY, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance With Final Budget Over/Under
Revenues over (under) expenditures	<u>3,820,964</u>	<u>13,021,267</u>	<u>9,200,303</u>
Other Financing Sources (Uses):			
Note receivable payments	200,000	-	(200,000)
Lease liabilities issued	-	69,075	69,075
Sale of surplus property	498,000	4,088,215	3,590,215
Insurance proceeds	149,558	245,084	95,526
Transfers in (out):			
Transfers from other funds	7,715,197	-	(7,715,197)
Transfers to other funds	(17,939,762)	(8,587,983)	9,351,779
Appropriated fund balance	<u>5,556,043</u>	<u>-</u>	<u>(5,556,043)</u>
Total other financing sources (uses)	<u>(3,820,964)</u>	<u>(4,185,609)</u>	<u>(364,645)</u>
Net change in fund balance	<u>\$ -</u>	<u>8,835,658</u>	<u>\$ 8,835,658</u>
Fund Balance:			
Beginning of year, July 1		59,079,440	
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Initial implementation of lease standard:			
Lease liability issued		559,367	
Capital outlay		(559,367)	
Current year loan receivable repayments		<u>(200,000)</u>	
End of year, June 30		<u>\$ 67,715,098</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, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Tax listing	<u>\$ 235,500</u>	<u>\$ -</u>	<u>\$ 235,500</u>
Revenues over (under) expenditures	(235,500)	-	235,500
Other Financing Sources (Uses):			
Transfer from General Fund	<u>235,500</u>	<u>235,500</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	235,500	<u>\$ 235,500</u>
Fund Balance:			
Beginning of year, June 30		<u>485,501</u>	
End of year, June 30		<u>\$ 721,001</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes - sales	\$ 5,357,180	\$ 6,305,462	\$ 948,282
Lottery funds	632,000	2,525,000	1,893,000
Investment earnings	12	57	45
Total revenues	<u>5,989,192</u>	<u>8,830,519</u>	<u>2,841,327</u>
Expenditures:			
Option 4 redistribution	408,509	335,409	73,100
Debt service payment	7,520,000	7,520,000	-
Interest expense	<u>3,013,588</u>	<u>2,875,963</u>	<u>137,625</u>
Total expenditures	<u>10,942,097</u>	<u>10,731,372</u>	<u>210,725</u>
Revenues over (under) expenditures	(4,952,905)	(1,900,853)	3,052,052
Other Financing Sources (Uses):			
Transfer from General Fund	<u>4,952,905</u>	<u>3,307,011</u>	<u>(1,645,894)</u>
Net change in fund balance	<u>\$ -</u>	1,406,158	<u>\$ 1,406,158</u>
Fund Balance:			
Beginning of year, July 1		<u>254,958</u>	
End of year, June 30		<u>\$ 1,661,116</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, 2022**

		<u>Actual</u>			
	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
American Recovery Plan funds	\$ 12,248,666	\$ -	\$ 222,250	\$ 222,250	\$ (12,026,416)
Other Financing Sources (Uses):					
Transfer to US 421 Sewer Project Fund	(12,248,666)	-	(222,250)	(222,250)	12,026,416
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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NON-MAJOR GOVERNMENTAL FUNDS

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PENDER COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and cash equivalents	\$ 1,465,223	\$ 2,556,692	\$ 4,021,915
Accounts receivable	212,814	-	212,814
Taxes receivable (net)	746,973	-	746,973
Due from other governments	127,315	975,918	1,103,233
Restricted cash	-	1,142,205	1,142,205
Total assets	<u>\$ 2,552,325</u>	<u>\$ 4,674,815</u>	<u>\$ 7,227,140</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,997	\$ 307,211	\$ 309,208
Advances from grantors	-	318,988	318,988
Total liabilities	<u>1,997</u>	<u>626,199</u>	<u>628,196</u>
Deferred Inflows of Resources	<u>746,973</u>	<u>-</u>	<u>746,973</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	340,129	975,918	1,316,047
Public safety	1,450,668	-	1,450,668
School capital projects	-	823,917	823,917
Committed:			
Capital outlay and improvements	-	2,248,781	2,248,781
Assigned:			
Cooperative Extension programs	12,558	-	12,558
Total fund balances	<u>1,803,355</u>	<u>4,048,616</u>	<u>5,851,971</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,552,325</u>	<u>\$ 4,674,815</u>	<u>\$ 7,227,140</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, 2022**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Ad valorem taxes	\$ 14,001,870	\$ -	\$ 14,001,870
Restricted intergovernmental	431,289	2,407,033	2,838,322
Investment earnings	11,981	700	12,681
Total revenues	<u>14,445,140</u>	<u>2,407,733</u>	<u>16,852,873</u>
Expenditures:			
Current:			
Public safety	14,736,178	1,089,100	15,825,278
Economic and physical development	11,470	1,910,139	1,921,609
Total expenditures	<u>14,747,648</u>	<u>2,999,239</u>	<u>17,746,887</u>
Revenues over (under) expenditures	<u>(302,508)</u>	<u>(591,506)</u>	<u>(894,014)</u>
Other Financing Sources (Uses):			
Insurance proceeds	-	591,374	591,374
Transfers in	1,486,931	2,700,575	4,187,506
Total other financing sources (uses)	<u>1,486,931</u>	<u>3,291,949</u>	<u>4,778,880</u>
Net change in fund balances	1,184,423	2,700,443	3,884,866
Fund Balances:			
Beginning of year, July 1	<u>618,932</u>	<u>1,348,173</u>	<u>1,967,105</u>
End of year, June 30	<u>\$ 1,803,355</u>	<u>\$ 4,048,616</u>	<u>\$ 5,851,971</u>

NON-MAJOR 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, 2022

	Fire Service District Fund	Rescue District Fund	911 Emergency Telephone Fund	Cooperative Extension Fund	Total
Assets:					
Cash and cash equivalents	\$ 578,955	\$ 624,250	\$ 249,441	\$ 12,577	\$ 1,465,223
Taxes receivable (net)	342,028	404,945	-	-	746,973
Accounts receivable	9,297	167,468	35,941	108	212,814
Due from other governments	59,100	68,215	-	-	127,315
Total assets	<u>\$ 989,380</u>	<u>\$ 1,264,878</u>	<u>\$ 285,382</u>	<u>\$ 12,685</u>	<u>\$ 2,552,325</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 304	\$ -	\$ 1,674	\$ 19	\$ 1,997
Deferred Inflows of Resources	<u>342,028</u>	<u>404,945</u>	<u>-</u>	<u>-</u>	<u>746,973</u>
Fund Balances:					
Restricted:					
Stabilization by state statute	68,397	235,683	35,941	108	340,129
Public safety	578,651	624,250	247,767	-	1,450,668
Assigned:					
Economic and physical development	-	-	-	12,558	12,558
Total fund balances	<u>647,048</u>	<u>859,933</u>	<u>283,708</u>	<u>12,666</u>	<u>1,803,355</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 989,380</u>	<u>\$ 1,264,878</u>	<u>\$ 285,382</u>	<u>\$ 12,685</u>	<u>\$ 2,552,325</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, 2022

	Fire Service District Fund	Rescue District Fund	911 Emergency Telephone Fund	Cooperative Extension Fund	Total
Revenues:					
Ad valorem taxes	\$ 5,970,592	\$ 8,031,278	\$ -	\$ -	\$ 14,001,870
Restricted intergovernmental	-	-	431,289	-	431,289
Program revenues	-	-	-	11,981	11,981
Total revenues	<u>5,970,592</u>	<u>8,031,278</u>	<u>431,289</u>	<u>11,981</u>	<u>14,445,140</u>
Expenditures:					
Public safety	6,024,285	8,481,551	185,908	-	14,691,744
Economic and physical development	-	-	-	11,470	11,470
Capital outlay	-	-	44,434	-	44,434
Total expenditures	<u>6,024,285</u>	<u>8,481,551</u>	<u>230,342</u>	<u>11,470</u>	<u>14,747,648</u>
Revenues over (under) expenditures	<u>(53,693)</u>	<u>(450,273)</u>	<u>200,947</u>	<u>511</u>	<u>(302,508)</u>
Other Financing Sources (Uses):					
Transfers from (to):					
Transfers from General Fund	<u>774,931</u>	<u>712,000</u>	<u>-</u>	<u>-</u>	<u>1,486,931</u>
Net change in fund balances	721,238	261,727	200,947	511	1,184,423
Fund Balances:					
Beginning of year, July 1	<u>(74,190)</u>	<u>598,206</u>	<u>82,761</u>	<u>12,155</u>	<u>618,932</u>
End of year, June 30	<u>\$ 647,048</u>	<u>\$ 859,933</u>	<u>\$ 283,708</u>	<u>\$ 12,666</u>	<u>\$ 1,803,355</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 5,726,805	\$ 5,970,592	\$ 243,787
Expenditures:			
Public safety:			
Fire Districts:			
Pender Central	339,948	314,948	25,000
Maple Hill	281,000	275,000	6,000
Rocky Point	646,839	623,839	23,000
Shiloh	274,257	268,257	6,000
Penderlea	736,043	527,844	208,199
Atkinson	286,639	283,639	3,000
Northeast Pender	288,123	257,423	30,700
Scotts Hill	253,118	252,452	666
Long Creek	439,888	458,931	(19,043)
Hampstead	1,075,530	976,775	98,755
Sloop Point	1,867,062	1,772,096	94,966
Penderlea - Dublin Area	13,289	13,081	208
Total expenditures	<u>6,501,736</u>	<u>6,024,285</u>	<u>477,451</u>
Revenues over (under) expenditures	(774,931)	(53,693)	721,238
Other Financing Sources (Uses):			
Transfer from General Fund	<u>774,931</u>	<u>774,931</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	721,238	<u>\$ 721,238</u>
Fund Balance:			
Beginning of year, July 1		<u>(74,190)</u>	
End of year, June 30		<u>\$ 647,048</u>	

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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes:			
Rescue district taxes:			
Pender County EMS taxes	\$ 7,703,331	\$ 8,031,278	\$ 327,947
Expenditures:			
Public safety:			
Pender volunteer EMS & rescue	8,415,331	8,481,551	(66,220)
Revenues over (under) expenditures	(712,000)	(450,273)	261,727
Other Financing Sources (Uses):			
Transfer from General Fund	712,000	712,000	-
Net change in fund balance	\$ -	261,727	\$ 261,727
Fund Balance:			
Beginning of year, July 1		598,206	
End of year, June 30		\$ 859,933	

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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 275,620	\$ 431,289	\$ 155,669
Expenditures:			
Implemental functions	-	27,772	(27,772)
Travel	3,000	-	3,000
Training	6,000	2,375	3,625
Telephone	15,000	5,606	9,394
Supplies & materials	8,200	1,921	6,279
Contracted services	128,020	96,338	31,682
Telecommunication service	80,000	43,046	36,954
Other equipment	15,500	8,850	6,650
Capital outlay	19,900	44,434	(24,534)
Total expenditures	<u>275,620</u>	<u>230,342</u>	<u>45,278</u>
Net change in fund balance	<u>\$ -</u>	200,947	<u>\$ 200,947</u>
Fund Balance:			
Beginning of year, July 1		<u>82,761</u>	
End of year, June 30		<u>\$ 283,708</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		\$ 283,708	
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>(81,716)</u>	
Ending balance, PSAP revenue-expenditure report		<u>\$ 201,992</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Program revenue	\$ 12,000	\$ 11,981	\$ (19)
Expenditures:			
Current:			
Supplies and materials	12,000	11,470	530
Net change in fund balance	<u>\$ -</u>	511	<u>\$ 511</u>
Fund Balance:			
Beginning of year, July 1		<u>12,155</u>	
End of year, June 30		<u>\$ 12,666</u>	

NON-MAJOR 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, 2022

	Capital Improvements Fund	School Capital Projects Fund	Total
Assets:			
Cash and investments	\$ 2,555,992	\$ 700	\$ 2,556,692
Restricted cash	318,988	823,217	1,142,205
Due from other governments	975,918	-	975,918
Total assets	<u>\$ 3,850,898</u>	<u>\$ 823,917</u>	<u>\$ 4,674,815</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 307,211	\$ -	\$ 307,211
Advances from grantors	318,988	-	318,988
Total liabilities	<u>626,199</u>	<u>-</u>	<u>626,199</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	975,918	-	975,918
School capital projects	-	823,917	823,917
Committed:			
Capital outlay and improvements	<u>2,248,781</u>	<u>-</u>	<u>2,248,781</u>
Total fund balances	<u>3,224,699</u>	<u>823,917</u>	<u>4,048,616</u>
Total liabilities and fund balances	<u>\$ 3,850,898</u>	<u>\$ 823,917</u>	<u>\$ 4,674,815</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, 2022**

	Capital Improvements Fund	School Capital Projects Fund	Total
Revenues:			
Restricted intergovernmental	\$ 2,407,033	\$ -	\$ 2,407,033
Interest revenue	-	700	700
Total revenues	<u>2,407,033</u>	<u>700</u>	<u>2,407,733</u>
Expenditures:			
Public safety	1,089,100	-	1,089,100
Economic and physical development	<u>1,910,139</u>	<u>-</u>	<u>1,910,139</u>
Total expenditures	<u>2,999,239</u>	<u>-</u>	<u>2,999,239</u>
Revenues over (under) expenditures	<u>(592,206)</u>	<u>700</u>	<u>(591,506)</u>
Other Financing Sources (Uses):			
Insurance proceeds	591,374	-	591,374
Transfers from (to):			
General Fund	<u>2,700,575</u>	<u>-</u>	<u>2,700,575</u>
Total other financing sources (uses)	<u>3,291,949</u>	<u>-</u>	<u>3,291,949</u>
Net change in fund balances	2,699,743	700	2,700,443
Fund Balances:			
Beginning of year, June 30	<u>524,956</u>	<u>823,217</u>	<u>1,348,173</u>
End of year, July 1	<u>\$ 3,224,699</u>	<u>\$ 823,917</u>	<u>\$ 4,048,616</u>

PENDER COUNTY, NORTH CAROLINA

**CAPITAL IMPROVEMENTS FUND - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Emergency Management Grant	\$ 6,505,870	\$ 3,255,580	\$ 376,822	\$ 3,632,402	\$ (2,873,468)
Coastal Management Grant	7,500	7,500	-	7,500	-
Golden Leaf Foundation Grant	454,800	584,748	-	584,748	129,948
NC EM DRA Grant	3,000,000	1,186,597	1,232,243	2,418,840	(581,160)
OSBM DRA Grant	880,000	500,000	61,012	561,012	(318,988)
State Acquisition Reloc Fund	2,078,526	1,602,583	88,941	1,691,524	(387,002)
Agricultural Building Generator	50,000	50,000	-	50,000	-
NC Soil & Water Conservation Grant	516,422	585	151,358	151,943	(364,479)
USDA EWP Program Grant	1,549,268	-	376,749	376,749	(1,172,519)
NCEM HMGP Grant	4,991,638	2,785,875	119,908	2,905,783	(2,085,855)
Duke Energy rebate	-	46,090	-	46,090	46,090
Donations	122,500	140,420	-	140,420	17,920
NC Wildlife Grant	10,000	10,000	-	10,000	-
NCDPS Safety Grant	34,623	16,430	-	16,430	(18,193)
NCDA&CS Grant	357,888	-	-	-	(357,888)
NCDOT Grant	4,000,000	-	-	-	(4,000,000)
Miscellaneous	-	30,000	-	30,000	30,000
Total revenues	24,559,035	10,216,408	2,407,033	12,623,441	(11,935,594)
Expenditures:					
Capital outlay:					
HVAC installation	1,201,004	1,190,650	-	1,190,650	10,354
Pender Memorial park	222,795	13,783	-	13,783	209,012
Hampstead sidewalk project	200,000	68,272	-	68,272	131,728
Hampstead Kiwanis park	273,569	214,875	-	214,875	58,694
Jail renovations	3,381,423	118,746	985,800	1,104,546	2,276,877
Courthouse renovations	11,282	-	-	-	11,282
Unified Development Ordinance	87,000	-	-	-	87,000
Library	149,000	147,093	-	147,093	1,907
Renovation probation	157,500	140,790	-	140,790	16,710
Comprehensive land use plan	42,500	42,500	-	42,500	-
Agricultural building generator	350,960	411,557	-	411,557	(60,597)
Public Safety Software	194,279	226,882	-	226,882	(32,603)
NC EM DRA Grant	3,000,000	618,476	1,094,107	1,712,583	1,287,417
OSBM DRA Grant	7,505,085	12,549,272	257,178	12,806,450	(5,301,365)
State Acquisition Reloc Fund	2,178,000	(4,440)	30,747	26,307	2,151,693
Golden Leaf	154,800	121,548	-	121,548	33,252
FEMA grants	11,497,508	8,049,696	103,300	8,152,996	3,344,512
NC Soil & Water Conservation Grant	1,996,381	585	528,107	528,692	1,467,689
NCDPS Safety Grant	34,623	16,430	-	16,430	18,193
NCDA&CS Grant	357,888	-	-	-	357,888
NCDOT Grant	4,000,000	-	-	-	4,000,000
Central warehouse	500,000	-	-	-	500,000
Penderlea community park	100,000	-	-	-	100,000
Contingency	91,199	-	-	-	91,199
Total expenditures	37,686,796	23,926,715	2,999,239	26,925,954	10,760,842

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, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues under expenditures	(13,127,761)	(13,710,307)	(592,206)	(14,302,513)	(1,174,752)
Other Financing Sources (Uses):					
Appropriated fund balance	1,318,887	-	-	-	(1,318,887)
Loan proceeds	1,303,341	1,292,891	-	1,292,891	(10,450)
Premium on LOB's	96,836	108,430	-	108,430	11,594
Bond issuance cost	(22,782)	(23,682)	-	(23,682)	(900)
Insurance proceeds	371,784	125,221	591,374	716,595	344,811
Transfers to General Fund	(1,327,818)	(45,873)	-	(45,873)	1,281,945
Transfers from General Fund	10,887,513	13,228,710	2,700,575	15,929,285	5,041,772
Transfers from Rocky Point/Topsail Water and Sewer Fund	500,000	-	-	-	(500,000)
Total other financing sources (uses)	13,127,761	14,685,697	3,291,949	17,977,646	4,849,885
Net change in fund balances	\$ -	\$ 975,390	2,699,743	\$ 3,675,133	\$ 3,675,133
Fund Balances:					
Beginning of year, June 30			524,956		
End of year, July 1			\$ 3,224,699		

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, 2022

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Unrestricted intergovernmental	\$ -	\$ 372,388	\$ -	\$ 372,388	\$ 372,388
Interest income	-	642,130	700	642,830	642,830
Total revenues	-	1,014,518	700	1,015,218	1,015,218
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	24,677,096	21,016,213	-	21,016,213	3,660,883
West Pender Middle School	2,246,522	2,246,523	-	2,246,523	(1)
Cape Fear E/M	8,485,271	8,455,271	-	8,455,271	30,000
SC K-12	41,988,896	41,988,895	-	41,988,895	1
Bond closing costs	785,701	629,974	-	629,974	155,727
Total expenditures	83,311,945	83,172,931	-	83,172,931	139,014
Revenues under expenditures	(83,311,945)	(82,158,413)	700	(82,157,713)	1,154,232
Other Financing Sources (Uses):					
Transfers from (to):					
General Fund	5,875,000	5,875,000	-	5,875,000	-
General Fund	(5,875,000)	(5,875,000)	-	(5,875,000)	-
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)	83,311,945	83,211,630	-	83,211,630	(100,315)
Net change in fund balance	\$ -	\$ 1,053,217	700	\$ 1,053,917	\$ 1,053,917
Fund Balance:					
Beginning of year, June 30			823,217		
End of year, July 1			\$ 823,917		

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PROPRIETARY FUNDS

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

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MAJOR ENTERPRISE FUNDS

- Resource Recovery Operating Fund: This fund is used to account for the operation, maintenance, and development of various landfills and disposal sites.
 - Rocky Point/Topsail Water and Sewer Fund: This fund is used to account for the operations of the water and sewer district with Rocky Point and Topsail.
 - Water and Water Treatment Plant Fund: This fund is used to account for the Limited Obligation Bonds issued by the County to cover the Water District General Obligation Bonds and to account for the construction of the Water Treatment Plant.
 - Waste Water Treatment and Sewer Fund: This fund is used to account for the construction and operations of the waste water treatment plant and sewer.
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PENDER COUNTY, NORTH CAROLINA

**RESOURCE RECOVERY OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Landfill fees	\$ 1,800,000	\$ 1,916,107	\$ 116,107
User fees	4,250,000	4,399,946	149,946
Recycling	123,500	222,910	99,410
Miscellaneous	15,000	37,674	22,674
Total operating revenues	<u>6,188,500</u>	<u>6,576,637</u>	<u>388,137</u>
Non-operating revenues:			
Solid waste disposal tax	52,000	51,897	(103)
White goods	14,000	-	(14,000)
Scrap tire	80,000	100,881	20,881
Reimbursement from schools	290,000	217,958	(72,042)
Total non-operating revenues	<u>436,000</u>	<u>370,736</u>	<u>(65,264)</u>
Total revenues	<u>6,624,500</u>	<u>6,947,373</u>	<u>322,873</u>
Expenditures:			
Operating expenditures:			
Salaries and employee benefits	541,040	511,063	29,977
Contracted services	158,000	118,519	39,481
Other operating expenditures	5,498,609	5,273,122	225,487
Principal	30,170	30,169	1
Interest	8,062	8,061	1
Capital outlay	442,788	54,176	388,612
Total expenditures	<u>6,678,669</u>	<u>5,995,110</u>	<u>683,559</u>
Revenues over (under) expenditures	(54,169)	952,263	898,094
Other Financing Sources (Uses):			
Appropriated fund balance	<u>54,169</u>	<u>-</u>	<u>(54,169)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 952,263</u>	<u>\$ 952,263</u>

PENDER COUNTY, NORTH CAROLINA

**RESOURCE RECOVERY OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022**

	<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		\$ 952,263	
Change in deferred outflows - OPEB		(731)	
Change in total OPEB liability		(29,331)	
Change in deferred inflows - OPEB		9,167	
Change in deferred outflows - pension		23,596	
Change in net pension liability		73,560	
Change in deferred inflows - pension		(91,249)	
Change in compensated absences		(18,858)	
Principal payments		30,169	
Change in accrued interest payable		166	
Capital outlay		54,176	
Depreciation		<u>(94,301)</u>	
Change in net position, full accrual basis		<u>\$ 908,627</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, 2022

		Actual			
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total</u>	<u>Variance</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>to Date</u>	<u>Over/Under</u>
Revenues:					
Miscellaneous revenues	\$ -	\$ 152	\$ -	\$ 152	\$ 152
Expenditures:					
Contracted services	40,900	17,165	-	17,165	23,735
Capital outlay	628,820	525,756	-	525,756	103,064
Total expenditures	669,720	542,921	-	542,921	126,799
Revenues over (under) expenditures	(669,720)	(542,769)	-	(542,769)	126,951
Other Financing Sources (Uses):					
Transfers from General Fund	13,394	13,394	-	13,394	-
CWSRF loan proceeds	669,720	603,397	-	603,397	(66,323)
Debt issuance costs	(13,394)	(12,868)	-	(12,868)	526
Total other financing sources (uses)	669,720	603,923	-	603,923	(65,797)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 61,154	\$ -	\$ 61,154	\$ 61,154

PENDER COUNTY, NORTH CAROLINA

ROCKY POINT/TOPSAIL WATER & SEWER FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
School fees - sewer	\$ 8,000	\$ 15,670	\$ 7,670
Commercial sewer fees	96,000	76,292	(19,708)
Water fees	6,203,860	6,423,354	219,494
Connections fees - water	425,000	710,173	285,173
Other fees	158,610	179,166	20,556
Investment income	-	849	849
Total revenues	<u>6,891,470</u>	<u>7,405,504</u>	<u>514,034</u>
Expenditures:			
Sewer operations:			
Salaries and employee benefits	17,067	16,971	96
Contracted services	106,000	78,358	27,642
Other operating expenditures	29,525	15,659	13,866
Capital outlay	<u>22,000</u>	<u>-</u>	<u>22,000</u>
Total	<u>174,592</u>	<u>110,988</u>	<u>63,604</u>
Water operations:			
Salaries and employee benefits	1,052,832	972,698	80,134
Contracted services	478,795	317,536	161,259
Water purchases	2,128,800	2,104,031	24,769
Other operating expenditures	1,445,664	1,125,552	320,112
Capital outlay	1,027,080	706,909	320,171
Debt service payments:			
Principal	16,395,000	16,395,000	-
Interest	<u>469,707</u>	<u>469,707</u>	<u>-</u>
Total	<u>22,997,878</u>	<u>22,091,433</u>	<u>906,445</u>
 Total expenditures	<u>23,172,470</u>	<u>22,202,421</u>	<u>970,049</u>
 Revenues over (under) expenditures	<u>(16,281,000)</u>	<u>(14,796,917)</u>	<u>1,484,083</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	308,888	308,888
Appropriated fund balance	<u>16,281,000</u>	<u>-</u>	<u>(16,281,000)</u>
Total other financing sources (uses)	<u>16,281,000</u>	<u>308,888</u>	<u>(15,972,112)</u>
 Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (14,488,029)</u>	<u>\$ (14,488,029)</u>

PENDER COUNTY, NORTH CAROLINA

**ROCKY POINT/TOPSAIL WATER & SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022**

	<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		\$ (14,488,029)	
Change in deferred outflows - OPEB		(1,179)	
Change in total OPEB liability		(47,186)	
Change in deferred inflows - OPEB		14,747	
Change in deferred outflows - pension		40,016	
Change in net pension liability		124,759	
Change in deferred inflows - pension		(154,762)	
Principal payments		16,395,000	
Amortization		19,647	
Gain (loss) on retirement/transfer of assets		(4,321)	
Change in compensated absences		13,279	
Change in accrued interest payable		32,731	
Capital outlay		706,909	
Capital Project Fund revenues		10,000	
Transfer from ARPA Fund		222,250	
Depreciation		(706,385)	
Change in net position, full accrual basis		<u>\$ 2,177,476</u>	

PENDER COUNTY, NORTH CAROLINA**ROCKY POINT/TOPSAIL WATER FUND - PHASE V CAPITAL PROJECT FUND****SCHEDULE OF REVENUES AND EXPENDITURES -****BUDGET AND ACTUAL (NON-GAAP)****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

		Actual			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Expenditures:					
Construction	\$ 30,000	\$ 9,619	\$ 13,941	\$ 23,560	\$ 6,440
Revenues over (under) expenditures	(30,000)	(9,619)	(13,941)	(23,560)	6,440
Other Financing Sources (Uses):					
Transfer from Rocky Point Water & Sewer	30,000	30,000	-	30,000	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 20,381	\$ (13,941)	\$ 6,440	\$ 6,440

PENDER COUNTY, NORTH CAROLINA**ROCKY POINT/TOPSAIL WATER FUND - US 21 SEWER PROJECT CAPITAL PROJECT FUND****SCHEDULE OF REVENUES AND EXPENDITURES -****BUDGET AND ACTUAL (NON-GAAP)****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
SEDC grant	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ -
Southeastern Partnership Grant	262,000	-	-	-	(262,000)
Total revenues	272,000	-	10,000	10,000	(262,000)
Expenditures:					
Contract services	662,800	-	232,250	232,250	430,550
Construction	11,857,866	-	-	-	11,857,866
Total expenditures	12,520,666	-	232,250	232,250	12,288,416
Revenues over (under) expenditures	(12,248,666)	-	(222,250)	(222,250)	12,026,416
Other Financing Sources (Uses):					
Transfer from ARPA Fund	12,248,666	-	222,250	222,250	12,026,416
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ -	\$ -	\$ -

PENDER COUNTY, NORTH CAROLINA
WATER AND WATER TREATMENT PLANT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Over/Under
Revenues:			
Water fees	\$ 1,966,203	\$ 2,088,901	\$ 122,698
Investment income	200	265	65
Miscellaneous revenues	1,297,126	-	(1,297,126)
Total revenues	<u>3,263,529</u>	<u>2,089,166</u>	<u>(1,174,363)</u>
Expenditures:			
Salaries and employee benefits	353,382	350,158	3,224
Contract services	240,790	231,549	9,241
Water purchases	190,000	189,616	384
Operating expenditures	795,333	776,602	18,731
Capital outlay	-	10,949	(10,949)
Debt service payments:			
Principal	860,000	365,000	495,000
Interest	1,419,104	1,392,175	26,929
Total expenditures	<u>3,858,609</u>	<u>3,316,049</u>	<u>542,560</u>
Revenues over (under) expenditures	<u>(595,080)</u>	<u>(1,226,883)</u>	<u>(631,803)</u>
Other Financing Sources (Uses):			
Transfers in (out):			
Waste Water Treatment and Sewer Fund	1,181,080	1,181,080	-
Rocky Point/Topsail Water Treatment Plant Upgrade			
Capital Project Fund	<u>(586,000)</u>	<u>(586,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>595,080</u>	<u>595,080</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (631,803)</u>	<u>\$ (631,803)</u>

PENDER COUNTY, NORTH CAROLINA

WATER AND WATER TREATMENT PLANT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022

	<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		\$ (631,803)	
Amortization		48,631	
Depreciation		(969,151)	
Principal payments		365,000	
Capital outlay		10,949	
Change in compensated absences		(2,301)	
Change in accrued interest payable		(176,825)	
Change in deferred outflows - OPEB		(573)	
Change in total OPEB liability		(22,955)	
Change in deferred inflows - OPEB		7,174	
Change in deferred outflows - pension		18,873	
Change in net pension liability		58,841	
Change in deferred inflows - pension		(72,992)	
Transfer to Rocky Point/Topsail Water Treatment			
Plant Upgrade Capital Project Fund		586,000	
Change in net position, full accrual basis		<u>\$ (781,132)</u>	

PENDER COUNTY, NORTH CAROLINA

WATER TREATMENT PLANT CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

		Actual			
	Project Authoriztion	Prior Years	Current Year	Total To Date	Variance Over/Under
Revenues:					
EDA Grant	\$ 1,200,000	\$ -	\$ -	\$ -	\$ (1,200,000)
Expenditures:					
Contracted services - engineer	139,500	-	37,942	37,942	101,558
Capital outlay	1,365,000	-	-	-	1,365,000
Contingency	70,500	-	-	-	70,500
Total expenditures	<u>1,575,000</u>	<u>-</u>	<u>37,942</u>	<u>37,942</u>	<u>1,537,058</u>
Revenues over (under) expenditures	(375,000)	-	(37,942)	(37,942)	337,058
Other Financing Sources (Uses):					
Transfer from Water Fund	<u>375,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>(75,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ (37,942)</u>	<u>\$ 262,058</u>	<u>\$ 262,058</u>

PENDER COUNTY, NORTH CAROLINA

**WATER AND WATER TREATMENT PLANT FUND -
 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, 2022**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
Contract services	\$ 18,745,599	\$ -	\$ 548,092	\$ 548,092	\$ 18,197,507
Construction	58,223,786	-	-	-	58,223,786
Total expenditures	76,969,385	-	548,092	548,092	76,421,293
Revenues over (under) expenditures	(76,969,385)	-	(548,092)	(548,092)	76,421,293
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 to Rocky Point/Topsail Water and Sewer Fund	(6,090,000)	-	-	-	(6,090,000)
Transfer from Rocky Point/Topsail Water and Sewer Fund	15,603,385	-	-	-	15,603,385
Transfer from Waste Water Treatment and Sewer Fund	586,000	-	586,000	586,000	-
Total other financing sources (uses)	76,969,385	-	586,000	586,000	76,383,385
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ 37,908	\$ 37,908	\$ 37,908

PENDER COUNTY, NORTH CAROLINA

WASTE WATER TREATMENT AND SEWER FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Water and sewer capacity fees	\$ 2,105,000	\$ 2,690,943	\$ 585,943
Sewer fees	570,000	426,685	(143,315)
Investment income	-	1,319	1,319
Total revenues	<u>2,675,000</u>	<u>3,118,947</u>	<u>443,947</u>
Expenditures:			
Salaries and employee benefits	140,973	128,987	11,986
Contracted services	70,700	78,135	(7,435)
Operating expenditures	261,978	244,070	17,908
Capital outlay	106,000	-	106,000
Debt service payments:			
Principal	816,405	816,405	-
Interest	600,012	600,012	-
Total expenditures	<u>1,996,068</u>	<u>1,867,609</u>	<u>128,459</u>
Revenues over (under) expenditures	<u>678,932</u>	<u>1,251,338</u>	<u>572,406</u>
Other Financing Sources (Uses):			
Reserves	(142,918)	-	142,918
Transfers in (out):			
Central Pender Water District Fund	(107,406)	(107,406)	-
Water and Water Treatment Plant Fund	(1,181,080)	(1,181,080)	-
Maple Hill Operating Fund	(11,167)	-	11,167
Scotts Hill Water and Sewer District Operating Fund	(54,007)	(54,007)	-
General Fund	817,646	817,646	-
Total other financing sources (uses)	<u>(678,932)</u>	<u>(524,847)</u>	<u>154,085</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 726,491</u>	<u>\$ 726,491</u>

PENDER COUNTY, NORTH CAROLINA

**WASTE WATER TREATMENT AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022**

	<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		\$ 726,491	
Depreciation		(817,289)	
Amortization		76,476	
Long-term debt repayments		816,405	
Change in compensated absences		(2,706)	
Change in accrued interest payable		20,816	
Change in deferred outflows - OPEB		(255)	
Change in total OPEB liability		(10,202)	
Change in deferred inflows - OPEB		3,188	
Change in deferred outflows - pension		6,227	
Change in net pension liability		19,415	
Change in deferred inflows - pension		(24,085)	
Change in net position, full accrual basis		<u>\$ 814,481</u>	

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NON-MAJOR ENTERPRISE FUNDS

- Maple Hill Water Fund: This fund is used to account for the operations of the Maple Hill Water District.
 - 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.
 - Scotts Hill Water and Sewer Fund: This fund is used to account for the operations of the Scott's Hill Water and Sewer District.
 - Moore's Creek Water District Fund: This fund is used to account for the operations of the Moore's Creek Water District.
 - Central Pender Water District Fund: This fund is used to account for the operations of the Central.
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PENDER COUNTY, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022**

	Maple Hill Water Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scotts Hill Water & Sewer Fund	Moore's Creek Water District	Central Pender Water District	Total
Assets:							
Current assets:							
Cash and cash equivalents	\$ 211,010	\$ 225,729	\$ -	\$ 3,036,902	\$ 56,218	\$ -	\$ 3,529,859
Accounts receivable, net	30,143	9,987	4,329	44,810	80,147	32,592	202,008
Due from other governments	-	-	659	-	-	-	659
Due from other funds	-	-	771	-	-	-	771
Restricted cash	7,200	7,949	12,558	3,200	13,000	2,400	46,307
Total current assets	248,353	243,665	18,317	3,084,912	149,365	34,992	3,779,604
Non-current assets:							
Capital assets:							
Land and construction in progress	394,615	-	-	771,420	-	22,700	1,188,735
Other capital assets, net of depreciation	3,749,032	-	916,818	3,929,586	8,127,151	10,386,639	27,109,226
Total capital assets	4,143,647	-	916,818	4,701,006	8,127,151	10,409,339	28,297,961
Total assets	4,392,000	243,665	935,135	7,785,918	8,276,516	10,444,331	32,077,565
Deferred Outflows of Resources:							
OPEB deferrals	11,991	20,987	-	8,995	-	-	41,973
Pension deferrals	19,567	26,289	-	6,618	-	-	52,474
Total deferred outflows of resources	31,558	47,276	-	15,613	-	-	94,447
Liabilities:							
Current liabilities:							
Accounts payable and accrued liabilities	8,273	8,308	1,539	947	2,346	4,978	26,391
Due to other funds	2,115	5,373	31,153	679,602	1,454	129,521	849,218
Accrued interest payable	-	-	23	39,883	7,263	8,321	55,490
Customer deposits payable - payable with restricted assets	7,200	-	2,900	3,200	13,000	2,400	28,700
Compensated absences liability - current	2,131	4,635	343	-	511	511	8,131
Installment notes payable - current	-	-	7,199	-	-	-	7,199
Federal revolving loan - current	6,576	-	-	-	-	-	6,576
Limited obligation bonds - current	20,000	-	-	155,000	-	-	175,000
General obligation bonds - current	-	-	-	-	106,000	120,000	226,000
Premium on bonds - current	-	-	-	8,994	908	1,119	11,021
Total current liabilities	46,295	18,316	43,157	887,626	131,482	266,850	1,393,726
Non-current liabilities:							
Compensated absences liability	2,131	4,636	342	-	510	510	8,129
Other post-employment benefit liability	52,900	92,575	-	39,675	-	-	185,150
Net pension liability	11,390	15,448	-	3,745	-	-	30,583
Installment notes payable	-	-	59,836	-	-	-	59,836
Federal revolving loan	118,376	-	-	-	-	-	118,376
Premium on bonds	-	-	-	245,590	12,719	15,664	273,973
Limited obligation bonds	95,000	-	-	3,635,000	-	-	3,730,000
General obligation bonds	-	-	-	-	4,770,000	5,466,000	10,236,000
Total non-current liabilities	279,797	112,659	60,178	3,924,010	4,783,229	5,482,174	14,642,047
Total liabilities	326,092	130,975	103,335	4,811,636	4,914,711	5,749,024	16,035,773
Deferred Inflows of Resources:							
Deferred gain on refunding	-	-	-	47,558	-	-	47,558
Pension deferrals	16,898	22,919	-	5,555	-	-	45,372
OPEB deferrals	7,926	13,871	-	5,945	-	-	27,742
Total deferred inflows of resources	24,824	36,790	-	59,058	-	-	120,672
Net Position:							
Net investment in capital assets	3,903,695	-	849,783	656,422	3,237,524	4,806,556	13,453,980
Restricted for HUD Section 8 housing	-	7,949	-	-	-	-	7,949
Unrestricted	168,947	115,227	(17,983)	2,274,415	124,281	(111,249)	2,553,638
Total net position	\$ 4,072,642	\$ 123,176	\$ 831,800	\$ 2,930,837	\$ 3,361,805	\$ 4,695,307	\$ 16,015,567

PENDER COUNTY, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Maple Hill Water Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scotts Hill Water & Sewer Fund	Moore's Creek Water District	Central Pender Water District	Total
Operating Revenues:							
Charges for services	\$ 224,667	\$ -	\$ -	\$ 338,287	\$ 274,629	\$ 190,288	\$ 1,027,871
Dwelling rental	-	-	58,584	-	-	-	58,584
Other operating revenues	-	213,705	14,887	16,942	225	3,790	249,549
Total operating revenues	<u>224,667</u>	<u>213,705</u>	<u>73,471</u>	<u>355,229</u>	<u>274,854</u>	<u>194,078</u>	<u>1,336,004</u>
Operating Expenses:							
Salaries and benefits	84,720	175,633	18,195	25,005	48,326	49,363	401,242
Housing assistance payments	-	1,008,753	-	-	-	-	1,008,753
Operating expenses	45,312	127,178	16,196	2,250	4,733	5,300	200,969
Contracted services	11,839	17,637	11,406	-	473	532	41,887
Water purchases	58,484	-	-	93,500	48,942	22,823	223,749
Depreciation and amortization	<u>140,283</u>	<u>-</u>	<u>41,940</u>	<u>273,941</u>	<u>232,737</u>	<u>566,725</u>	<u>1,255,626</u>
Total operating expenses	<u>340,638</u>	<u>1,329,201</u>	<u>87,737</u>	<u>394,696</u>	<u>335,211</u>	<u>644,743</u>	<u>3,132,226</u>
Operating income (loss)	<u>(115,971)</u>	<u>(1,115,496)</u>	<u>(14,266)</u>	<u>(39,467)</u>	<u>(60,357)</u>	<u>(450,665)</u>	<u>(1,796,222)</u>
Non-Operating Revenues (Expenses):							
Interest income	-	12	7	-	-	-	19
Restricted intergovernmental	1,086	1,068,113	-	-	-	-	1,069,199
Fraud recovery	-	2,176	-	-	-	-	2,176
Gain (loss) on disposal of capital assets	-	-	(8,917)	-	-	-	(8,917)
Interest and other charges	<u>(1,719)</u>	<u>-</u>	<u>(709)</u>	<u>(23,701)</u>	<u>(93,068)</u>	<u>(106,601)</u>	<u>(225,798)</u>
Total non-operating revenues (expenses)	<u>(633)</u>	<u>1,070,301</u>	<u>(9,619)</u>	<u>(23,701)</u>	<u>(93,068)</u>	<u>(106,601)</u>	<u>836,679</u>
Income (loss) before transfers	<u>(116,604)</u>	<u>(45,195)</u>	<u>(23,885)</u>	<u>(63,168)</u>	<u>(153,425)</u>	<u>(557,266)</u>	<u>(959,543)</u>
Transfers in	<u>-</u>	<u>40,320</u>	<u>-</u>	<u>54,007</u>	<u>-</u>	<u>107,406</u>	<u>201,733</u>
Change in net position	<u>(116,604)</u>	<u>(4,875)</u>	<u>(23,885)</u>	<u>(9,161)</u>	<u>(153,425)</u>	<u>(449,860)</u>	<u>(757,810)</u>
Net Position:							
Beginning of year, July 1	<u>4,189,246</u>	<u>128,051</u>	<u>855,685</u>	<u>2,939,998</u>	<u>3,515,230</u>	<u>5,145,167</u>	<u>16,773,377</u>
End of year, June 30	<u>\$ 4,072,642</u>	<u>\$ 123,176</u>	<u>\$ 831,800</u>	<u>\$ 2,930,837</u>	<u>\$ 3,361,805</u>	<u>\$ 4,695,307</u>	<u>\$ 16,015,567</u>

PENDER COUNTY, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

	Maple Hill Water Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scotts Hill Water & Sewer Fund	Moore's Creek Water District	Central Pender Water District	Total
Cash Flows from Operating Activities:							
Receipts from customers and users	\$ 230,863	\$ 213,053	\$ 73,146	\$ 360,997	\$ 289,344	\$ 205,371	\$ 1,372,774
Payments to customers and suppliers	(128,447)	(1,160,226)	(38,833)	(416,216)	(53,531)	(25,406)	(1,822,659)
Payments to employees	(70,437)	(164,726)	(17,375)	(26,524)	(48,341)	(48,342)	(375,745)
Net cash provided (used) by operating activities	<u>31,979</u>	<u>(1,111,899)</u>	<u>16,938</u>	<u>(81,743)</u>	<u>187,472</u>	<u>131,623</u>	<u>(825,630)</u>
Cash Flows From Capital and Related Financing Activities:							
Acquisition & construction of capital assets	(1,086)	-	-	(398,896)	-	-	(399,982)
Repayment of debt	(136,576)	-	(7,127)	(2,140,000)	(104,000)	(118,000)	(2,505,703)
Interest paid and issuance costs	(2,838)	-	(709)	(48,510)	(93,375)	(106,950)	(252,382)
Net cash provided (used) by capital and related financing activities	<u>(140,500)</u>	<u>-</u>	<u>(7,836)</u>	<u>(2,587,406)</u>	<u>(197,375)</u>	<u>(224,950)</u>	<u>(3,158,067)</u>
Cash Flows From Non-Capital Financing Activities:							
State and federal grants	249,996	1,068,113	-	-	-	-	1,318,109
Miscellaneous revenues	-	2,176	-	-	-	-	2,176
Advances to and from other funds	(54,865)	2,622	(9,859)	341	718	(13,479)	(74,522)
Transfers in (out)	-	40,320	-	54,007	-	107,406	201,733
Net cash provided (used) by non-capital financing activities	<u>195,131</u>	<u>1,113,231</u>	<u>(9,859)</u>	<u>54,348</u>	<u>718</u>	<u>93,927</u>	<u>1,447,496</u>
Cash Flows from Investing Activities:							
Interest income	-	12	7	-	-	-	19
Net decrease in cash and cash equivalents	86,610	1,344	(750)	(2,614,801)	(9,185)	600	(2,536,182)
Cash and Cash Equivalents:							
Beginning of year, July 1	<u>131,600</u>	<u>232,334</u>	<u>13,308</u>	<u>5,654,903</u>	<u>78,403</u>	<u>1,800</u>	<u>6,112,348</u>
End of year, June 30	<u>\$ 218,210</u>	<u>\$ 233,678</u>	<u>\$ 12,558</u>	<u>\$ 3,040,102</u>	<u>\$ 69,218</u>	<u>\$ 2,400</u>	<u>\$ 3,576,166</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating income (loss)	\$ (115,971)	\$ (1,115,496)	\$ (14,266)	\$ (39,467)	\$ (60,357)	\$ (450,665)	\$ (1,796,222)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization	140,283	-	41,940	273,941	232,737	566,725	1,255,626
Change in assets and liabilities:							
(Increase) decrease accounts receivable	5,596	(652)	(525)	5,968	14,290	10,693	35,370
Increase (decrease) accounts payable and accrued expenses	(5,333)	(1,605)	(11,096)	(320,466)	617	3,249	(334,634)
Increase (decrease) customer deposits payable	600	-	200	(200)	200	600	1,400
Increase (decrease) compensated absences	4,262	977	685	(3,886)	(15)	1,021	3,044
Increase (decrease) OPEB	5,101	8,927	-	3,826	-	-	17,854
(Increase) in deferred outflows of resources for OPEB	129	223	-	95	-	-	447
Increase (decrease) in deferred inflows of resources for OPEB	(1,595)	(2,790)	-	(1,195)	-	-	(5,580)
(Increase) in deferred outflows of resources for pensions	(4,369)	(5,926)	-	(1,436)	-	-	(11,731)
Increase (decrease) in net pension liability	(13,622)	(18,476)	-	(4,478)	-	-	(36,576)
Increase (decrease) in deferred inflows of resources for pensions	16,898	22,919	-	5,555	-	-	45,372
Net cash provided (used) by operating activities	<u>\$ 31,979</u>	<u>\$ (1,111,899)</u>	<u>\$ 16,938</u>	<u>\$ (81,743)</u>	<u>\$ 187,472</u>	<u>\$ 131,623</u>	<u>\$ (825,630)</u>

PENDER COUNTY, NORTH CAROLINA

MAPLE HILL OPERATING FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water fees	\$ 170,094	\$ 158,705	\$ (11,389)
Sewer fees	65,000	56,722	(8,278)
Other fees	6,000	9,240	3,240
Total operating revenues	<u>241,094</u>	<u>224,667</u>	<u>(16,427)</u>
Expenditures:			
Operating expenditures:			
Water:			
Salaries and employee benefits	44,155	44,573	(418)
Contract services	7,200	1,608	5,592
Water purchases	82,000	58,484	23,516
Operating expenditures	23,709	9,266	14,443
Debt service payments:			
Principal	136,577	136,576	1
Interest	1,719	2,838	(1,119)
Total water operating expenditures	<u>295,360</u>	<u>253,345</u>	<u>42,015</u>
Sewer:			
Salaries and employee benefits	27,366	33,343	(5,977)
Contract services	14,714	10,231	4,483
Operating expenditures	39,821	36,046	3,775
Total sewer operating expenditures	<u>81,901</u>	<u>79,620</u>	<u>2,281</u>
Total expenditures	<u>377,261</u>	<u>332,965</u>	<u>44,296</u>
Revenues over (under) expenditures	<u>(136,167)</u>	<u>(108,298)</u>	<u>27,869</u>
Other Financing Sources (Uses):			
Transfers in (out):			
Wastewater Treatment and Sewer Fund	11,167	-	(11,167)
Appropriated fund balance	125,000	-	(125,000)
Total other financing sources (uses)	<u>136,167</u>	<u>-</u>	<u>(136,167)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (108,298)</u>	<u>\$ (108,298)</u>

PENDER COUNTY, NORTH CAROLINA

**MAPLE HILL OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022**

	<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		\$ (108,298)	
Principal payments		136,576	
Capital Project Fund revenues		1,086	
Depreciation		(140,283)	
Change in accrued interest payable		1,119	
Change in compensated absences		(4,262)	
Change in deferred outflows - OPEB		(129)	
Change in total OPEB liability		(5,101)	
Change in deferred inflows - OPEB		1,595	
Change in deferred outflows - pension		4,369	
Change in net pension liability		13,622	
Change in deferred inflows - pension		(16,898)	
Change in net position, full accrual basis		<u>\$ (116,604)</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, 2022

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
State Reserve Project Grant	\$ 514,044	\$ 256,551	\$ 1,086	\$ 257,637	\$ (256,407)
Miscellaneous revenues	-	4,880	-	4,880	4,880
Total revenues	514,044	261,431	1,086	262,517	(251,527)
Expenditures:					
Capital outlay	506,900	249,187	-	-	506,900
Contract services	167,354	140,803	1,086	141,889	25,465
Total expenditures	674,254	389,990	1,086	141,889	532,365
Revenues over (under) expenditures	(160,210)	(128,559)	-	120,628	280,838
Other Financing Sources (Uses):					
State Revolving Loan issued	-	131,528	-	131,528	131,528
Bond proceeds	171,348	-	-	-	(171,348)
Bond closing costs	(11,138)	-	-	-	11,138
Total other financing sources (uses)	160,210	131,528	-	131,528	(28,682)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 2,969	\$ -	\$ 252,156	\$ 252,156

PENDER COUNTY, NORTH CAROLINA
SECTION 8 ADMINISTRATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental - HUD	\$ 1,214,268	\$ 1,068,113	\$ (146,155)
Miscellaneous revenues	210,356	213,705	3,349
Fraud recovery	-	2,176	2,176
Investment income	-	12	12
Total revenues	<u>1,424,624</u>	<u>1,284,006</u>	<u>(140,618)</u>
Expenditures:			
Salaries and benefits	209,371	169,779	39,592
Housing assistance payments	1,092,000	1,008,753	83,247
Contracted services	18,034	17,637	397
Operating expenditures	<u>131,157</u>	<u>127,178</u>	<u>3,979</u>
Total expenditures	<u>1,450,562</u>	<u>1,323,347</u>	<u>127,215</u>
Revenues over (under) expenditures	(25,938)	(39,341)	(13,403)
Other Financing Sources (Uses):			
Transfers in (out):			
General Fund	<u>25,938</u>	<u>40,320</u>	<u>14,382</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 979</u>	<u>\$ 979</u>
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 979	
Change in compensated absences		(977)	
Change in deferred outflows - OPEB		(223)	
Change in total OPEB liability		(8,927)	
Change in deferred inflows - OPEB		2,790	
Change in deferred outflows - pension		5,926	
Change in net pension liability		18,476	
Change in deferred inflows - pension		<u>(22,919)</u>	
Change in net position, full accrual basis		<u>\$ (4,875)</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Dwelling rentals	\$ 67,296	\$ 58,584	\$ (8,712)
Miscellaneous revenues	6,000	14,887	8,887
Interest income	-	7	7
Total revenues	<u>73,296</u>	<u>73,478</u>	<u>182</u>
Expenditures:			
Administration and tenant services	40,385	33,706	6,679
Contracted services	25,075	11,406	13,669
FMHA debt service payments - principal	7,127	7,127	-
FMHA debt service payments - interest	709	709	-
Total expenditures	<u>73,296</u>	<u>52,948</u>	<u>20,348</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 20,530</u>	<u>\$ 20,530</u>
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues over (under) expenditures		\$ 20,530	
Depreciation		(41,940)	
Gain (loss) on disposal of capital assets		(8,917)	
Change in compensated absences		(685)	
Principal payments		<u>7,127</u>	
Change in net position, full accrual basis		<u>\$ (23,885)</u>	

PENDER COUNTY, NORTH CAROLINA**SCOTTS HILL WATER & SEWER DISTRICT OPERATING FUND****SCHEDULE OF REVENUES AND EXPENDITURES -****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water fees	\$ 325,000	\$ 335,472	\$ 10,472
Connection fees	-	2,815	2,815
Miscellaneous fees	5,000	6,775	1,775
Total revenues	<u>330,000</u>	<u>345,062</u>	<u>15,062</u>
Expenditures:			
Operating expenditures:			
Salaries and benefits	27,851	26,524	1,327
Operating expenditures	26,150	2,250	23,900
Contracted services	4,196	-	4,196
Water purchases	93,500	93,500	-
Debt service payments:			
Principal	2,140,000	2,140,000	-
Interest	48,510	48,510	-
Total expenditures	<u>2,340,207</u>	<u>2,310,784</u>	<u>29,423</u>
Revenues over (under) expenditures	<u>(2,010,207)</u>	<u>(1,965,722)</u>	<u>44,485</u>
Other Financing Sources (Uses):			
Transfers in (out):			
Wastewater Treatment and Sewer Fund	54,007	54,007	-
Appropriated fund balance	2,115,000	-	(2,115,000)
Bond issuance costs	(158,800)	-	158,800
Total other financing sources (uses)	<u>2,010,207</u>	<u>54,007</u>	<u>(1,956,200)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (1,911,715)</u>	<u>\$ (1,911,715)</u>

PENDER COUNTY, NORTH CAROLINA

**SCOTTS HILL WATER & SEWER DISTRICT OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022**

	<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		\$ (1,911,715)	
Depreciation		(285,097)	
Capital Project Fund revenues		10,167	
Amortization		11,156	
Principal payments		2,140,000	
Change in compensated absences		3,886	
Change in accrued interest payable		24,809	
Change in deferred outflows - OPEB		(95)	
Change in total OPEB liability		(3,826)	
Change in deferred inflows - OPEB		1,195	
Change in deferred outflows - pension		1,436	
Change in net pension liability		4,478	
Change in deferred inflows - pension		(5,555)	
Change in net position, full accrual basis		<u>\$ (9,161)</u>	

PENDER COUNTY, NORTH CAROLINA

SCOTTS HILL WATER & SEWER CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

		Actual			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Miscellaneous revenues	\$ -	\$ -	\$ 10,167	\$ 10,167	\$ 10,167
Expenditures:					
Contract services	657,008	163,419	-	163,419	493,589
Construction	1,305,400	1,750,534	-	1,750,534	(445,134)
Contingency	75,000	-	-	-	75,000
Total expenditures	<u>2,037,408</u>	<u>1,913,953</u>	<u>-</u>	<u>1,913,953</u>	<u>123,455</u>
Revenues over (under) expenditures	(2,037,408)	(1,913,953)	10,167	(1,903,786)	133,622
Other Financing Sources (Uses):					
Transfer in (out):					
Rocky Point/Topsail Water & Sewer Fund	<u>2,037,408</u>	<u>1,500,808</u>	<u>-</u>	<u>1,500,808</u>	<u>(536,600)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (413,145)</u>	<u>\$ 10,167</u>	<u>\$ (402,978)</u>	<u>\$ (402,978)</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, 2022**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Miscellaneous revenues	\$ -	\$ 252,334	\$ -	\$ 252,334	\$ 252,334
Expenditures:					
Contract services	2,670,676	372,524	398,896	771,420	1,899,256
Construction	13,884,020	-	-	-	13,884,020
Total expenditures	16,554,696	372,524	398,896	771,420	15,783,276
Revenues over (under) expenditures	(16,554,696)	(120,190)	(398,896)	(519,086)	16,035,610
Other Financing Sources (Uses):					
Transfer in (out):					
Rocky Point/Topsail Water & Sewer Fund	7,418,420	1,551,420	-	1,551,420	(5,867,000)
Debt issued	1,730,000	1,730,000	-	1,730,000	-
Premium on debt issued	269,812	269,812	-	269,812	-
Bond issuance costs	(23,536)	(23,536)	-	(23,536)	-
Total other financing sources (uses)	16,554,696	3,527,696	-	3,527,696	(13,027,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 3,407,506	\$ (398,896)	\$ 3,008,610	\$ 3,008,610

PENDER COUNTY, NORTH CAROLINA**MOORE'S CREEK WATER DISTRICT DISTRIBUTION FUND****SCHEDULE OF REVENUES AND EXPENDITURES -****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water fees	\$ 310,341	\$ 274,629	\$ (35,712)
Miscellaneous	550	225	(325)
Total revenues	<u>310,891</u>	<u>274,854</u>	<u>(36,037)</u>
Expenditures:			
Operating expenditures:			
Salaries and benefits	44,284	48,341	(4,057)
Operating expenditures	9,290	4,733	4,557
Contracted services	11,000	473	10,527
Water purchases	48,942	48,942	-
Debt service payments:			
Principal	104,000	104,000	-
Interest	93,375	93,375	-
Total expenditures	<u>310,891</u>	<u>299,864</u>	<u>11,027</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (25,010)</u>	<u>\$ (25,010)</u>

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

Revenues and other financing sources over	
(under) expenditures and other financing uses	\$ (25,010)
Bond principal	104,000
Depreciation	(233,646)
Change in compensated absences	15
Change in accrued interest payable	307
Amortization	909
Change in net position, full accrual basis	<u>\$ (153,425)</u>

PENDER COUNTY, NORTH CAROLINA
CENTRAL PENDER WATER DISTRICT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Over/Under
Revenues:			
Water fees	\$ 200,000	\$ 190,288	\$ (9,712)
Miscellaneous revenue	2,500	3,790	1,290
Total revenues	<u>202,500</u>	<u>194,078</u>	<u>(8,422)</u>
Expenditures:			
Salaries and benefits	44,402	48,342	(3,940)
Operating expenditures	5,731	5,300	431
Contracted services	12,000	532	11,468
Water purchases	22,823	22,823	-
Debt service payments:			
Principal	118,000	118,000	-
Interest	106,950	106,950	-
Total expenditures	<u>309,906</u>	<u>301,947</u>	<u>7,959</u>
Revenues over (under) expenditures	<u>(107,406)</u>	<u>(107,869)</u>	<u>(463)</u>
Other Financing Sources (Uses):			
Transfers in (out):			
Waste Water Treatment and Sewer Fund	<u>107,406</u>	<u>107,406</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (463)</u>	<u>\$ (463)</u>
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (463)	
Bond principal		118,000	
Depreciation		(567,844)	
Change in compensated absences		(1,021)	
Change in accrued interest payable		349	
Amortization		<u>1,119</u>	
Change in net position, full accrual basis		<u>\$ (449,860)</u>	

INTERNAL SERVICE FUNDS

- Self-Insured Internal Service Funds: Accounts for the funds contributed by both the County and its employees to provide health and dental insurance benefits for eligible employees
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PENDER COUNTY, NORTH CAROLINA**SELF-INSURED INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022**

	Employee Health Insurance Fund	Workers' Compensation Fund	Total
Assets:			
Cash and cash equivalents	\$ 222,833	\$ 623,651	\$ 846,484
Liabilities:			
Accounts payable and accrued liabilities	-	18,432	18,432
Net Position:			
Unrestricted	222,833	605,219	828,052
Total net position	<u>\$ 222,833</u>	<u>\$ 605,219</u>	<u>\$ 828,052</u>

PENDER COUNTY, NORTH CAROLINA

SELF-INSURED INTERNAL SERVICE FUND
EMPLOYEE HEALTH INSURANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>-</u>	\$ -	\$ <u>-</u>
Net Position:			
Beginning of year, July 1		<u>222,833</u>	
End of year, June 30		<u>\$ 222,833</u>	

PENDER COUNTY, NORTH CAROLINA

**SELF-INSURED INTERNAL SERVICE FUND
 WORKERS' COMPENSATION FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>-</u>	\$ -	\$ <u>-</u>
Net Position:			
Beginning of year, July 1		<u>605,219</u>	
End of year, June 30		<u>\$ 605,219</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, 2022**

	Municipal Tax Collections	Jail Inmate Fund	Total Custodial Funds
Assets:			
Cash and cash equivalents	\$ 8,841	\$ 92,173	\$ 101,014
Receivables, net	<u>103,027</u>	<u>-</u>	<u>103,027</u>
Total assets	<u>111,868</u>	<u>92,173</u>	<u>204,041</u>
Liabilities:			
Accounts payable and accrued liabilities	<u>45,334</u>	<u>-</u>	<u>45,334</u>
Net Position:			
Restricted for:			
Individuals, organizations and other governments	<u>\$ 66,534</u>	<u>\$ 92,173</u>	<u>\$ 158,707</u>

PENDER COUNTY, NORTH CAROLINA
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022**

	Municipal Tax Collections	Jail Inmate Fund	Total Custodial Funds
Additions:			
Ad valorem taxes for other governments	\$ 1,804,440	\$ -	\$ 1,804,440
Collections on behalf of inmates	-	179,277	179,277
Total additions	<u>1,804,440</u>	<u>179,277</u>	<u>1,983,717</u>
Deductions:			
Tax distributions to other governments	1,784,049	-	1,784,049
Payments on behalf of inmates	-	148,031	148,031
Total deductions	<u>1,784,049</u>	<u>148,031</u>	<u>1,932,080</u>
Net change in fiduciary net position	20,391	31,246	51,637
Net Position:			
Net position - beginning	<u>46,143</u>	<u>60,927</u>	<u>107,070</u>
Net Position - Ending	<u>\$ 66,534</u>	<u>\$ 92,173</u>	<u>\$ 158,707</u>

OTHER SCHEDULES

This section includes additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
 - Analysis of Current Tax Levy:
 - County-Wide Levy
 - Secondary Market Disclosures
 - Ten Largest Taxpayers
 - Pender Tourism Development Authority:
 - Balance Sheet
 - Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
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PENDER COUNTY, NORTH CAROLINA**SCHEDULE OF AD VALOREM TAXES RECEIVABLE****GENERAL FUND****JUNE 30, 2022**

Fiscal Year	Uncollected Balance June 30, 2021	Additions	Collections And Credits	Uncollected Balance June 30, 2022
2021-22	\$ -	\$ 56,260,923	\$ 54,492,196	\$ 1,768,727
2020-21	1,466,755	-	852,953	613,802
2019-20	707,782	-	286,000	421,782
2018-19	306,574	-	122,263	184,311
2017-18	132,885	-	41,929	90,956
2016-17	93,984	-	22,554	71,430
2015-16	62,598	-	10,028	52,570
2014-15	33,626	-	4,608	29,018
2013-14	67,792	-	1,725	66,067
2012-13	74,633	-	1,733	72,900
2011-12	72,463	-	72,463	-
Total	<u>\$ 3,019,092</u>	<u>\$ 56,260,923</u>	<u>\$ 55,908,452</u>	<u>3,371,563</u>
Less allowance for uncollectible accounts:				
General Fund				<u>551,472</u>
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 2,820,091</u>
Reconcilement with Revenues:				
Ad valorem taxes - General Fund				\$ 56,231,708
Reconciling items:				
Penalties and interest				(332,485)
Miscellaneous				<u>9,229</u>
Total collections and credits				<u>\$ 55,908,452</u>

PENDER COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2022

	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	\$ 7,860,279,608	\$ 0.645	\$ 50,698,804	\$ 50,698,804	\$ -
Vehicle taxes collected by DMV	<u>831,664,698</u>	0.645	<u>5,364,237</u>	<u>-</u>	<u>5,364,237</u>
Total	<u>8,691,944,306</u>		<u>56,063,041</u>	<u>50,698,804</u>	<u>5,364,237</u>
Discoveries:					
Current year taxes	<u>55,639,043</u>	0.645	<u>358,872</u>	<u>358,872</u>	<u>-</u>
Abatements:					
Current year taxes	<u>(24,959,634)</u>	0.645	<u>(160,990)</u>	<u>(160,990)</u>	<u>-</u>
Total property valuation	<u>\$ 8,722,623,715</u>				
Net Levy			56,260,923	50,896,686	5,364,237
Uncollected taxes at June 30, 2022			<u>1,768,727</u>	<u>1,768,727</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 54,492,196</u>	<u>\$ 49,127,959</u>	<u>\$ 5,364,237</u>
Current Levy Collection Percentage			<u>96.86%</u>	<u>96.52%</u>	<u>100.00%</u>

PENDER COUNTY, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY
SECONDARY MARKET DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2022****Assessed Valuation:**

Assessment ratio	<u>100%</u>
------------------	-------------

Real property	\$ 7,451,320,135
Personal property	314,800,556
Public service companies	<u>956,503,024</u>
Total assessed valuation	<u>\$ 8,722,623,715</u>

Tax rate per \$100	<u>\$ 0.645</u>
--------------------	-----------------

Levy (includes discoveries, releases and abatements)	<u>\$ 56,260,923</u>
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In addition to the County-wide rate, the following table lists the levies by the County on behalf of the Fire and Rescue districts for the fiscal year ended June 30:

Fire and rescue districts	<u>\$ 14,001,912</u>
Total	<u>\$ 14,001,912</u>

PENDER COUNTY, NORTH CAROLINA**TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2022**

Taxpayers	Type of Business	2021 Assessed Valuation	% of Total Valuation
Duke Energy Progress Inc	Utility	\$ 65,432,020	0.83%
Red Mountain Timber Co I LLC	Timber Production	41,349,721	0.53%
Four County EMC	Utility	27,104,880	0.34%
Crooked Run Solar LLC	Manufacturing	21,140,492	0.27%
LL Building Products Inc	Retail	18,176,711	0.23%
WLI Investments, LLC	Development	17,172,265	0.22%
Dr Horton Inc	Development	15,807,767	0.20%
Jones Onslow EMC	Utility	13,314,467	0.17%
Filmwerkrs LLC	Film Industry	13,081,836	0.17%
Coastal Beverage Co Inc	Distribution	10,815,679	0.14%
		<u>\$ 243,395,838</u>	<u>3.10%</u>

PENDER COUNTY, NORTH CAROLINA

DISCRETELY PRESENTED COMPONENT UNIT
PENDER TOURISM DEVELOPMENT AUTHORITY
BALANCE SHEET
JUNE 30, 2022

Assets:

Cash and cash equivalents	\$ 78,788
Accounts receivable	<u>6,353</u>
Total assets	<u>85,141</u>

Liabilities:

Accounts payable and accrued liabilities	<u>181</u>
--	------------

Fund Balance:

Restricted for:	
Stabilization by state statute	6,353
Tourism promotion	<u>78,607</u>
Total fund balance	<u>\$ 84,960</u>

PENDER COUNTY, NORTH CAROLINA

DISCRETELY PRESENTED COMPONENT UNIT
PENDER TOURISM DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Occupancy tax revenues	\$ 30,218	\$ 46,371	\$ 16,153
Expenditures:			
Promotions	<u>30,218</u>	<u>4,382</u>	<u>25,836</u>
Net change in fund balance	<u>\$ -</u>	41,989	<u>\$ 41,989</u>
Fund Balance:			
Beginning of year, July 1		<u>42,971</u>	
End of year, June 30		<u>\$ 84,960</u>	

PENDER COUNTY, NORTH CAROLINA

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
PUBLIC HOUSING PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2022

Line Item	Account Description	Housing Choice Vouchers 14.871	CARES Act Funding 14.HCV	Total
Assets:				
Current Assets Cash:				
111	Cash - unrestricted	\$ 30,881	\$ -	\$ 30,881
113	Cash - other restricted	1,088	6,861	7,949
100	Total cash	<u>31,969</u>	<u>6,861</u>	<u>38,830</u>
290	Total Assets and Deferred Outflows of Resources	<u>\$ 31,969</u>	<u>\$ 6,861</u>	<u>\$ 38,830</u>
Liabilities and Equity:				
Liabilities:				
300	Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Equity:				
511.1	Restricted net position	1,088	6,861	7,949
512.1	Unrestricted net position	<u>30,881</u>	<u>-</u>	<u>30,881</u>
513	Total equity - net assets/position	<u>31,969</u>	<u>6,861</u>	<u>38,830</u>
600	Total liabilities and equity - net assets/position	<u>\$ 31,969</u>	<u>\$ 6,861</u>	<u>\$ 38,830</u>
Revenues:				
70600	HUD PHA operating grants	\$ 948,789	\$ -	\$ 948,789
70710	Management fee	119,324	-	119,324
71100	Investment income - unrestricted	12	-	12
71400	Fraud recovery	<u>1,088</u>	<u>-</u>	<u>1,088</u>
70000	Total revenues	<u>1,069,213</u>	<u>-</u>	<u>1,069,213</u>
Expenses:				
Administrative:				
91900	Other	<u>119,324</u>	<u>-</u>	<u>119,324</u>
96900	Total operating expenses	<u>119,324</u>	<u>-</u>	<u>119,324</u>
97000	Excess of operating revenues over expenditures	<u>949,889</u>	<u>-</u>	<u>949,889</u>
97300	Housing assistance payments	<u>1,008,753</u>	<u>-</u>	<u>1,008,753</u>
90000	Total expenses	<u>1,128,077</u>	<u>-</u>	<u>1,128,077</u>
10000	Excess (deficiency) of total revenue over (under) total expenses	(58,864)	-	(58,864)
Memo Account Information:				
11030	Beginning equity	90,833	6,861	97,694
	Ending equity	<u>\$ 31,969</u>	<u>\$ 6,861</u>	<u>\$ 38,830</u>
11180	Housing assistance payments equity	<u>\$ 31,969</u>	<u>\$ 6,861</u>	<u>\$ 38,830</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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 25, 2023. Our report includes a reference to other auditors who audited the financial statements of the Pender County ABC Board, as described in our report on Pender County, North Carolina's, financial statements. The financial statements of the Pender County ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with the Pender County ABC Board.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 2022-001 and 2022-003.

Pender County's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 25, 2023

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

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

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

Independent Auditor's Report

To the 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, 2022. 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 noncompliance, 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.

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 deficiencies in internal control over compliance that we consider to be material weaknesses.

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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2022-004, 2022-005, 2022-006, and 2022-007 to be material weaknesses.

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
January 25, 2023

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

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

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

Independent Auditor's Report

To the 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, 2022. 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, 2022.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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 2022-004 and 2022-005 to be material weaknesses.

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
January 25, 2023

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PENDER COUNTY, NORTH CAROLINA

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

1. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? Yes

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>Program Name</u>	<u>AL#</u>
Medicaid Cluster	93.778
Low Income Home Energy Assistance	93.568
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561
Dollar threshold used to distinguish between Type A and Type B programs	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	No

PENDER COUNTY, NORTH CAROLINA

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

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

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

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

Unmodified

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

Yes

Identification of major state programs:

Program Name

Medicaid Cluster

Public School Building Capital Fund

PENDER COUNTY, NORTH CAROLINA

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

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

2022-001

**Material Weakness
Non-Compliance**

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

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

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

Cause: Significant delays in the prior years' audit report submission caused delays in completing fiscal year 2022-year end closeout procedures.

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

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

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

PENDER COUNTY, NORTH CAROLINA

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

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

Finding 2022-002

Material Weakness

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

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

Effect: Errors in financial reporting could occur and not be detected.

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

Identification of a Repeat Finding: This is modified and a repeat of Finding 2021-002 from the immediate previous audit.

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

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

PENDER COUNTY, NORTH CAROLINA

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

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

2022-003

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, 2022, actual expenditures exceeded the authorized appropriations made by the governing board for the following fund: Rescue District Fund.

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

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

Identification of a Repeat Finding: This is modified and a repeat of Finding 2021-003 from the immediate previous audit.

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

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

PENDER COUNTY, NORTH CAROLINA

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

3. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

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

Program Name: Medical Assistance Program

AL # 93.778

Grant Number: 071-420, 071-375, 071-128, 071-480, 071-434

Finding: 2022-004

Material Weakness

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.

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

Context: Of the 430,010 benefit payments valued at \$139,895,964, we examined 60 and determined that three (5%) had inconsistent documentation supporting the eligibility determination in the case file. Upon further review, the recipients were 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 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, 2022

3. Federal Award Findings and Questioned Costs (continued)

U.S. Department of Health and Human Services

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

Program Name: Medical Assistance Program

AL # 93.778

Grant Number: 071-420, 071-375, 071-128, 071-480, 071-434

Finding: 2022-005

Material Weakness

Criteria: In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that salaries and fringe reported on Part I Statement of Administrative Costs for the 1571 crosscutting monthly report is correct.

Condition: Due to formula errors in the spreadsheet used to upload the information into the NC CORELS template salary and fringe benefits were incorrectly reported on the Part I Statement of Administrative Costs for the 1571.

Context: Of the total 377 Medicaid salaries and benefits amounts uploaded into NC CORELS, we examined 25 and determined that 3 or (12%) had salary and fringe benefits that were incorrectly reported on the Part I Statement of Administrative Costs.

Effect: Salary and fringe benefits not being correctly reported could cause the State to reimburse the incorrect amount to the County.

Cause: The spreadsheet used to calculate salaries and fringe had a formula issue causing the salary information to be pulled for the wrong employee names. The report was subsequently corrected, and the proper adjustment was made.

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

Recommendation: Management should implement internal controls to ensure accuracy of the 1571 crosscutting monthly submission.

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, 2022

3. Federal Award Findings and Questioned Costs (continued)

U.S. Department of Health and Human Services

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

Program Name: Supplemental Nutrition Assistance Program (SNAP) Cluster

AL # 10.561

Grant Number: 071-417

Finding: 2022-006

Material Weakness

Criteria: The NC Food and Nutrition Services Manual section FNS 135 requires counties to conduct second-party reviews as part of the system of quality control. Management should have adequate second-party review procedures in place to properly review and assess the eligibility of individuals in order to ensure that the benefits being provided are within program requirements, and documentation in the case file is complete and accurate, and evidence of review should be documented.

Condition: The County Department of Social Services did not have a system in place the entire year to perform second party reviews for the SNAP program.

Context: While performing tests of internal control over compliance on the program above, we noted the above condition.

Effect: The County's second-party review process is not effective at ensuring that case files are complete and accurate. Errors could exist that go uncorrected.

Cause: Due to staff turnover, second-party reviews were not completed for the entire year.

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

Recommendation: The County should ensure that the second-party review process is being followed and reviews are being completed for all months of the year.

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, 2022

3. Federal Award Findings and Questioned Costs (continued)

U.S. Department of Health and Human Services

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

Program Name: Low-Income Home Energy Assistance

AL # 93.568

Grant Number: 071-406, 071-372

Finding: 2022-007

Material Weakness

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

Condition: The County Department of Social Services did not have a system in place the entire year to perform second party reviews for the energy programs.

Context: While performing tests of internal control over compliance on the program above, we noted the above condition.

Effect: The County's second-party review process is not effective at ensuring that case files are complete and accurate. Errors could exist that go uncorrected.

Cause: Due to staff turnover, second-party reviews were not completed for the entire year.

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

Recommendation: The County should ensure that the second-party review process is being followed and reviews are being completed for all months of the year.

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, 2022

4. State Award Findings and Questioned Costs

Finding: 2022-004 – 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 2022-004 in Section 3 – Federal Award Findings and Questioned Costs.

Finding 2022-005 - In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that salaries and fringe reported on Part I Statement of Administrative Costs for the 1571 crosscutting monthly report is correct. See more details at Finding 2022-005 in Section 3 – Federal Award Findings and Questioned Costs.

Board of County Commissioners
Jaqueline A. (Jackie) Newton -Chairwoman
Wendy Fletcher-Hardee-Vice Chair
Jimmy T Tate
Archibald "Fred" McCoy
Jerry Groves



County Manager
David Andrews
County Attorney
Carl W. "Trey" Thurman
Clerk to the Board
Nancy Avery (Interim)

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2022

Finding: 2022-001

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

Corrective Action/Management's Response: The main cause of the delay in fiscal year 2022 audit completion and submission is the initial delay in beginning year-end processes and significant work to perform first year audit procedures as a result of the delay in the prior fiscal year 2021 audit submission. Interim fieldwork began in September 2022, rather than in the spring of 2022 as would typically occur.

Additionally, year-end timelines have been established and communicated to relevant departmental personnel as well as management and finance department personnel. Duties are delegated based on function, and year-round reconciliations maintain current account balances and limit year end efforts and adjustments. Strict cutoffs have been established and enforced, reminders distributed, and deadlines scheduled for each piece of the audit. A lot of efforts in continuous process improvement in recent years will go a long way in the future for efficiency in the year end closing process. Also, in fiscal year 2022, the County was able to hire a new Asset Manager and an Internal Audit Compliance Officer position with significant experience who has been tasked with extensive monthly reconciliation procedures. Fiscal year 2023 will be the first full year of those monthly reconciliation processes and will truly see the benefit from addition of those positions from this point forward.

Proposed Completion Date: Immediately and ongoing.

Finding: 2022-002

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

Corrective Action/Management's Response: Due to delays in processing previous fiscal year's audit report, year end reconciliations were not able to being as early as would be ideal. The County has an established monthly routine that allows some of these time-consuming reconciliations to be broken down throughout the year in order to be sure year end adjustments and reconciling items can be taken care of earlier and adjustments throughout the audit avoided altogether.

Proposed Completion Date: Immediately and ongoing.



Finding: 2022-003

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

Corrective Action/Management's Response: Pender County has established budget monitoring procedures and will continue to keep this as a top priority. The EMS district budget issues are due to the nature of these funds disbursed as collected for fire and EMS district taxes. These funds are budgeted in compliance with general statutes that require conservative budgeting revenues at prior years collection rate. These funds inherently collect greater than this amount budgeted as there are prior years collections included. During this particular year, there were significant collections of prior years receivable balances that were more difficult to project. Since these funds are reconciled and disbursed monthly, in the future there will be adjustments during the year for additional revenues collected to ensure within budget.

Proposed Completion Date: Immediately and ongoing.

Finding: 2022-004

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

Corrective Action/Management's Response: Audit Finding Review Training is held with Family and Children's Medicaid to review Audit results and errors found. Verification sheet for F&C Medicaid are reviewed. This form is to be used for every application and recertification.

Additional trainings/unit meetings are also held throughout the year. Areas covered are review of: Child Support referrals, income, verification of Social Security Number, tax household, household relationship, reacting to changes, addresses, and OVS. Ongoing trainings continue.

Individual conferences are held with each worker with an error. During the conference, the case record is reviewed along with policy, error explanations and steps to take to prevent error from reoccurring.

Each quarter Pender County is required to submit to the State a Quarterly Report of cases 2nd party reviewed along with verification of trainings held, agendas and attendance sheets. Pender is required to review over 120 cases per quarter.

There are 4 Medicaid Supervisors. Each month supervisors pull cases from each worker to 2nd party review. Supervisors meet with each worker that they have an error or internal control issue. Errors and internal control issues are discussed monthly at Unit meetings. Policy, manual changes, Admin letters, job aids and other information are also discussed and reviewed monthly during Unit meetings.

Proposed Completion Date: Immediately and ongoing.



Finding: 2022-005

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

Corrective Action/Management's Response: The County has corrected and resubmitted the impacted report and continues to pay close attention to detail when compiling all of the data for payroll calculations. Once resubmitted, there were no monies owed, just minor adjustments in allocations between programming.

Additionally, the Business Officer has worked with the Internal Audit Compliance Officer in the Finance Department to strengthen the excel formulas and lessen the inherent opportunity for errors. Finance also implemented additional checks during the 1571 monthly review process to ensure elimination of any such errors prior to submission.

Proposed Completion Date: Immediately and ongoing.

Finding: 2022-006

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

Corrective Action/Management's Response: The County, much like other local governments around the State and Country, has experienced turnover from employee resignation and long-term employee retirements. The County met requirements for 2nd party reviews when program supervisor positions were filled, and in the future will ensure that there is a back up or at least a look back period for 2nd party reviews for periods of SNAP program supervisor vacancies.

Proposed Completion Date: Immediately and ongoing.

Finding: 2022-007

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

Corrective Action/Management's Response: The County, much like other local governments around the State and Country, has experienced turnover from employee resignation and long-term employee retirements. The County met requirements for 2nd party reviews when program supervisor positions were filled, and in the future will ensure that there is a back up or at least a look back period for 2nd party reviews for periods of LIHEAP program supervisor vacancies.

Proposed Completion Date: Immediately and ongoing.



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

Finding:	2021-001
Status:	Repeated as 2022-001.
Finding:	2021-002
Status:	Modified and repeated as 2022-002.
Finding	2021-003
Status:	Modified and repeated as 2022-003.
Finding	2021-004
Status:	Corrected.

PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 439,896	\$ -	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Food Nutrition Services Fraud Admin	10.561	071-405	41,314	-	-
COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Food Nutrition Services ARPA Funds	10.561	071-405	41,384	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Food Nutrition Services CAA Funds	10.561	071-405	15,199	-	-
Total Supplemental Nutrition Assistance Program Cluster			537,793	-	-
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	294,224	-	-
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 1	110,329	-	-
Emergency Watershed Protection Program - Disaster Relief Appropriations Act	10.927	19-091-4002 - Round 2	40,086	-	-
N.C. Division of Soil & Water Conservation:					
Emergency Watershed Protection Program - Disaster Relief Appropriations Act	10.927	19-091-4002 - Round 1	257,434	-	-
Emergency Watershed Protection Program - Disaster Relief Appropriations Act	10.927	19-091-4002 - Round 2	120,258	-	-
Total U.S. Dept. of Agriculture			1,360,124	-	-
<u>U.S. Dept. of Justice</u>					
Passed-through the N.C. Department of Public Safety:					
Governor's Crime Commission:					
Edward Byrne Memorial Justice Assistance Grant Program - Interview Room Recording System	16.738	PROJ014706	285	-	-
Total U.S. Dept. of Justice			285	-	-
<u>U.S. Dept. of Treasury</u>					
COVID-19 - Coronavirus State Local Fiscal Recovery Funds	21.027	1505-0271	222,250	-	-
Total U.S. Dept. of Treasury			222,250	-	-
<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	134,882	-	-
Total Highway Safety Cluster			134,882	-	-
Total U.S. Dept. of Transportation			134,882	-	-
<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	46,189	12,153	58,342
HCCBG In-Home/Support Services	93.044	HCCBG-PAS	56,634	220,397	277,031
Special Programs for the Aging, Title III, Part C, Nutrition Services:					
HDC-5	93.045	HCCBG-PAS	36,010	-	36,010
CARES - Nutrition Services	93.045	HCCBG-PAS	36,376	-	36,376
HCCBG - Congregate Meals	93.045	HCCBG-PAS	42,767	1,232	43,999
HCCBG - Delivery Meals	93.045	HCCBG-PAS	110,812	3,192	114,004
Nutrition Services Incentive Program - NISP Nutrition	93.053	HCCBG-PAS	18,216	-	18,216
Senior Center General Purpose		NC-15	-	21,387	21,387
FAN Heat Relief		NC-15	-	564	564
Total Aging Cluster			347,004	258,925	605,929
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services					
COVID-19 - CARES - National Family Caregiver Support, Title III, Part E	93.052	HCCBG-PAS	3,284	-	3,284
National Family Caregiver Support, Title III, Part E	93.052	HCCBG-PAS	42,924	3,576	46,500
Total Division of Aging and Adult Services			398,995	262,841	661,836

PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

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:					
Temporary Assistance for Needy Families	93.558	13A15151T2	5,990	-	-
Maternal and Child Health Services Block Grant to the States	93.994	12715745AR	40,340	10,025	-
Immunization Cooperation Agreements	93.268	1331639BP7	12,750	-	-
COVID-19 Immunization Cooperation Agreements	93.268	1331639BP7	15,386	-	-
Cancer Prevention and Control Programs for State, Territorial, and Tribal Organizations	93.898	1320310DD7	5,525	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311462BNB	100	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175878AHH	290,316	-	-
Family Planning Services	93.217	13A1592CFP	42,259	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	14602720NF	21,561	-	-
Preventive Health and Health Services Block Grant	93.991	12615503PH	30,607	-	-
Public Health Emergency Preparedness	93.069	12641680EQ	36,466	-	-
Total Division of Public Health			501,300	10,025	-
Division of Social Services:					
Administration:					
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Links	93.674	071-290	21,755	5,439	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Independent Living Transitional - Direct Benefits	93.674	071-430	4,622	-	-
Child Support Enforcement - IV-D Administration	93.563	071-430	113,744	-	-
Child Support Enforcement - IV-D Offset Fees ESC	93.563	071-430	5	-	-
Child Support Enforcement - IV-D Offset Fees Federal	93.563	071-430	2,134	-	-
Low-Income Home Energy Assistance:					
Administration	93.568	071-406	43,577	-	-
Direct Benefit Payments	93.568	071-406	426,869	-	-
Crisis Intervention Program	93.568	071-372	157,934	-	-
COVID-19 - LIEAP ARPA	93.568	071-372	314,670	-	-
COVID-19 - LIEAP ARPA Admin	93.568	071-372	33,870	-	-
LIHWAP ADM	93.568	071-372	5,193	-	-
LIHWAP CAA	93.568	071-372	13,908	-	-
Total Low-Income Home Energy Assistance			996,021	-	-
Temporary Assistance for Needy Families:					
Temporary Assistance for Needy Families - Work First Admin	93.558	071-039	44,372	-	-
Temporary Assistance for Needy Families - Work First Services	93.558	071-059	215,020	-	-
Total Temporary Assistance for Needy Families			259,392	-	-
Special Children Adoption Fund Cluster (Note 4):					
MaryLee Allen Promoting Safe and Stable Families Program - Family Preservation	93.556	071-464	10,664	-	-
Stephanie Tubbs Jones Child Welfare Services Program - Permanency Planning	93.645	071-328	18,763	-	-
Total Special Children Adoption Fund Cluster			29,427	-	-
Refugee and Entrant Assistance Cluster (Note 4):					
Refugee and Entrant Assistance State/Replacement Designee					
Administered Programs - Admin	93.566	071-406	1,645	-	-
Total Refugee and Entrant Assistance Cluster			1,645	-	-
Administration for Children and Families					
Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4):					
Foster Care Title IV-E	93.658	071-406	78,206	25,949	-
Foster Care Title IV-E - Foster Care/Off TRN	93.658	071-274	77,676	-	-
Foster Care Title IV-E - CPS	93.658	071-274	36,451	20,689	-
Adoption Assistance - IV-E Adoption/Off TRN	93.659	071-304	11,655	-	-
Adoption Assistance - IV-E Adoption Subsidy & Vendor	93.659	071-304	123,613	19,044	-
Foster Care Title IV-E - Direct Benefits:					
IV-E Admin County Paid	93.658	071-431	10,396	5,198	-
IV-E Foster Care Max	93.658	071-431	107	-	-
IV-E FC & Extended Reg	93.658	071-431	14,715	2,791	-
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster			352,819	73,671	-
Division of Aging and Adult Services:					
Division of Social Services:					
Social Services Block Grant - In Home Services	93.667	071-169	682	-	-
Social Services Block Grant - Other Services and Training	93.667	071-010	90,230	-	-
Social Services Block Grant - Adult Protective Services	93.667	071-170	42,592	-	-
Total Division of Aging and Adult Services			133,504	-	-
Division of Child Development:					
Subsidized Child Care Program Cluster (Note 4):					
Child Care Development Fund Cluster:					
Division of Social Services:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration	93.596	071-364	75,733	-	-
Total Subsidized Child Care Program Cluster / Child Care Development Fund Cluster			75,733	-	-

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed- Through to Subrecipients
Division of Social Services: Administration: <u>Medicaid Cluster:</u>					
Medical Assistance Program	93.778	071-420	1,804,896	-	-
Medical Assistance Program - Medical Transportation Services Admin	93.778	071-375	121,758	-	-
Medical Assistance Program - Adult Care Home Case Management	93.778	071-128	3,809	1,904	-
Medical Assistance Program - MAC	93.778	071-480	63,429	-	-
Medical Assistance Program - State County Special Assistance	93.778	071-434	72,870	-	-
Total Medicaid Cluster			2,066,762	1,904	-
Division of Social Services: Administration: Children's Health Insurance Program - N.C. Health Choice	93.767	071-440	42,467	1,479	-
Total State Children's Insurance Program - N.C. Health Choice			42,467	1,479	-
Total U.S. Dept. of Health and Human Services			5,000,325	355,359	661,836
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Public Safety: Division of Emergency Management:					
Homeland Security Grant Program - Swiftwater PPE	97.067	EMW-2020-SS-00023	30,391	-	-
Emergency Management Performance Grants - NC Emergency Management Performance Grant	97.042	EMPG2022 - 8273	39,286	-	-
Emergency Management Performance Grants - NC Emergency Management Performance Grant - ARP Act Funding	97.042	EMA-2021-EP-00014	11,068	-	-
Hazard Mitigation Grant - Hurricane Matthew	97.039	4285DR-NC - 141-99141-00	11,200	-	-
Hazard Mitigation Grant - Hurricane Florence Expedited	97.039	4393-0001-R-2D530078	92,100	-	-
Total U.S. Dept. of Homeland Security			184,045	-	-
<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 Voucher Program	14.871		1,008,753	-	-
Section 8 Housing Voucher Program - Admin Fees	14.871		119,324	-	-
Total Housing Voucher Cluster			1,128,077	-	-
Total U.S. Dept. of Housing and Urban Development			1,128,077	-	-
Total Federal Awards			8,029,988	355,359	661,836
State Awards:					
<u>N.C. Dept. of Administration</u>					
Veterans Service			-	2,109	-
Total N.C. Dept. of Administration			-	2,109	-
<u>N.C. Dept. of Cultural and Natural Resources</u>					
Division of State Library State Aid to Public Libraries			-	105,387	-
Total N.C. Dept. of Cultural and Natural Resources			-	105,387	-
<u>N.C. Office of State Budget & Management</u>					
Current Operations Appropriations Act, Session Law 2021-180 (2021-189)		Contract #2047RD1	-	2,000	-
State Capital Infrastructure Fund Grant - Courthouse Generator		Contract #20471	-	61,012	-
Total N.C. Office of State Budget & Management			-	63,012	-
<u>N.C. Department of Environmental Quality</u>					
Division of Water Infrastructure: NC State Reserves and Connect NC Bond Act of 2015		H-SRP-D-17-0136	-	1,086	-
Total N.C. Dept. of Environmental Quality			-	1,086	-
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services:					
Energy Assistance Private			-	153	-
DCD Smart Start			-	4,648	-
AFDC Incentive/Program Integrity			-	113	-
St Child Welfare/CPS/CS			-	41,190	-
Extended Foster Care Maximization Non IV-E			-	41,164	-
IV-B EFT Chafee Independent Living			-	113,397	-
SFHF Maximization			-	19,714	-
State Foster Home			-	34,336	-
Total Division of Social Services			-	254,715	-

PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed- Through to Subrecipients
Division of Public Health:					
Public Health Capacity Building		116141100	-	77,111	-
Child Health		127157450	-	15,185	-
Maternal Health		13A157400	-	21,878	-
Family Planning State		13A157350	-	13,743	-
Women's Health Service Fund		13A16021FR	-	7,756	-
Food and Lodging		11534752SZ	-	14,490	-
Public Health Pest Management		11534752SZ	-	4,000	-
School Nurse Funding Initiative		133253580	-	150,000	-
General Communicable Disease Control		117545100	-	9,999	-
Healthy Communities		126155030	-	3,747	-
HIV STD State		13114536BN	-	657	-
Tuberculosis Control		146045510	-	6,493	-
Breast and Cervical Cancer Control Program		132055990	-	5,525	-
Total Division of Public Health			-	330,584	-
Total N. C. Department of Health and Human Services			-	585,299	-
<u>N.C. Dept. of Public Safety</u>					
Budget Allocation - Session Law 2021-180 (House Bill - 105)			-	28,570	-
Division of Emergency Management:					
Disaster Recovery Act - Hurricane Matthew		DRA-5369-011	-	33,638	-
Disaster Recovery Act - Hurricane Florence		DRA-13624-G	-	1,178,757	-
State Acquisition and Relocation Fund - Hurricane Florence		DRA 5369-FR04B19 - 2D24F224	-	31,456	-
State Acquisition and Relocation Fund - Hurricane Matthew			-	46,285	-
Juvenile Crime Prevention Councils:					
Teen Court - Community Service			-	57,159	-
Task Force Admin			-	6,700	-
Youth Leadership Development			-	34,711	-
Office of Juvenile Justice Youth Services			-	60,559	-
Parenting Training Grant			-	14,687	-
Passed-through Governor's Crime Commission:					
2020 Local Law Enforcement Block Grant Program - Patrol Division Radio Upgrades		PROJ014181	-	23,493	-
Total N.C. Dept. of Public Safety			-	1,516,015	-
<u>N.C. Department of Transportation</u>					
ROAP - RGP			-	87,514	-
ROAP - EDTAP			-	73,732	-
ROAP - Employment			-	15,630	-
Total NC Department of Transportation			-	176,876	-
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund			-	2,525,000	-
Total NC Department of Public Instruction			-	2,525,000	-
Total State Awards			-	4,974,784	-
Total Federal and State Awards			\$ 8,029,988	\$ 5,330,143	\$ 661,836

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

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