

REVIEWED

By SLGFD at 11:25 am, Jun 24, 2022

**PENDER COUNTY
NORTH CAROLINA**

FINANCIAL AND COMPLIANCE REPORTS

FOR THE YEAR ENDED JUNE 30, 2021

Pender County, North Carolina

**List of Principal Officials
June 30, 2021**

Board of County Commissioners

David A. Piepmeyer – Chairman

J. David Williams, Jr. – Vice Chairman

Jaqueline A. (Jackie) Newton

George R. Brown, Jr.

Archibald “Fred” McCoy

County Manager

Chad McEwen

Finance Officer

Margaret Blue

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PENDER COUNTY, NORTH CAROLINA

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FOR THE YEAR ENDED JUNE 30, 2021**

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pender County, North Carolina (the County) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pender County Alcoholic Beverage Control ("ABC") Board, which represents 97.58%, 96.15%, and 99.68%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the ABC Board and the Pender Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2021, 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.

Change in Accounting Principle

As discussed in Note 10 to the financial statements, for the fiscal year ended June 30, 2021, Pender County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

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, 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 and Other 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.

The combining and individual fund financial statements, budgetary schedules, other schedules, Financial Data Schedule, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of 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 June 6, 2022, 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
June 6, 2022

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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, 2021. 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

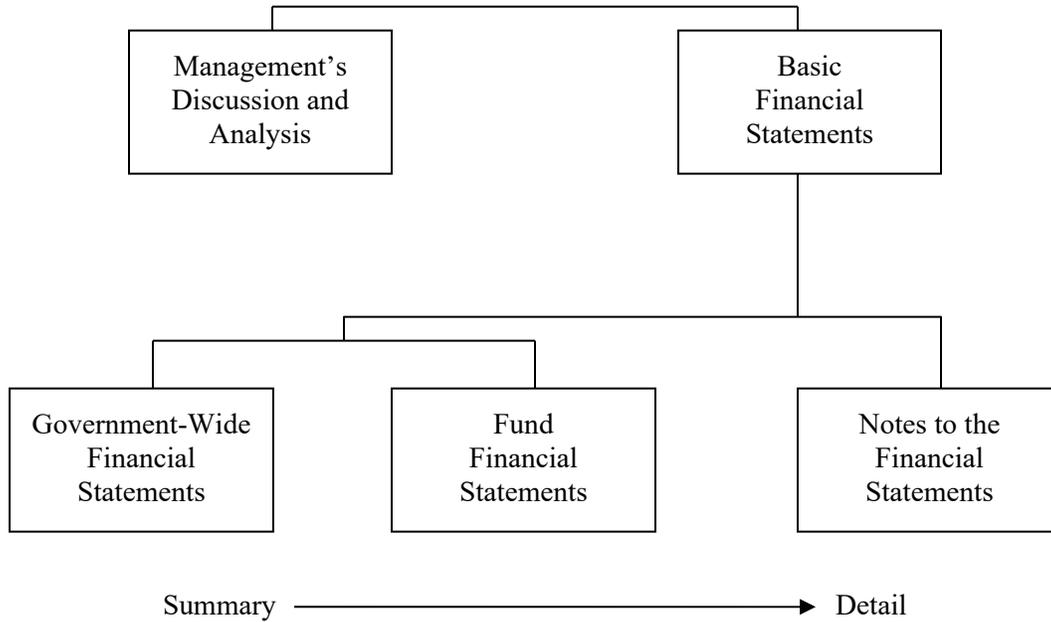
- The assets and deferred outflows of resources of Pender County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$34,091,647 (net position).
- The government's total net position produced an increase of \$26,476,890 during the fiscal year. This included an increase of \$22,771,076 from governmental sources, and business-type funds produced an increase of \$3,705,814. The implementation of GASB Statement No. 84, *Fiduciary Activities*, also contributed to the increase in net position due to activity that was once treated as agency funds.
- As of the close of the current fiscal year, Pender County's governmental funds reported combined ending fund balances of \$61,787,004, an increase of \$13,103,470 in comparison with the prior year. Approximately 65.7% of this total amount, or \$40,605,586, 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 \$42,120,524, or 60.9%, of total General Fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 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 \$34,091,647 net position as of June 30, 2021. The County's net position increased \$26,476,890 for the fiscal year ended June 30, 2021. Net position is reported in three categories: net investment in capital assets, \$63,577,677, restricted net position of \$18,760,292, and unrestricted net position (deficit) of (\$48,246,322).

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

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

The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position (deficit) totaled (\$48,246,322) at June 30, 2021. 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 \$79.32 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 schools related debt is general obligation debt, it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by state law to levy ad valorem taxes, without limit as to rate and amount, as may be necessary to pay the debt service on its general obligation bonds.

Pender County’s Net Position

Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets:						
Current and other assets	\$ 75,485,868	\$ 59,541,999	\$ 40,502,052	\$ 15,900,158	\$ 115,987,920	\$ 75,442,157
Capital assets, net	<u>32,803,357</u>	<u>31,761,942</u>	<u>101,753,020</u>	<u>102,424,099</u>	<u>134,556,377</u>	<u>134,186,041</u>
Total assets	<u>108,289,225</u>	<u>91,303,941</u>	<u>142,255,072</u>	<u>118,324,257</u>	<u>250,544,297</u>	<u>209,628,198</u>
Deferred Outflows of Resources						
	<u>10,857,816</u>	<u>7,632,106</u>	<u>649,900</u>	<u>810,713</u>	<u>11,507,716</u>	<u>8,442,819</u>
Liabilities:						
Current and other liabilities	16,339,059	16,198,971	21,767,887	3,206,861	38,106,946	19,405,832
Long-term liabilities	<u>117,418,258</u>	<u>120,195,823</u>	<u>67,733,972</u>	<u>67,355,172</u>	<u>185,152,230</u>	<u>187,550,995</u>
Total liabilities	<u>133,757,317</u>	<u>136,394,794</u>	<u>89,501,859</u>	<u>70,562,033</u>	<u>223,259,176</u>	<u>206,956,827</u>
Deferred Inflows of Resources						
	<u>3,961,578</u>	<u>3,920,845</u>	<u>739,612</u>	<u>280,269</u>	<u>4,701,190</u>	<u>4,201,114</u>
Net Position:						
Net investment in capital assets	27,014,609	29,810,163	36,563,068	34,895,420	63,577,677	64,705,583
Restricted	18,730,283	20,503,151	30,009	-	18,760,292	20,503,151
Unrestricted deficit	<u>(64,316,746)</u>	<u>(91,692,906)</u>	<u>16,070,424</u>	<u>13,397,248</u>	<u>(48,246,322)</u>	<u>(78,295,658)</u>
Total net position	<u>\$ (18,571,854)</u>	<u>\$ (41,379,592)</u>	<u>\$ 52,663,501</u>	<u>\$ 48,292,668</u>	<u>\$ 34,091,647</u>	<u>\$ 6,913,076</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 97.26%, even during a global pandemic.
- FEMA obligation of \$10 million in disaster recovery reimbursement funding from Hurricane Florence expenditures
- Continued growth in local options sales taxes as well as other growth driven revenues

Pender County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 6,857,304	\$ 5,916,402	\$ 20,166,939	\$ 17,011,180	\$ 27,024,243	\$ 22,927,582
Operating grants and contributions	23,185,297	12,720,323	1,489,430	1,259,053	24,674,727	13,979,376
Capital grants and contributions	4,234,943	-	-	65,710	4,234,943	65,710
General revenues:						
Property taxes	67,033,144	65,770,318	-	-	67,033,144	65,770,318
Other taxes	20,895,882	15,865,555	-	-	20,895,882	15,865,555
Investment earnings, unrestricted	17,538	227,365	41,047	16,087	58,585	243,452
Miscellaneous, unrestricted	306,591	1,888,118	600,071	746,245	906,662	2,634,363
Total revenues	122,530,699	102,388,081	22,297,487	19,098,275	144,828,186	121,486,356
Expenses:						
General government	13,244,938	12,375,281	-	-	13,244,938	12,375,281
Public safety	31,401,009	29,316,588	-	-	31,401,009	29,316,588
Economic and physical development	9,394,672	7,189,859	-	-	9,394,672	7,189,859
Human services	14,822,301	14,877,926	-	-	14,822,301	14,877,926
Cultural and recreation	1,965,095	2,151,275	-	-	1,965,095	2,151,275
Education	23,774,942	22,036,603	-	-	23,774,942	22,036,603
Interest on long-term debt	4,310,878	3,337,661	-	-	4,310,878	3,337,661
Resource Recovery	-	-	6,009,509	5,619,019	6,009,509	5,619,019
Rocky Point/Topsail Water & Sewer	-	-	4,979,665	5,534,763	4,979,665	5,534,763
Water & Water Treatment Plant	-	-	2,872,317	2,929,137	2,872,317	2,929,137
Waste Water Treatment & Sewer	-	-	1,787,671	1,796,662	1,787,671	1,796,662
Section 8 Housing	-	-	1,413,951	1,348,292	1,413,951	1,348,292
Country Court Apartments	-	-	81,360	70,881	81,360	70,881
Water Districts	-	-	2,292,988	1,699,701	2,292,988	1,699,701
Total expenses	98,913,835	91,285,193	19,437,461	18,998,455	118,351,296	110,283,648
Change in net position before transfers	23,616,864	11,102,888	2,860,026	99,820	26,476,890	11,202,708
Transfers	(845,788)	(1,577,810)	845,788	1,577,810	-	-
Change in net position	22,771,076	9,525,078	3,705,814	1,677,630	26,476,890	11,202,708
Net Position:						
Beginning of year, July 1	(41,379,592)	(50,904,670)	48,292,668	46,615,038	6,913,076	(4,289,632)
Prior period adjustment	36,662	-	665,019	-	701,681	-
Beginning of year, as restated	(41,342,930)	(50,904,670)	48,957,687	46,615,038	7,614,757	(4,289,632)
End of year, June 30	\$ (18,571,854)	\$ (41,379,592)	\$ 52,663,501	\$ 48,292,668	\$ 34,091,647	\$ 6,913,076

Governmental Activities. The County's governmental activities net position increased by \$22,771,076 primarily due to the following:

- Increased collections from current and prior years tax collections
- Receipt of Coronavirus Relief Funds from Federal and State level for local assistance with the impact of the global COVID-19 pandemic
- Significant FEMA obligation of \$10 million for Hurricane Florence reimbursement projects
- Sales tax increases from online spending during a global pandemic as well as other growth driven revenues from Register of Deeds and Building Permits and Inspections

Business-Type Activities. Business-type activities increased Pender County's net position by \$3,705,814. Key elements of this increase are as follows:

- Charges for services increased by \$3,155,759 or 18.6%.
- 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 \$47,874,056, while total fund balance reached \$59,564,941. The governing board of Pender County has determined that the County should maintain an available fund balance of 20% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 69.27% of General Fund expenditures, while total fund balance represents 86.19% of that same amount.

At June 30, 2021, the governmental funds of Pender County reported a combined fund balance of \$61,787,004, a 27.01% 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 \$4,100,186 and increased expenditures by \$14,798,187.

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 \$16,070,424. The total growth in net position for those funds was \$3,705,814. 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, 2021, totals \$134,556,377 (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 parks
- Vehicle replacement for damaged or surplus vehicles

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 12,074,148	\$ 10,761,595	\$ 558,434	\$ 558,434	\$ 12,632,582	\$ 11,320,029
Buildings	14,786,398	15,655,482	96,063,135	98,232,379	110,849,533	113,887,861
Furniture, vehicles, and equipment	3,903,028	3,509,910	299,561	292,395	4,202,589	3,802,305
Other	1,539,629	698,044	2,142,265	2,796,192	3,681,894	3,494,236
Construction in progress	500,154	1,136,911	2,689,625	544,699	3,189,779	1,681,610
Total	<u>\$ 32,803,357</u>	<u>\$ 31,761,942</u>	<u>\$ 101,753,020</u>	<u>\$ 102,424,099</u>	<u>\$ 134,556,377</u>	<u>\$ 134,186,041</u>

Long-Term Debt. As of June 30, 2021, Pender County had total bonded debt outstanding of \$124,798,945, all of which is debt backed by the full faith and credit of the County.

Pender County's Long-Term Debt
Figure 5

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Limited obligation debt	\$ 4,924,636	\$ 5,208,974	\$ 66,555,364	\$ 33,336,026	\$ 71,480,000	\$ 38,545,000
General obligation bonds	79,320,000	86,790,000	11,566,000	26,869,000	90,886,000	113,659,000
Revenue bonds	-	-	4,379,000	4,468,000	4,379,000	4,468,000
Federal revolving loan	-	-	614,245	512,887	614,245	512,887
Capital leases	1,323,253	1,214,779	-	-	1,323,253	1,214,779
Direct placement installment purchase contracts	1,026,661	1,308,328	74,162	82,120	1,100,823	1,390,448
Net pension liability (LEOSSA)	2,313,785	1,625,621	-	-	2,313,785	1,625,621
Net pension liability (LGERS)	9,175,819	7,016,820	574,989	447,882	9,750,808	7,464,702
Total other post-employment benefits	18,721,242	14,402,423	1,194,982	919,313	19,916,224	15,321,736
Compensated absences	1,205,657	1,352,535	105,618	116,160	1,311,275	1,468,695
Unamortized bond premiums	9,817,635	10,481,419	2,791,897	2,538,275	12,609,532	13,019,694
Total	\$ 127,828,688	\$ 129,400,899	\$ 87,856,257	\$ 69,289,663	\$ 215,684,945	\$ 198,690,562

Pender County's total debt increased by \$16,994,383 (8.6%) during the past fiscal year, primarily due to a complex utilities refunding where the final escrow payment will be made in the following 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 \$486,837,410. The County does not have any unissued bonds at June 30, 2021.

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 2021 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 five 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, two additional announcements and closings occurred within the park. Polyhose, an India-based manufacturer, chose Pender County as their North American headquarters adding 51 job to a workforce of more than 600 employees within PCP. Also, Project Ramm resulted in the purchase of over 12 acres park for the construction of a Class-A spec building that has already drawn international interest. Project Ramm and Polyhose join current tenants Acme Smoked Fish, Empire Distributors, Coastal Beverage, and FedEx Freight. These two announcements and purchases bring the cumulative total of capital investment to \$103 million dollars and 653,000 square feet of industrial space 4 within PCP. 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, 2022

Governmental Activities. The County Commissioners approved a \$78,364,650 General Fund Budget on June 7, 2021, which was included within a total budget ordinance of \$155,060,208, 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 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.

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. 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.

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).

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, 2021

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-Type Activities	Total	Pender County ABC Board	Pender Tourism Development Authority
Assets:					
Cash and cash equivalents	\$ 55,805,546	\$ 16,392,246	\$ 72,197,792	\$ 1,111,739	\$ 52,870
Accounts receivables (net)	1,748,629	1,755,115	3,503,744	381	5,423
Taxes receivables (net)	3,425,683	638,361	4,064,044	-	-
Internal balances	287,073	(287,073)	-	-	-
Due from other governments	11,480,787	659	11,481,446	-	-
Notes receivable	833,328	-	833,328	-	-
Prepaid items	-	-	-	40,850	-
Inventories	21,651	-	21,651	859,819	-
Restricted cash and cash equivalents	1,703,148	22,002,744	23,705,892	-	-
Restricted net pension asset, Register of Deeds	180,023	-	180,023	-	-
Capital assets:					
Land and construction in progress	12,574,302	3,248,059	15,822,361	64,730	-
Capital assets net of depreciation/amortization	20,229,055	98,504,961	118,734,016	143,051	-
Total capital assets	32,803,357	101,753,020	134,556,377	207,781	-
Total assets	108,289,225	142,255,072	250,544,297	2,220,570	58,293
Deferred Outflows of Resources:					
Pension deferrals	6,110,740	346,895	6,457,635	-	-
OPEB deferrals	4,747,076	303,005	5,050,081	126,810	-
Total deferred outflows of resources	10,857,816	649,900	11,507,716	126,810	-
Liabilities:					
Accounts payable and accrued liabilities	4,978,971	1,125,168	6,104,139	1,082,725	15,322
Accrued interest payable	940,851	360,434	1,301,285	-	-
Customer deposits	-	160,000	160,000	-	-
Prepaid fees	8,807	-	8,807	-	-
Long-term liabilities:					
Due within one year	10,410,430	20,122,285	30,532,715	-	-
Due in more than one year	87,207,412	65,964,001	153,171,413	-	-
Net pension liability (LGERS)	9,175,819	574,989	9,750,808	190,106	-
Total OPEB liability	18,721,242	1,194,982	19,916,224	-	-
Total pension liability (LEOSSA)	2,313,785	-	2,313,785	-	-
Total liabilities	133,757,317	89,501,859	223,259,176	1,272,831	15,322
Deferred Inflows of Resources:					
Deferred gain on refunding	-	501,596	501,596	-	-
Pension deferrals	157,281	-	157,281	-	-
OPEB deferrals	3,728,911	238,016	3,966,927	-	-
Prepaid taxes	75,386	-	75,386	-	-
Total deferred inflows of resources	3,961,578	739,612	4,701,190	-	-

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

PENDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-Type Activities	Total	Pender County ABC Board	Pender Tourism Development Authority
Net Position:					
Net investment in capital assets	27,014,609	36,563,068	63,577,677	207,781	-
Restricted for:					
Stabilization by state statute	13,112,922	-	13,112,922	-	5,423
Health	4,397,945	-	4,397,945	-	-
Public safety	534,717	-	534,717	-	-
Sheriff's seizures	58,776	-	58,776	-	-
Automation enhancement and preservation	465,560	-	465,560	-	-
Register of Deeds' Pension plan	160,363	-	160,363	-	-
Tourism promotion	-	-	-	-	37,548
Working capital	-	-	-	314,950	-
HUD Section 8 housing	-	30,009	30,009	-	-
Unrestricted (deficit)	(64,316,746)	16,070,424	(48,246,322)	551,818	-
Total net position (deficit)	\$ (18,571,854)	\$ 52,663,501	\$ 34,091,647	\$ 1,074,549	\$ 42,971

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

PENDER COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 13,244,938	\$ 5,772,669	\$ 64,268	\$ -
Public safety	31,401,009	353,414	14,599,884	3,754,560
Economic and physical development	9,394,672	592,466	-	475,733
Human services	14,822,301	-	8,413,437	-
Cultural and recreation	1,965,095	138,755	107,708	4,650
Education	23,774,942	-	-	-
Interest on long-term debt	4,310,878	-	-	-
Total governmental activities	<u>98,913,835</u>	<u>6,857,304</u>	<u>23,185,297</u>	<u>4,234,943</u>
Business-Type Activities:				
Resource Recovery Fund	6,009,509	6,065,772	-	-
Rocky Point/Topsail Water & Sewer Fund	4,979,665	6,911,738	-	-
Water and Water Treatment Plant Fund	2,872,317	2,409,553	-	-
Waste Water Treatment and Sewer	1,787,671	3,483,333	-	-
Section 8 Housing	1,413,951	220,499	1,232,879	-
Country Court Apartments	81,360	63,911	-	-
Water Districts	2,292,988	1,012,133	256,551	-
Total business-type activities	<u>19,437,461</u>	<u>20,166,939</u>	<u>1,489,430</u>	<u>-</u>
Total primary government	<u>\$ 118,351,296</u>	<u>\$ 27,024,243</u>	<u>\$ 24,674,727</u>	<u>\$ 4,234,943</u>
Component Units:				
Pender County ABC Board	\$ 10,511,046	\$ 10,631,467	\$ -	\$ -
Pender Tourism Development Authority	11,604	-	-	-
Total component units	<u>\$ 10,522,650</u>	<u>\$ 10,631,467</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, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-Type Activities	Total	Pender County ABC Board	Pender Tourism Development Authority
Primary Government:					
Governmental Activities:					
General government	\$ (7,408,001)	\$ -	\$ (7,408,001)		
Public safety	(12,693,151)	-	(12,693,151)		
Economic and physical development	(8,326,473)	-	(8,326,473)		
Human services	(6,408,864)	-	(6,408,864)		
Cultural and recreation	(1,713,982)	-	(1,713,982)		
Education	(23,774,942)	-	(23,774,942)		
Interest on long-term debt	(4,310,878)	-	(4,310,878)		
Total governmental activities	(64,636,291)	-	(64,636,291)		
Business-Type Activities:					
Resource Recovery Fund	-	56,263	56,263		
Rocky Point/Topsail Water & Sewer Fund	-	1,932,073	1,932,073		
Water and Water Treatment Plant Fund	-	(462,764)	(462,764)		
Waste Water Treatment and Sewer	-	1,695,662	1,695,662		
Section 8 Housing	-	39,427	39,427		
Country Court Apartments	-	(17,449)	(17,449)		
Water Districts	-	(1,024,304)	(1,024,304)		
Total business-type activities	-	2,218,908	2,218,908		
Total primary government	(64,636,291)	2,218,908	(62,417,383)		
Component Units:					
Pender County ABC Board				\$ 120,421	\$ -
Pender Tourism Development Authority				-	(11,604)
Total component units				120,421	(11,604)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	67,033,144	-	67,033,144	-	-
Local option sales tax	19,944,926	-	19,944,926	-	-
Other taxes	950,956	-	950,956	-	34,574
Investment earnings, unrestricted	17,538	41,047	58,585	129	-
Miscellaneous, unrestricted	306,591	600,071	906,662	-	-
Transfers	(845,788)	845,788	-	-	-
Total general revenues and transfers	87,407,367	1,486,906	88,894,273	129	34,574
Change in net position	22,771,076	3,705,814	26,476,890	120,550	22,970
Net Position:					
Beginning of year, July 1	(41,379,592)	48,292,668	6,913,076	953,999	20,001
Prior period adjustment	36,662	665,019	701,681	-	-
Beginning of year, as restated	(41,342,930)	48,957,687	7,614,757	953,999	20,001
End of year, June 30	\$ (18,571,854)	\$ 52,663,501	\$ 34,091,647	\$ 1,074,549	\$ 42,971

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

PENDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Public School Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 53,415,987	\$ -	\$ 1,543,075	\$ 54,959,062
Accounts receivable, net	1,335,021	-	413,608	1,748,629
Taxes receivable, net	2,397,807	-	1,027,876	3,425,683
Due from other governments	9,617,379	1,573,516	289,892	11,480,787
Due from other funds	1,677,044	-	-	1,677,044
Inventory	21,651	-	-	21,651
Notes receivable	833,328	-	-	833,328
Restricted cash	790,035	71,413	841,700	1,703,148
Total assets	<u>\$ 70,088,252</u>	<u>\$ 1,644,929</u>	<u>\$ 4,116,151</u>	<u>\$ 75,849,332</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 3,839,369	\$ -	\$ 1,121,170	\$ 4,960,539
Prepaid fees	8,807	-	-	8,807
Due to other funds	-	1,389,971	-	1,389,971
Total liabilities	<u>3,848,176</u>	<u>1,389,971</u>	<u>1,121,170</u>	<u>6,359,317</u>
Deferred Inflows of Resources:				
Property taxes receivable	2,397,807	-	1,027,876	3,425,683
Grants receivable	4,201,942	-	-	4,201,942
Prepaid taxes	75,386	-	-	75,386
Total deferred inflows of resources	<u>6,675,135</u>	<u>-</u>	<u>1,027,876</u>	<u>7,703,011</u>
Fund Balances:				
Non-spendable:				
Inventory	21,651	-	-	21,651
Notes receivable	833,328	-	-	833,328
Restricted:				
Stabilization by state statute	10,835,906	1,573,516	703,500	13,112,922
Health Department	4,397,945	-	-	4,397,945
Public safety	-	-	534,717	534,717
Sheriff's seizures	58,776	-	-	58,776
Automation enhancement and preservation	465,560	-	-	465,560
School capital projects	-	71,413	823,217	894,630
Capital outlay and improvements	144,066	-	18,483	162,549
Committed:				
Tax revaluation	485,501	-	-	485,501
Cultural and recreation	159,644	-	-	159,644
Assigned:				
Economic and physical development	-	-	12,155	12,155
Subsequent year's expenditures	42,040	-	-	42,040
Unassigned	42,120,524	(1,389,971)	(124,967)	40,605,586
Total fund balances	<u>59,564,941</u>	<u>254,958</u>	<u>1,967,105</u>	<u>61,787,004</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 70,088,252</u>	<u>\$ 1,644,929</u>	<u>\$ 4,116,151</u>	<u>\$ 75,849,332</u>

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

PENDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

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

Total fund balance, governmental funds	\$	61,787,004
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.		32,803,357
Net pension asset, ROD		180,023
Net pension liability - LGERS		(9,175,819)
Total pension liability - LEOSSA		(2,313,785)
Total OPEB liability		(18,721,242)
Deferred outflows of resources related to pensions are not reported in the funds.		6,110,740
Deferred outflows of resources related to OPEB are not reported in the funds.		4,747,076
Deferred inflows of resources for taxes and grants receivable		7,627,625
Deferred inflows of resources related to pensions are not reported in the funds.		(157,281)
Deferred inflows of resources related to OPEB are not reported in the funds.		(3,728,911)
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, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(97,617,842)
Accrued interest payable on the Statement of Net Position		<u>(940,851)</u>
Total net position of governmental activities	\$	<u><u>(18,571,854)</u></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, 2021**

	<u>General</u>	<u>Public School Special Revenue Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 53,908,293	\$ -	\$ 13,201,334	\$ 67,109,627
Unrestricted intergovernmental	15,109,532	5,786,350	-	20,895,882
Restricted intergovernmental	17,570,048	-	5,960,137	23,530,185
Permits and fees	2,609,080	-	-	2,609,080
Charges for services	4,239,417	-	-	4,239,417
Interest	10,197	14	7,327	17,538
Miscellaneous	154,936	-	30,000	184,936
Total revenues	<u>93,601,503</u>	<u>5,786,364</u>	<u>19,198,798</u>	<u>118,586,665</u>
Expenditures:				
General government	13,113,283	-	11,282	13,124,565
Public safety	12,005,288	-	19,337,314	31,342,602
Economic and physical development	3,139,485	-	5,911,675	9,051,160
Human services	14,350,299	-	-	14,350,299
Culture and recreation	1,844,967	-	-	1,844,967
Education	23,369,092	405,850	-	23,774,942
Debt service:				
Principal	1,055,383	7,470,000	-	8,525,383
Interest	229,974	3,233,238	-	3,463,212
Total expenditures	<u>69,107,771</u>	<u>11,109,088</u>	<u>25,260,271</u>	<u>105,477,130</u>
Revenues over (under) expenditures	<u>24,493,732</u>	<u>(5,322,724)</u>	<u>(6,061,473)</u>	<u>13,109,535</u>
Other Financing Sources (Uses):				
Sale of surplus property	76,054	-	-	76,054
Loan proceeds	597,852	-	-	597,852
Insurance proceeds	70,596	-	95,221	165,817
Transfers in	45,873	4,948,260	1,040,636	6,034,769
Transfers out	(6,834,684)	-	(45,873)	(6,880,557)
Total other financing sources (uses)	<u>(6,044,309)</u>	<u>4,948,260</u>	<u>1,089,984</u>	<u>(6,065)</u>
Net change in fund balances	<u>18,449,423</u>	<u>(374,464)</u>	<u>(4,971,489)</u>	<u>13,103,470</u>
Fund Balances:				
Beginning of year, July 1	41,086,722	629,422	6,930,728	48,646,872
Prior period adjustment	28,796	-	7,866	36,662
Beginning of year, as restated	<u>41,115,518</u>	<u>629,422</u>	<u>6,938,594</u>	<u>48,683,534</u>
End of year, June 30	<u>\$ 59,564,941</u>	<u>\$ 254,958</u>	<u>\$ 1,967,105</u>	<u>\$ 61,787,004</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, 2021**

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

Net change in fund balances - total governmental funds	\$ 13,103,470
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>	
Capital outlay	3,421,048
Depreciation	(2,256,295)
Net book value of capital assets disposed of during the year, not recognized on the modified accrual basis	(123,338)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	3,507,977
<p>The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term and related items.</p>	
Issuance of debt	(597,852)
Principal	8,525,383
Deferred charges	(1,739,789)
Amortization and accrued interest	892,123
Pension expense - LEOSSA	(236,877)
Pension expense - LGERS	(1,256,455)
Pension expense - ROD	18,648
OPEB plan expense	(633,845)
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	<u>146,878</u>
Change in net position of governmental activities	<u>\$ 22,771,076</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, 2021

	General Fund			
	Budgeted Amounts		Actual	Variance With Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 52,701,098	\$ 52,701,098	\$ 53,908,293	\$ 1,207,195
Unrestricted intergovernmental	11,292,899	11,292,899	15,109,532	3,816,633
Restricted intergovernmental	9,207,271	12,246,044	17,570,048	5,324,004
Permits and fees	1,690,050	1,690,050	2,609,080	919,030
Charges for services	2,986,491	3,615,904	4,239,417	623,513
Interest	712,763	712,763	10,197	(702,566)
Miscellaneous	(171,764)	260,236	154,936	(105,300)
Total revenues	<u>78,418,808</u>	<u>82,518,994</u>	<u>93,601,503</u>	<u>11,082,509</u>
Expenditures:				
General government	13,268,877	23,391,463	13,113,283	10,278,180
Public safety	12,601,819	13,845,353	12,005,288	1,840,065
Economic and physical development	2,597,420	4,453,674	3,139,485	1,314,189
Human services	17,792,591	18,442,324	14,350,299	4,092,025
Culture and recreation	2,243,444	2,680,146	1,844,967	835,179
Education, schools	23,416,453	23,416,453	23,369,092	47,361
Debt service:				
Principal	544,339	1,033,717	1,055,383	(21,666)
Interest	-	-	229,974	(229,974)
Total expenditures	<u>72,464,943</u>	<u>87,263,130</u>	<u>69,107,771</u>	<u>18,155,359</u>
Revenues over expenditures	<u>5,953,865</u>	<u>(4,744,136)</u>	<u>24,493,732</u>	<u>29,237,868</u>
Other Financing Sources (Uses):				
Note receivable payments	200,000	-	-	-
Loan proceeds	-	9,309,125	597,852	(8,711,273)
Sale of surplus property	-	811,200	76,054	(735,146)
Insurance proceeds	421,000	460,446	70,596	(389,850)
Transfers from other funds	8,934,008	8,918,603	45,873	(8,872,730)
Transfers to other funds	(15,524,114)	(16,270,608)	(7,070,184)	9,200,424
Appropriated fund balance	15,241	1,515,370	-	(1,515,370)
Total other financing sources (uses)	<u>(5,953,865)</u>	<u>4,744,136</u>	<u>(6,279,809)</u>	<u>(11,023,945)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>18,213,923</u>	<u>\$ 18,213,923</u>
Fund Balance:				
Beginning of year, July 1			40,836,721	
Prior period adjustment			<u>28,796</u>	
Beginning of year, as restated			<u>40,865,517</u>	
End of year, June 30			59,079,440	
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			<u>250,001</u>	
Fund balance, end of year			<u>\$ 59,564,941</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, 2021

	Public School Special Revenue Fund			
	Budgeted Amounts		Actual	Variance With Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Unrestricted intergovernmental	4,615,624	4,715,624	5,786,350	1,070,726
Restricted intergovernmental	500,000	500,000	-	(500,000)
Permits and fees	-	-	-	-
Charges for services	-	-	-	-
Interest	800	800	14	(786)
Miscellaneous	-	-	-	-
Total revenues	<u>5,116,424</u>	<u>5,216,424</u>	<u>5,786,364</u>	<u>569,940</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Education, schools	322,151	422,151	405,850	16,301
Debt service:				
Principal	7,470,000	7,470,000	7,470,000	-
Interest	3,233,238	3,233,238	3,233,238	-
Total expenditures	<u>11,025,389</u>	<u>11,125,389</u>	<u>11,109,088</u>	<u>16,301</u>
Revenues over expenditures	<u>(5,908,965)</u>	<u>(5,908,965)</u>	<u>(5,322,724)</u>	<u>586,241</u>
Other Financing Sources (Uses):				
Note receivable payments	-	-	-	-
Loan proceeds	-	-	-	-
Sale of surplus property	-	-	-	-
Insurance proceeds	-	-	-	-
Transfers from other funds	4,948,260	4,948,260	4,948,260	-
Transfers to other funds	-	-	-	-
Appropriated fund balance	960,705	960,705	-	(960,705)
Total other financing sources (uses)	<u>5,908,965</u>	<u>5,908,965</u>	<u>4,948,260</u>	<u>(960,705)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>(374,464)</u>	<u>\$ (374,464)</u>
Fund Balance:				
Beginning of year, July 1			629,422	
Prior period adjustment			<u>-</u>	
Beginning of year, as restated			<u>629,422</u>	
End of year, June 30			<u>\$ 254,958</u>	

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021

	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	\$ 2,958,212	\$ 3,829,785	\$ 345,875	\$ 5,398,943
Accounts receivable, net	225,418	918,422	16,897	108,090
Taxes receivables (net)	638,361	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	657,571	-	-
Restricted cash and cash equivalents	-	18,245,030	165,385	1,339,412
Total current assets	<u>3,821,991</u>	<u>23,650,808</u>	<u>528,157</u>	<u>6,846,445</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	192,241	353,112	-	-
Other capital assets, net of depreciation	2,736,969	19,443,873	29,785,040	20,066,079
Total capital assets	<u>2,929,210</u>	<u>19,796,985</u>	<u>29,785,040</u>	<u>20,066,079</u>
Total assets	<u>6,751,201</u>	<u>43,447,793</u>	<u>30,313,197</u>	<u>26,912,524</u>
Deferred Outflows of Resources:				
OPEB deferrals	69,691	112,112	54,541	24,241
Pension deferrals	79,640	141,454	63,705	21,353
Total deferred outflows of resources	<u>149,331</u>	<u>253,566</u>	<u>118,246</u>	<u>45,594</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	480,457	158,280	105,913	19,493
Accrued interest payable	1,408	64,665	53,627	158,660
Due to other funds	9,951	-	7,699	4,025
Customer deposits payable	-	132,700	-	-
Compensated absences liability - current	782	6,342	1,506	611
Current limited obligation bonds - payable with restricted assets	-	16,205,000	-	-
Installment notes payable - current	-	-	-	-
Federal revolving loan - current	30,170	-	-	-
Revenue bonds payable - current	-	-	91,000	-
Limited obligation bonds payable - current	-	190,000	255,000	815,850
General obligation bonds payable - current	-	-	19,000	-
Total current liabilities	<u>522,768</u>	<u>16,756,987</u>	<u>533,745</u>	<u>998,639</u>
Non-current liabilities:				
Compensated absences liability	7,037	57,080	13,549	5,494
Other postemployment benefit liability	274,844	442,149	215,095	95,598
Net pension liability	135,065	229,075	108,040	35,650
Federal revolving loan	452,547	-	-	-
Installment notes payable	-	-	-	-
Revenue bonds payable	-	-	4,288,000	-
Limited obligation bonds payable	-	16,780,000	13,270,000	12,864,514
General obligation bonds payable	-	-	863,000	-
Bond premiums	-	-	1,425,212	1,070,670
Total non-current liabilities	<u>869,493</u>	<u>17,508,304</u>	<u>20,182,896</u>	<u>14,071,926</u>
Total liabilities	<u>1,392,261</u>	<u>34,265,291</u>	<u>20,716,641</u>	<u>15,070,565</u>
Deferred Inflows of Resources:				
Deferred gain on refunding	-	451,876	-	-
OPEB deferrals	54,744	88,066	42,843	19,041
Total deferred inflows of resources	<u>54,744</u>	<u>539,942</u>	<u>42,843</u>	<u>19,041</u>
Net Position:				
Net investment in capital assets	2,446,493	3,888,290	9,573,828	6,654,457
Restricted for HUD Section 8 housing	-	-	-	-
Unrestricted	3,007,034	5,007,836	98,131	5,214,055
Total net position	<u>\$ 5,453,527</u>	<u>\$ 8,896,126</u>	<u>\$ 9,671,959</u>	<u>\$ 11,868,512</u>

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Business-Type Activities		Governmental
	Enterprise Funds		Activities
	Total Aggregate Nonmajor Funds	Total	Internal Service Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,859,431	\$ 16,392,246	\$ 846,484
Accounts receivable, net	486,288	1,755,115	-
Taxes receivables (net)	-	638,361	-
Due from other governments	659	659	-
Due from other funds	835	658,406	-
Restricted cash and cash equivalents	2,252,917	22,002,744	-
Total current assets	6,600,130	41,447,531	846,484
Non-current assets:			
Capital assets:			
Land and construction in progress	2,702,706	3,248,059	-
Other capital assets, net of depreciation	26,473,000	98,504,961	-
Total capital assets	29,175,706	101,753,020	-
Total assets	35,775,836	143,200,551	846,484
Deferred Outflows of Resources:			
OPEB deferrals	42,420	303,005	-
Pension deferrals	40,743	346,895	-
Total deferred outflows of resources	83,163	649,900	-
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	361,025	1,125,168	18,432
Accrued interest payable	82,074	360,434	-
Due to other funds	923,804	945,479	-
Customer deposits payable	27,300	160,000	-
Compensated absences liability - current	1,321	10,562	-
Current limited obligation bonds - payable with restricted assets	2,185,000	18,390,000	-
Installment notes payable - current	7,127	7,127	-
Federal revolving loan - current	6,576	36,746	-
Revenue bonds payable - current	-	91,000	-
Limited obligation bonds payable - current	85,000	1,345,850	-
General obligation bonds payable - current	222,000	241,000	-
Total current liabilities	3,901,227	22,713,366	18,432
Non-current liabilities:			
Compensated absences liability	11,895	95,055	-
Other postemployment benefit liability	167,296	1,194,982	-
Net pension liability	67,159	574,989	-
Federal revolving loan	124,952	577,499	-
Installment notes payable	67,035	67,035	-
Revenue bonds payable	-	4,288,000	-
Limited obligation bonds payable	3,905,000	46,819,514	-
General obligation bonds payable	10,462,000	11,325,000	-
Bond premiums	296,016	2,791,898	-
Total non-current liabilities	15,101,353	67,733,972	-
Total liabilities	19,002,580	90,447,338	18,432
Deferred Inflows of Resources:			
Deferred gain on refunding	49,720	501,596	-
OPEB deferrals	33,322	238,016	-
Total deferred inflows of resources	83,042	739,612	-
Net Position:			
Net investment in capital assets	14,000,000	36,563,068	-
Restricted for HUD Section 8 housing	30,009	30,009	-
Unrestricted	2,743,368	16,070,424	828,052
Total net position	\$ 16,773,377	\$ 52,663,501	\$ 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, 2021

	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	\$ 6,029,330	\$ 6,911,738	\$ 2,409,553	\$ 3,483,333
Dwelling rental	-	-	-	-
Miscellaneous	36,442	-	-	-
Total operating revenues	<u>6,065,772</u>	<u>6,911,738</u>	<u>2,409,553</u>	<u>3,483,333</u>
Operating Expenses:				
Cost of services	5,906,643	4,143,986	1,121,754	407,240
Depreciation and amortization	94,301	697,433	963,875	817,414
Total operating expenses	<u>6,000,944</u>	<u>4,841,419</u>	<u>2,085,629</u>	<u>1,224,654</u>
Operating income (loss)	<u>64,828</u>	<u>2,070,319</u>	<u>323,924</u>	<u>2,258,679</u>
Non-Operating Revenues (Expenses):				
Restricted intergovernmental	-	-	-	-
Interest income	-	1,925	25	25,122
Miscellaneous income	361,141	-	-	-
Interest and other charges	(8,565)	(138,246)	(786,688)	(563,017)
Total non-operating revenues (expenses)	<u>352,576</u>	<u>(136,321)</u>	<u>(786,663)</u>	<u>(537,895)</u>
Income (loss) before transfers	<u>417,404</u>	<u>1,933,998</u>	<u>(462,739)</u>	<u>1,720,784</u>
Transfers in	-	-	772,172	845,788
Transfers out	-	(1,551,420)	-	(881,297)
Total transfers in (out)	<u>-</u>	<u>(1,551,420)</u>	<u>772,172</u>	<u>(35,509)</u>
Change in net position	<u>417,404</u>	<u>382,578</u>	<u>309,433</u>	<u>1,685,275</u>
Net Position:				
Beginning of year, July 1	5,036,123	8,513,548	9,362,526	10,183,237
Prior period adjustment	-	-	-	-
Beginning of year, as restated	<u>5,036,123</u>	<u>8,513,548</u>	<u>9,362,526</u>	<u>10,183,237</u>
End of year, June 30	<u>\$ 5,453,527</u>	<u>\$ 8,896,126</u>	<u>\$ 9,671,959</u>	<u>\$ 11,868,512</u>

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities</u>		<u>Governmental</u>
	<u>Enterprise Funds</u>		<u>Activities</u>
	<u>Total</u>		<u>Internal</u>
	<u>Aggregate</u>	<u>Total</u>	<u>Service Funds</u>
	<u>Nonmajor Funds</u>		
Operating Revenues:			
Charges for services	\$ 1,002,512	\$ 19,836,466	\$ -
Dwelling rental	61,709	61,709	-
Miscellaneous	232,322	268,764	-
Total operating revenues	<u>1,296,543</u>	<u>20,166,939</u>	<u>-</u>
Operating Expenses:			
Cost of services	1,861,095	13,440,718	-
Depreciation and amortization	<u>1,060,548</u>	<u>3,633,571</u>	<u>-</u>
Total operating expenses	<u>2,921,643</u>	<u>17,074,289</u>	<u>-</u>
Operating income (loss)	<u>(1,625,100)</u>	<u>3,092,650</u>	<u>-</u>
Non-Operating Revenues (Expenses):			
Restricted intergovernmental	1,489,430	1,489,430	-
Interest income	13,975	41,047	-
Miscellaneous income	238,930	600,071	-
Interest and other charges	<u>(866,656)</u>	<u>(2,363,172)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>875,679</u>	<u>(232,624)</u>	<u>-</u>
Income (loss) before transfers	<u>(749,421)</u>	<u>2,860,026</u>	<u>-</u>
Transfers in	1,660,545	3,278,505	-
Transfers out	<u>-</u>	<u>(2,432,717)</u>	<u>-</u>
Total transfers in (out)	<u>1,660,545</u>	<u>845,788</u>	<u>-</u>
Change in net position	<u>911,124</u>	<u>3,705,814</u>	<u>-</u>
Net Position:			
Beginning of year, July 1	15,197,234	48,292,668	828,052
Prior period adjustment	<u>665,019</u>	<u>665,019</u>	<u>-</u>
Beginning of year, as restated	<u>15,862,253</u>	<u>48,957,687</u>	<u>828,052</u>
End of year, June 30	<u>\$ 16,773,377</u>	<u>\$ 52,663,501</u>	<u>\$ 828,052</u>

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	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	\$ 5,979,597	\$ 6,878,976	\$ 2,400,677	\$ 3,421,696
Payments to customers and suppliers	(5,445,362)	(3,358,562)	(834,000)	(451,860)
Payments to employees	(324,704)	(650,142)	(278,114)	(101,361)
Net cash provided (used) by operating activities	<u>209,531</u>	<u>2,870,272</u>	<u>1,288,563</u>	<u>2,868,475</u>
Cash Flows From Capital and Related Financing Activities:				
Acquisition & construction of capital assets	-	(84,666)	(67,500)	-
Repayment of debt	(30,170)	(510,000)	(15,429,000)	(790,663)
Proceeds from bonds and loans issued	-	17,080,000	13,780,000	-
Bond premiums and discounts	-	(780,941)	1,425,212	(76,475)
Interest paid and issuance costs	(7,157)	378,295	(733,061)	(404,357)
Net cash provided (used) by capital and related financing activities	<u>(37,327)</u>	<u>16,082,688</u>	<u>(1,024,349)</u>	<u>(1,271,495)</u>
Cash Flows From Non-Capital Financing Activities:				
State and federal grants	-	-	-	-
Miscellaneous revenues	361,141	-	-	-
Advances to and from other funds	9,951	(1,057,571)	(654,971)	-
Transfers in (out)	-	(1,551,420)	772,172	(35,509)
Net cash provided (used) by non-capital financing activities	<u>371,092</u>	<u>(2,608,991)</u>	<u>117,201</u>	<u>(35,509)</u>
Cash Flows From Non-Capital Financing Activities:				
Interest on cash and cash equivalents	-	1,925	25	25,122
Net increase (decrease) in cash and cash equivalents	543,296	16,345,894	381,440	1,586,593
Cash and Cash Equivalents:				
Beginning of year, July 1	<u>2,414,916</u>	<u>5,728,921</u>	<u>129,820</u>	<u>5,151,762</u>
End of year, June 30	<u>\$ 2,958,212</u>	<u>\$ 22,074,815</u>	<u>\$ 511,260</u>	<u>\$ 6,738,355</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 64,828	\$ 2,070,319	\$ 323,924	\$ 2,258,679
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	94,301	697,433	963,875	817,414
Change in assets and liabilities:				
(Increase) decrease accounts receivable	(86,175)	(46,362)	(8,876)	(61,637)
Increase (decrease) accounts payable and accrued expenses	26,023	(102,475)	(43,858)	(177,933)
Increase (decrease) customer deposits payable	-	13,600	-	-
Increase (decrease) compensated absences	(1,734)	(4,042)	(6,004)	(972)
Increase (decrease) OPEB	63,404	101,997	49,620	22,054
(Increase) in deferred outflows of resources for OPEB	17,708	278,580	46,392	4,790
Increase (decrease) in deferred inflows of resources for OPEB	1,318	(47,963)	3,319	1,475
(Increase) in deferred outflows of resources for pensions	-	(141,454)	(63,705)	(3,276)
Increase (decrease) in net pension liability	29,858	50,639	23,883	7,881
Increase (decrease) in deferred inflows of resources for pensions	-	-	(7)	-
Net cash provided by (used in) operating activities	<u>\$ 209,531</u>	<u>\$ 2,870,272</u>	<u>\$ 1,288,563</u>	<u>\$ 2,868,475</u>

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

PENDER COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities</u>		<u>Governmental</u>
	<u>Enterprise Funds</u>		<u>Activities</u>
	<u>Total</u>		<u>Internal</u>
	<u>Aggregate</u>		<u>Service Funds</u>
	<u>Nonmajor Funds</u>	<u>Total</u>	
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 1,327,617	\$ 20,008,563	\$ -
Payments to customers and suppliers	(1,156,110)	(11,245,894)	-
Payments to employees	(301,210)	(1,655,531)	-
Net cash provided (used) by operating activities	<u>(129,703)</u>	<u>7,107,138</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition & construction of capital assets	(2,145,307)	(2,297,473)	-
Repayment of debt	(315,957)	(17,075,790)	-
Proceeds from bonds and loans issued	4,136,528	34,996,528	-
Bond premiums and discounts	87,854	655,650	-
Interest paid and issuance costs	(757,258)	(1,523,538)	-
Net cash provided (used) by capital and related financing activities	<u>1,005,860</u>	<u>14,755,377</u>	<u>-</u>
Cash Flows From Non-Capital Financing Activities:			
State and federal grants	1,239,434	1,239,434	-
Miscellaneous revenues	238,930	600,071	-
Advances to and from other funds	39,715	(1,662,876)	-
Transfers in (out)	1,660,545	845,788	-
Net cash provided (used) by non-capital financing activities	<u>3,178,624</u>	<u>1,022,417</u>	<u>-</u>
Cash Flows From Non-Capital Financing Activities:			
Interest on cash and cash equivalents	13,975	41,047	-
Net increase (decrease) in cash and cash equivalents	4,068,756	22,925,979	-
Cash and Cash Equivalents:			
Beginning of year, July 1	<u>2,043,592</u>	<u>15,469,011</u>	<u>846,484</u>
End of year, June 30	<u>\$ 6,112,348</u>	<u>\$ 38,394,990</u>	<u>\$ 846,484</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (1,625,100)	\$ 3,092,650	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,060,548	3,633,571	-
Change in assets and liabilities:			
(Increase) decrease accounts receivable	27,374	(175,676)	-
Increase (decrease) accounts payable and accrued expenses	329,477	31,234	-
Increase (decrease) customer deposits payable	3,700	17,300	-
Increase (decrease) compensated absences	2,210	(10,542)	-
Increase (decrease) OPEB	38,594	275,669	-
(Increase) in deferred outflows of resources for OPEB	29,642	377,112	-
Increase (decrease) in deferred inflows of resources for OPEB	(395)	(42,246)	-
(Increase) in deferred outflows of resources for pensions	(10,599)	(219,034)	-
Increase (decrease) in net pension liability	14,846	127,107	-
Increase (decrease) in deferred inflows of resources for pensions	-	(7)	-
Net cash provided by (used in) operating activities	<u>\$ (129,703)</u>	<u>\$ 7,107,138</u>	<u>\$ -</u>

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

PENDER COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2021

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 177,256
Receivables, net	<u>46,143</u>
Total assets	<u>223,399</u>
Liabilities:	
Accounts payable and accrued liabilities	<u>116,329</u>
Net Position:	
Restricted for:	
Individuals, organizations and other governments	<u>\$ 107,070</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, 2021**

	Custodial Funds
	<u> </u>
Additions:	
Ad valorem taxes for other governments	\$ 1,334,221
Collections on behalf of inmates	<u>189,703</u>
Total additions	<u>1,523,924</u>
Deductions:	
Tax distributions to other governments	1,335,991
Payments on behalf of inmates	<u>162,734</u>
Total deductions	<u>1,498,725</u>
Net increase (decrease) in fiduciary net position	<u>25,199</u>
Net Position:	
Net position - beginning, as previously reported	-
Prior period adjustment - change in accounting principle	<u>81,871</u>
Net position - beginning, as restated	<u>81,871</u>
Net Position - Ending	<u>\$ 107,070</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, 2021

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, 2021

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, 2021

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, 2021

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.

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, 2021

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, CARES Act Grant 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, 2021

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, 2021

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 CARES Act Grant Fund, Capital Improvements Fund, School Capital Fund, and the Enterprise Capital Projects Funds, which are consolidated with the Enterprise Operating Funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$10,000. The governing board must approve all amendments. During the year, several material amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Deposits and Investments

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

State law [G.S. 159-30(c)] 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 securities of 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, 2021

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. Sheriff accounts held by the County are restricted for the jail and sheriff department. 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.

Governmental Activities:

General Fund	Representative payee deposits	\$ 97,426
General Fund	Unexpended bond proceeds	144,066
General Fund	Sheriff accounts	63,042
General Fund	Tax revaluation	485,501
Public School Special Revenue Fund	Unexpended bond proceeds	71,413
Capital Improvements Fund	Unexpended bond proceeds	18,483
School Capital Projects Fund	Unexpended bond proceeds	<u>823,217</u>
Total governmental activities		<u>1,703,148</u>

Business-Type Activities:

Rocky Point/Topsail Water & Sewer Fund	Escrow deposits	17,183,726
Rocky Point/Topsail Water & Sewer Fund	Unexpended bond proceeds	1,061,304
Water Treatment Plant and Water Fund	Debt service reserve	165,385
Waste Water Treatment Plant and Sewer	Unexpended bond proceeds	1,339,412
Maple Hill Water Fund	Escrow deposits	125,000
Maple Hill Water Fund	Customer deposits	6,600
Section 8 Admin. Fund	Grant restrictions	30,009
Country Court Apartments Fund	SEC and tax escrow deposits	10,608
Country Court Apartments Fund	Customer deposits	2,700
Scotts Hill Water & Sewer Fund	Escrow deposits	2,060,000
Scotts Hill Water & Sewer Fund	Customer deposits	3,400
Moore's Creek Water District	Customer deposits	12,800
Central Pender Water District	Customer deposits	<u>1,800</u>
Total business-type activities		<u>22,002,744</u>

Total restricted cash		<u>\$ 23,705,892</u>
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PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2020. 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, 2021

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

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

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

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position 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 position 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 and other pension-related and OPEB deferrals.

M. Long-Term Obligations

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

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

N. 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, 2021 amounted to \$1,311,275 in total, \$1,205,657 of which represents the liability of the governmental funds and is recorded in the government-wide financial statements and \$105,618 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 \$28,520 at June 30, 2021. Employees can accumulate an unlimited amount of sick leave. Sick leave does not vest, but unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

O. 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, 2021

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.

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.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

Restricted for Capital Outlay and Improvements – 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 \$1,057,179 and restricted for Register of Deeds pension plan of \$160,363, for a net difference of \$896,816, as of June 30, 2021.

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.

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

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, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

P. 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.

Q. Defined Benefit Pension Plans

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

2. Stewardship, Compliance, and Accountability

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

Budget Violations – Excess of Expenditures over Appropriations

The County is in violation of state law (G.S. 159-28). State law requires that obligations of the unit be pre-audited in accordance with the Local Government Budget and Fiscal Control Act. For the fiscal year ended June 30, 2021, actual expenditures exceeded budgeted expenditures for the following funds: General Fund, Fire Service District Fund, Rescue District Fund, Cooperative Extension Fund, and Scotts Hill Water & Sewer District Operating Fund. Management concurs. Management and the Board will more closely review the budget reports to ensure compliance in future years.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

N.C. General Statute 159-13 (16) states that appropriated fund balance in a 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 year. Appropriated fund balance in the Public School Special Revenue Fund exceeded the fund balance legally available for appropriation. Management concurs. Management and the Board will more closely monitor fund balance appropriated to ensure compliance in future years.

The Cooperative Extension Fund was previously reported in an agency fund, prior to the implementation of GASB Statement No. 84 Fiduciary Activities. As agency funds, these payments were not subject to the budgeting requirements of the N.C. General Statutes and were, therefore, not included in the County's budgeting process. These funds will be budgeted going forward.

B. Deficit Fund Balance of Individual Funds

For the fiscal year ended June 30, 2021, the Fire Service District Fund had deficit ending fund balance of \$74,190. The County plans to fund the deficit with transfers from the General Fund.

C. 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 2021 audit was significantly delayed; refer to finding 2021-001 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, 2021

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, 2021, the County's deposits had a carrying amount of \$12,302,832 and a bank balance of \$13,286,936. Of the bank balance, \$361,178 was covered by federal depository insurance and \$12,925,758 was covered by collateral held under the Pooling Method.

At June 30, 2021, Pender County had \$2,044 cash on hand.

At June 30, 2021, the carrying amount of deposits for Pender County ABC Board was \$1,110,939 and the bank balance was \$1,035,041. 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, 2021, Pender County ABC Board had \$800 cash on hand.

At June 30, 2021, the Pender Tourism Development Authority's deposits had a carrying amount of \$52,870 and a bank balance of \$52,870. Of the bank balance, \$52,870 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, 2021, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation</u>		<u>Less Than</u>		
	<u>Measurement</u>	<u>Fair Value</u>	<u>6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
US Bank:					
US Treasuries	Fair Value-Level 1	\$ 18,651,516	\$ 378,147	\$ 18,273,369	\$ -
NC Capital Management Trust:					
Government Portfolio	Fair Value-Level 1	65,124,548	65,124,548	N/A	N/A
Total		<u>\$ 83,776,064</u>	<u>\$ 65,502,695</u>	<u>\$ 18,273,369</u>	<u>\$ -</u>

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 County's investments in the US Bank US Treasuries carried a credit rating of Aaa by Moody's as of June 30, 2021. 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>
2018	\$ 1,787,114	\$ 585,280	\$ 2,372,394
2019	1,671,733	397,037	2,068,770
2020	662,891	97,776	760,667
2021	665,724	38,279	704,003
Total	<u>\$ 4,787,462</u>	<u>\$ 1,118,372</u>	<u>\$ 5,905,834</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Receivables

Receivables at the government-wide level at June 30, 2021, were as follows:

	<u>Accounts Receivable</u>	<u>Property Taxes</u>	<u>Sales Tax</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:					
General	\$ 187,091	\$ 3,019,092	\$ 1,147,930	\$ 9,617,379	\$ 13,971,492
Other governmental	<u>413,608</u>	<u>1,166,253</u>	<u>-</u>	<u>1,863,408</u>	<u>3,443,269</u>
Total receivables	600,699	4,185,345	1,147,930	11,480,787	17,414,761
Allowance for doubtful accounts	<u>-</u>	<u>759,662</u>	<u>-</u>	<u>-</u>	<u>759,662</u>
Total governmental activities	<u>\$ 600,699</u>	<u>\$ 3,425,683</u>	<u>\$ 1,147,930</u>	<u>\$ 11,480,787</u>	<u>\$ 16,655,099</u>
Business-Type Activities:					
Resource Recovery	\$ 244,416	\$ 923,070	\$ -	\$ -	\$ 1,167,486
Rocky Point/Topsail Water & Sewer	1,694,390	-	-	-	1,694,390
Water and Water Treatment Plant Waste Water Treatment Plant and Sewer	22,653	-	-	-	22,653
Other business-type	<u>120,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,619</u>
Total receivables	769,747	-	659	-	770,406
Total receivables	2,851,825	923,070	659	-	3,775,554
Allowance for doubtful accounts	<u>1,096,710</u>	<u>284,709</u>	<u>-</u>	<u>-</u>	<u>1,381,419</u>
Total business-type activities	<u>\$ 1,755,115</u>	<u>\$ 638,361</u>	<u>\$ 659</u>	<u>\$ -</u>	<u>\$ 2,394,135</u>

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

Local option sales tax	\$ 5,011,724
FEMA grants	4,201,942
Other grants	178,975
DMV - vehicle tax	578,949
Health grants	635,549
DSS grants	873,648
Total	<u>\$ 11,480,787</u>

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

Notes receivable at June 30, 2021 of \$833,328 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, 2021

Capital Assets

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

	Balance	Additions	Retirements	Transfers	Balance
	July 1, 2020				June 30, 2021
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 10,761,595	\$ 1,312,553	\$ -	\$ -	\$ 12,074,148
Construction in progress	<u>1,136,911</u>	<u>-</u>	<u>(120,216)</u>	<u>(516,541)</u>	<u>500,154</u>
Total non-depreciable capital assets	<u>11,898,506</u>	<u>1,312,553</u>	<u>(120,216)</u>	<u>(516,541)</u>	<u>12,574,302</u>
Depreciable Capital Assets:					
Buildings and improvements	32,268,502	65,854	-	-	32,334,356
Intangibles	1,996,932	428,422	-	516,541	2,941,895
Equipment	4,766,350	1,182,509	-	-	5,948,859
Vehicles	<u>5,346,497</u>	<u>431,710</u>	<u>(269,605)</u>	<u>-</u>	<u>5,508,602</u>
Total depreciable capital assets	<u>44,378,281</u>	<u>2,108,495</u>	<u>(269,605)</u>	<u>516,541</u>	<u>46,733,712</u>
Less Accumulated Depreciation:					
Buildings and improvements	16,613,020	934,938	-	-	17,547,958
Intangibles	1,298,888	103,378	-	-	1,402,266
Equipment	2,332,716	816,076	-	-	3,148,792
Vehicles	<u>4,270,221</u>	<u>401,903</u>	<u>(266,483)</u>	<u>-</u>	<u>4,405,641</u>
Total accumulated depreciation	<u>24,514,845</u>	<u>\$ 2,256,295</u>	<u>\$ (266,483)</u>	<u>\$ -</u>	<u>26,504,657</u>
Total capital assets being depreciated, net	<u>19,863,436</u>				<u>20,229,055</u>
Governmental activity capital assets, net	<u>\$ 31,761,942</u>				<u>\$ 32,803,357</u>

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

General government	\$ 1,597,506
Public safety	403,168
Human services	144,248
Economic and physical development	10,828
Cultural and recreational	<u>100,545</u>
Total depreciation expense	<u>\$ 2,256,295</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2021</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	2,327,465	813,948	-	3,141,413
Equipment	16,295	-	-	16,295
Vehicles	10,523	3,466	-	13,989
Total accumulated depreciation	<u>2,354,283</u>	<u>\$ 817,414</u>	<u>\$ -</u>	<u>3,171,697</u>
Total depreciable capital assets, net	<u>20,883,493</u>			<u>20,066,079</u>
Wastewater Treatment and Sewer capital assets, net	<u>\$ 20,883,493</u>			<u>\$ 20,066,079</u>

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2021</u>
Business-Type Activities:				
Maple Hill Water Fund:				
Non-Depreciable Capital Assets:				
Construction in progress	\$ 8,099	\$ 385,430	\$ -	\$ 393,529
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	<u>1,604,331</u>	<u>140,283</u>	<u>-</u>	<u>1,744,614</u>
Total accumulated depreciation	<u>1,604,331</u>	<u>\$ 140,283</u>	<u>\$ -</u>	<u>1,744,614</u>
Total depreciable capital assets, net	<u>4,029,598</u>			<u>3,889,315</u>
Maple Hill Water Fund capital assets, net	<u>\$ 4,037,697</u>			<u>\$ 4,282,844</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

	Balance				Balance
	July 1, 2020	Additions	Retirements		June 30, 2021
Business-Type Activities:					
Rocky Point/Topsail Water and Sewer Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 343,493	\$ -	\$ -		\$ 343,493
Construction in progress	-	9,619	-		9,619
Total non-depreciable capital assets	<u>343,493</u>	<u>9,619</u>	<u>-</u>		<u>353,112</u>
Depreciable Capital Assets:					
Buildings and improvements	26,293,493	-	-		26,293,493
Intangibles	9,485	-	-		9,485
Vehicles	626,881	24,621	(41,529)		609,973
Equipment	168,830	50,426	-		219,256
Total depreciable capital assets	<u>27,098,689</u>	<u>75,047</u>	<u>(41,529)</u>		<u>27,132,207</u>
Less Accumulated Depreciation:					
Buildings and improvements	6,439,826	655,113	-		7,094,939
Intangibles	9,485	-	-		9,485
Vehicles	533,651	28,328	(41,529)		520,450
Equipment	49,468	13,992	-		63,460
Total accumulated depreciation	<u>7,032,430</u>	<u>\$ 697,433</u>	<u>\$ (41,529)</u>		<u>7,688,334</u>
Total depreciable capital assets, net	<u>20,066,259</u>				<u>19,443,873</u>
Rocky Point/Topsail Water and Sewer Fund capital assets, net	<u>\$ 20,409,752</u>				<u>\$ 19,796,985</u>
	Balance				Balance
	July 1, 2020	Additions	Retirements		June 30, 2021
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, 2021

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
Business-Type Activities:				
Country Court Apartments Fund:				
Depreciable Capital Assets:				
Buildings and improvements	\$ 1,206,449	\$ 10,000	\$ -	\$ 1,216,449
Intangibles	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
Total depreciable capital assets	<u>1,207,649</u>	<u>10,000</u>	<u>-</u>	<u>1,217,649</u>
Less Accumulated Depreciation:				
Buildings and improvements	207,751	41,023	-	248,774
Intangibles	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
Total accumulated depreciation	<u>208,951</u>	<u>\$ 41,023</u>	<u>\$ -</u>	<u>249,974</u>
Total depreciable capital assets, net	<u>998,698</u>			<u>967,675</u>
Country Court Apartments capital assets, net	<u>\$ 998,698</u>			<u>\$ 967,675</u>

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
Business-Type Activities:				
Resource Recovery Fund:				
Non-Dpreciable Capital Assets:				
Land	<u>\$ 192,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,241</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	749,792	87,599	-	837,391
Vehicles	4,965	5,958	-	10,923
Equipment	<u>52,011</u>	<u>744</u>	<u>-</u>	<u>52,755</u>
Total accumulated depreciation	<u>806,768</u>	<u>\$ 94,301</u>	<u>\$ -</u>	<u>901,069</u>
Total depreciable capital assets, net	<u>2,831,270</u>			<u>2,736,969</u>
Resource Recovery Fund capital assets, net	<u>\$ 3,023,511</u>			<u>\$ 2,929,210</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
Business-Type Activities:				
Scotts Hill Water & Sewer Fund:				
Non-Depreciable Capital Assets:				
Construction in progress	\$ 536,600	\$ 1,749,877	\$ -	\$ 2,286,477
Depreciable Capital Assets:				
Buildings and improvements	3,110,091	-	-	3,110,091
Vehicles	21,377	-	-	21,377
Total depreciable capital assets	3,131,468	-	-	3,131,468
Less Accumulated Depreciation:				
Buildings and improvements	731,609	77,752	-	809,361
Vehicles	21,377	-	-	21,377
Total accumulated depreciation	752,986	\$ 77,752	\$ -	830,738
Total depreciable capital assets, net	2,378,482			2,300,730
Scott's Hill capital assets, net	\$ 2,915,082			\$ 4,587,207

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
Business-Type Activities:				
Water and Water Treatment Fund:				
Depreciable Capital Assets:				
Buildings and improvements	\$ 34,352,806	\$ -	\$ -	\$ 34,352,806
Intangibles	1,043,533	67,500	-	1,111,033
Vehicles	68,834	-	-	68,834
Equipment	33,920	-	-	33,920
Total depreciable capital assets	35,499,093	67,500	-	35,566,593
Less Accumulated Depreciation:				
Buildings and improvements	4,300,083	859,548	-	5,159,631
Intangibles	433,871	97,397	-	531,268
Vehicles	65,609	2,418	-	68,027
Equipment	18,115	4,512	-	22,627
Total accumulated depreciation	4,817,678	\$ 963,875	\$ -	5,781,553
Total depreciable capital assets, net	30,681,415			29,785,040
Water and Water Treatment Fund capital assets, net	\$ 30,681,415			\$ 29,785,040

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2021</u>
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	466,285	225,888	-	692,173
Vehicles	13,577	7,758	-	21,335
Total accumulated depreciation	<u>479,862</u>	<u>\$ 233,646</u>	<u>\$ -</u>	<u>713,508</u>
Total depreciable capital assets, net	<u>8,594,443</u>			<u>8,360,797</u>
Moore's Creek Water District capital assets, net	<u>\$ 8,594,443</u>			<u>\$ 8,360,797</u>
	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2021</u>
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	566,414	255,344	-	821,758
Intangibles	1,250,000	312,500	-	1,562,500
Total accumulated depreciation	<u>1,816,414</u>	<u>\$ 567,844</u>	<u>\$ -</u>	<u>2,384,258</u>
Total depreciable capital assets, net	<u>11,522,327</u>			<u>10,954,483</u>
Central Pender Water District Fund capital assets, net	<u>\$ 11,545,027</u>			<u>\$ 10,977,183</u>
Business-type activities capital assets, net	<u>\$ 103,089,118</u>			<u>\$ 101,753,020</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Construction Commitments

The government has no active construction projects as of June 30, 2021.

Discretely presented component unit Activity for the ABC Board for the year ended June 30, 2021, was as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2021</u>
Non-Depreciable Capital Assets:				
Land	\$ 12,350	\$ 52,380	\$ -	\$ 64,730
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	237,090	27,743	-	264,833
Vehicles	51,267	-	-	51,267
Total depreciable capital assets	<u>445,076</u>	<u>27,743</u>	<u>-</u>	<u>472,819</u>
Less Accumulated Depreciation:				
Buildings	17,147	-	-	17,147
Building addition	80,393	1,931	-	82,324
Land improvements	3,994	666	-	4,660
Roof replacement	29,694	-	-	29,694
Equipment	139,865	17,627	-	157,492
Vehicles	28,197	10,254	-	38,451
Total accumulated depreciation	<u>299,290</u>	<u>\$ 30,478</u>	<u>\$ -</u>	<u>329,768</u>
Total depreciable capital assets, net	<u>145,786</u>			<u>143,051</u>
ABC Board capital assets, net	<u>\$ 158,136</u>			<u>\$ 207,781</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

B. Liabilities

Payables and Accrued Liabilities

Payables and accrued liabilities at the government-wide level at June 30, 2021, 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	\$ 3,252,905	\$ 1,053,831	\$ 53,099	\$ -	\$ 4,359,835
Other governmental	<u>672,235</u>	<u>-</u>	<u>887,752</u>	<u>-</u>	<u>1,559,987</u>
Total governmental activities	<u>\$ 3,925,140</u>	<u>\$ 1,053,831</u>	<u>\$ 940,851</u>	<u>\$ -</u>	<u>\$ 5,919,822</u>
Business-Type Activities:					
Resource Recovery	\$ 465,063	\$ 15,394	\$ 1,408	\$ -	\$ 481,865
Rocky Point/Topsail Water & Sewer	124,096	34,184	64,665	132,700	355,645
Water and Water Treatment Plant	93,732	12,181	53,627	-	159,540
Waste Water Treatment Plant and Sewer	14,270	5,223	158,660	-	178,153
Other business-type	<u>346,409</u>	<u>14,616</u>	<u>82,074</u>	<u>27,300</u>	<u>470,399</u>
Total business-type activities	<u>\$ 1,043,570</u>	<u>\$ 81,598</u>	<u>\$ 360,434</u>	<u>\$ 160,000</u>	<u>\$ 1,645,602</u>

Pension Plan and Other Post-Employment Liabilities

Local Governmental Employees' Retirement System

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2021, was 10.90% of compensation for law enforcement officers and 10.15% 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 \$2,129,970 for the year ended June 30, 2021. Contributions to the pension plan from the ABC Board were \$54,245 for the year ended June 30, 2021.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, the County reported a liability of \$9,750,808 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2021, the County’s proportion was 0.27287% (measured as of June 30, 2020), which was a decrease of 0.00047% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$3,457,755. At June 30, 2021, 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	\$ 1,231,356	\$ -
Changes of assumptions	725,651	-
Net difference between projected and actual earnings on pension plan investments	1,372,165	-
Changes in proportion and differences between County contributions and proportionate share of contributions	269,024	-
County contributions subsequent to the measurement date	2,129,970	-
Total	\$ 5,728,166	\$ -

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

\$2,129,970 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, 2022. 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
2022	\$ 1,031,432
2023	1,341,201
2024	819,474
2025	406,089
2026	-
Thereafter	-
Total	<u>\$ 3,598,196</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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 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, 2019 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study as of December 31, 2014.

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2020 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%
Credit	7.0%	6.0%
Inflation protection	<u>6.0%</u>	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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 7.00 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability (asset)	\$ 19,783,326	\$ 9,750,808	\$ 1,413,079
ABC Boards proportionate share of the net pension liability (asset)	385,705	190,106	27,550

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, 2019 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Inactive members currently receiving benefits	-
Active plan members	<u>74</u>
Total	<u>76</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2019 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	1.93 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, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government 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.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

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 \$47,229 as benefits came due.

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

At June 30, 2021, the County reported a total pension liability of \$2,313,785. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$259,623.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 68,567	\$ 78,436
Changes of assumptions	619,750	39,024
Contributions made subsequent to the measurement date	20,991	-
Total	<u>\$ 709,308</u>	<u>\$ 117,460</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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 112,591
2023	112,591
2024	109,456
2025	113,371
2026	98,409
Thereafter	<u>24,439</u>
Total	<u>\$ 570,857</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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 1.93%, 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 (0.93%) or 1-percentage-point higher (2.93%) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
County's proportionate share of the total pension liability	<u>\$ 2,511,625</u>	<u>\$ 2,313,785</u>	<u>\$ 2,132,358</u>

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

	2021
Beginning balance December 31, 2019	\$ 1,625,621
Service cost	94,807
Interest on the total pension liability	52,225
Difference between expected and actual experience	(65,985)
Changes of assumptions or other inputs	654,346
Benefit payments	<u>(47,229)</u>
Ending balance of the total pension liability December 31, 2020	<u>\$ 2,313,785</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.26% at December 31, 2019 to 1.93% at December 31, 2020.

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.

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

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

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

the State of North Carolina. The state's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report 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 \$209,667 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, 2021

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 \$10,556 for the year ended June 30, 2021.

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

At June 30, 2021, the County reported an asset of \$180,023 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the County's proportion was 0.78551%, which was an increase of 0.16388% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of (\$8,088). At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,668
Net difference between projected and actual earnings on pension plan investments	-	15,404
Changes in proportion and differences between County contributions and proportionate share of contributions	9,605	20,749
County contributions subsequent to the measurement date	10,556	-
Total	<u>\$ 20,161</u>	<u>\$ 39,821</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

\$10,556 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Amount
2022	\$ (8,251)
2023	(11,132)
2024	(6,952)
2025	(3,881)
2026	-
Thereafter	-
Total	<u>\$ (30,216)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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, 2021

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, 2020 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.75%. 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 3.75 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 (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension asset	\$ 152,907	\$ 180,023	\$ 202,968

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, 2020 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019. The total pension liability for LEOSSA was measured as of June 30, 2020, with an actuarial valuation date of December 31, 2019.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities.

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

	LGERS	ROD	LEOSSA	Total
County's proportionate share of net pension liability (asset)	\$ 9,750,808	\$ (180,023)	N/A	\$ 9,570,785
County's proportion of the net pension liability	0.27287%	0.78551%	N/A	-
Total pension liability	N/A	N/A	\$ 2,313,785	\$ 2,313,785
Pension expense	\$ 3,457,755	\$ (8,088)	\$ 259,623	\$ 3,709,290

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	ROD	LEOSSA	Total
Deferred Outflows of Resources:				
Differences between expected and actual experience	\$ 1,231,356	\$ -	\$ 68,567	\$ 1,299,923
Changes of assumptions	725,651	-	619,750	1,345,401
Net difference between projected and actual earnings on pension plan investments	1,372,165	-	-	1,372,165
Changes in proportion and differences between County contributions and proportionate share of contributions	269,024	9,605	-	278,629
County contributions (LGERS, ROD) and administrative costs (LEOSSA) subsequent to the measurement date	2,129,970	10,556	20,991	2,161,517
	\$ 5,728,166	\$ 20,161	\$ 709,308	\$ 6,457,635
Deferred Inflows of Resources:				
Differences between expected and actual experience	\$ -	\$ 3,668	\$ 78,436	\$ 82,104
Changes of assumptions	-	-	39,024	39,024
Net difference between projected and actual earnings on pension plan investments	-	15,404	-	15,404
Changes in proportion and differences between County contributions and proportionate share of contributions	-	20,749	-	20,749
	\$ -	\$ 39,821	\$ 117,460	\$ 157,281

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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:

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

Total OPEB Liability

The County's total OPEB liability of \$19,916,224 was measured as of June 30, 2020 and was determined by an actuarial valuation as that date.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Municipal bond index rate	
Prior measurement date	3.50 percent
Measurement date	2.21 percent
Healthcare cost trend rates	
Pre-Medicare medical and prescription drugs	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, 2020	\$ 15,321,727
Service cost	691,319
Interest	558,171
Difference between expected and actual experience	(1,000,656)
Changes of assumptions or other inputs	4,477,413
Benefit payments	<u>(131,750)</u>
Net changes	4,594,497
Balance at June 30, 2021	<u>\$ 19,916,224</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.50% to 2.21%.

The County selected a Municipal Bond Index Rate equal to the Bone 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 RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
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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, 2010 – December 31, 2014, 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, 2021, 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 (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB liability	\$ 25,541,964	\$ 19,916,224	\$ 15,777,094

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

	<u>1% Decrease</u>	<u>Healthcare Cost</u>	<u>1% Increase</u>
Total OPEB liability	\$ 15,406,743	\$ 19,916,224	\$ 26,221,974

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$1,208,224. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,061,828
Changes of assumptions or other inputs	4,928,898	1,905,099
County contributions subsequent to the measurement date	121,183	-
Total	<u>\$ 5,050,081</u>	<u>\$ 3,966,927</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

\$121,183 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, 2022. 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
2022	\$ (41,266)
2023	(41,266)
2024	(41,266)
2025	(41,266)
2026	12,086
Thereafter	<u>1,114,949</u>
Total	<u>\$ 961,971</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	\$ 11,507,716	\$ 4,124,208
Taxes receivable, net (General Fund)	-	2,397,807
Taxes receivable, net (Special Revenue Funds)	-	1,027,876
Grant receivables	-	4,201,942
Charge on refunding	-	501,596
Prepaid taxes	-	<u>75,386</u>
Total	<u>\$ 11,507,716</u>	<u>\$ 12,328,815</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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. The contract provides for stop-loss reinsurance protection on an aggregate and specific basis. Aggregate stop-loss insures cumulated covered claims above the annual attachment point during any contract period.

Specific stop-loss insures coverage claims above \$75,000 for any one participant after the County has satisfied an additional \$100,000 aggregating specific deductible in any contract period. The group dental coverage has limited ability due to plan design and no stop-loss reinsurance is purchased.

Effective January 1, 2016, the County was accepted into the North Carolina State Health Plan (SHP) and has moved from the prior insurance vendor to the SHP. 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, 2021, is as follows:

	<u>2021</u>	<u>2020</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	-	26,445
Payments on claims for current and prior year events where the County has retained risk of loss	-	<u>26,445</u>
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, 2021

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, 2021, 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

Capital Leases

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

The first agreement was executed on July 1, 2019 to lease information technology equipment and requires 48 monthly payments of \$25,662. The second lease was executed on July 1, 2019 to lease Axon tasers and consists of down payment of \$20,000 and 4 annual payments of \$44,437. The third lease was executed on August 1, 2019 to lease Axon body cameras and consists of down payment of \$24,000 and 4 annual payments of \$53,962. The fourth lease was executed on June 1, 2021 to lease information technology equipment and requires 36 monthly payments of \$16,607.

The following is an analysis of the assets recorded under capital leases at June 30, 2021:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 2,267,223	\$ 1,063,567	\$ 1,203,656

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 522,592
2023	502,979
2024	<u>297,682</u>
Total minimum lease payments	1,323,253
Less: amount representing interest	<u>119,597</u>
Present value of the minimum lease payments	<u>\$ 1,203,656</u>

Mortgage Notes

Pender County Housing Authority (Country Court Enterprise Fund) has two notes outstanding aggregating \$74,162 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 annual debt service payments to maturity for the County’s mortgage notes are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 7,127	\$ 709
2023	7,199	637
2024	7,271	565
2025	7,344	492
2026	7,418	418
2027-2031	31,104	1,071
2032-2033	<u>6,699</u>	<u>40</u>
Total	<u>\$ 74,162</u>	<u>\$ 3,932</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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.

\$ 816,661

\$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%.

210,000

Total installment purchases

\$ 1,026,661

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

Year Ending	Installment Note	
	Principal	Interest
June 30		
2022	\$ 248,333	\$ -
2023	265,000	-
2024	265,000	-
2025	248,328	-
Total	<u>\$ 1,026,661</u>	<u>\$ -</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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. \$ 4,924,636

Business-Type Activities:

\$24,800,000 Series 2015 due in annual payments ranging from \$1,000,000 to \$1,575,000, plus bi-annual average interest rate of 3.73%, through April 2035. This debt is split funded between governmental and business-type activities. 13,680,364

\$13,780,000 Water Treatment Plant Bonds, Refunding Series 2020 due in annual payments ranging from \$255,000 to \$705,000, plus interest ranging from 3 to 5%, through June 2050. 13,525,000

\$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. 1,730,000

\$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. 120,000

\$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. 2,140,000

\$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. 16,970,000

\$220,000 Maple Hill Water District Refunding Bond, Series 2012 due in annual payments ranging from \$10,000 to \$15,000, plus interest ranging from 2 to 5%, maturing June 2022 as result of refunding. 125,000

\$2,575,000 Scotts Hill Water & Sewer District Refunding Bond, Series 2012, due in annual payments ranging from \$55,000 to \$150,000, plus interest ranging from 2 to 5%, maturing June 2022 as result of refunding. 2,060,000

\$19,535,000 Rocky Point - Topsail Water & Sewer District Refunding Bond, Series 2012 due in annual payments ranging from \$295,000 to \$925,000, plus interest ranging from 2 to 5%, maturing June 2022 as result of refunding. 16,205,000

Total business-type activities 66,555,364

Total limited obligation bonds \$ 71,480,000

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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
2022	\$ 294,150	\$ 216,184	\$ 19,735,850	\$ 2,393,965	\$ 20,030,000	\$ 2,610,149
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
2027-2031	1,779,475	555,688	11,230,525	5,576,346	13,010,000	6,132,034
2032-2036	1,604,186	155,794	11,675,814	3,493,153	13,280,000	3,648,947
2037-2041	-	-	8,060,000	1,950,983	8,060,000	1,950,983
2042-2046	-	-	5,180,000	818,513	5,180,000	818,513
2047-2051	-	-	2,700,000	205,500	2,700,000	205,500
Total	<u>\$ 4,924,636</u>	<u>\$ 1,642,146</u>	<u>\$ 66,555,364</u>	<u>\$ 20,198,385</u>	<u>\$ 71,480,000</u>	<u>\$ 21,840,531</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, 2021

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.	\$ 12,580,000
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.	18,375,000
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.	7,965,000
General Obligation School Bonds, Series 2016A \$50,500,000 due in 20 annual payments of \$2,525,000 plus interest ranging from 3% to 5% through 2036, serviced by the Special Revenue Fund.	<u>40,400,000</u>
Total governmental activities	<u>79,320,000</u>

Business-Type Activities:

\$1,000,000 Water Treatment Plant Bonds, Water Series, 2012D to USDA Rural Development, due in annual payments ranging from \$16,000 to \$41,000, plus interest at 2.75%.	882,000
\$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.	4,980,000
6,047,000 Central Pender Water & Sewer District USDA Water Bonds, Series 2016 due in annual payments ranging from \$113,000 to \$218,000, plus interest at 1.875% per annum through June 2056.	<u>5,704,000</u>
Total business-type activities	<u>11,566,000</u>
Total general obligation bonds	<u>\$ 90,886,000</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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
2022	\$ 7,520,000	\$ 2,490,413	\$ 241,000	\$ 224,580	\$ 7,761,000	\$ 2,714,993
2023	7,490,000	2,208,413	245,000	219,895	7,735,000	2,428,308
2024	7,440,000	1,951,213	251,000	215,135	7,691,000	2,166,348
2025	7,395,000	1,675,588	255,000	210,254	7,650,000	1,885,842
2026	6,105,000	1,433,863	260,000	205,298	6,365,000	1,639,161
2027-2031	22,095,000	4,888,469	1,377,000	948,653	23,472,000	5,837,122
2032-2036	18,750,000	1,788,063	1,516,000	809,134	20,266,000	2,597,197
2037-2041	2,525,000	37,875	1,671,000	655,363	4,196,000	693,238
2042-2046	-	-	1,838,000	485,725	1,838,000	485,725
2047-2051	-	-	2,026,000	298,581	2,026,000	298,581
2052-2056	-	-	1,886,000	101,159	1,886,000	101,159
Total	<u>\$ 79,320,000</u>	<u>\$ 16,473,897</u>	<u>\$ 11,566,000</u>	<u>\$ 4,373,777</u>	<u>\$ 90,886,000</u>	<u>\$ 20,847,674</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 annual debt service payments to maturity for the County’s revenue bond are as follows:

Year Ending June 30	Principal	Interest
2022	\$ 91,000	\$ 120,423
2023	94,000	117,920
2024	96,000	115,335
2025	99,000	99,000
2026	102,000	102,000
2027-2031	555,000	555,000
2032-2036	634,000	634,000
2037-2041	725,000	725,000
2042-2046	831,000	831,000
2047-2051	947,000	947,000
2052	205,000	205,000
Total	<u>\$ 4,379,000</u>	<u>\$ 4,451,678</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021, is as follows:

Change in net position	\$ 1,575,866
Add back:	
Depreciation	2,680,833
Interest expense	<u>2,024,493</u>
Income available for debt service (net revenue)	<u>\$ 6,281,192</u>
Debt service, principal and interest paid (debt service requirement)	\$ 3,610,715
110% Debt service coverage	\$ 3,971,787
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 \$482,717 federal revolving loan from NC DENR, due in annual payments of \$30,170, plus interest at 1.67% through May 2037.

The \$131,528 drinking water infrastructure from NC DEQ, due in annual payments of \$6,576, 0% interest through May 2041.

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 36,746	\$ 8,061
2023	36,746	7,558
2024	36,746	7,054
2025	36,746	6,550
2026	36,746	6,046
2027-2031	183,731	22,673
2032-2036	183,731	10,077
2037-2041	<u>63,053</u>	<u>504</u>
Total	<u>\$ 614,245</u>	<u>\$ 68,523</u>

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Debt Related to Capital Activities

Of the total governmental activities debt listed only \$5,951,297 relates to assets for which the County holds title.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 32,803,357	\$ 101,753,020
Less: long-term debt	(5,951,297)	(83,188,771)
Less: premiums on long term debt	-	(2,791,897)
Less: debt used to refund capital-related borrowings	-	18,390,000
Add: unexpended bond proceeds	162,549	2,400,716
Net investment in capital assets	<u>\$ 27,014,609</u>	<u>\$ 36,563,068</u>

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, 2021:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>	<u>Current Portion of Balance</u>
Governmental Activities:					
General obligation bonds	\$ 86,790,000	\$ -	\$ 7,470,000	\$ 79,320,000	\$ 7,520,000
Limited obligation debt	5,208,974	-	284,338	4,924,636	294,150
Direct placement installment purchase contracts	1,308,328	-	281,667	1,026,661	248,333
Capital leases	1,214,779	597,852	489,378	1,323,253	522,592
Unamortized bond premium	10,481,419	-	663,784	9,817,635	663,784
Total pension liability (LEOSSA)	1,625,621	801,378	113,214	2,313,785	-
Net pension liability (LRS)	7,016,820	2,158,999	-	9,175,819	-
Total OPEB liabilities	14,402,423	5,383,288	1,064,469	18,721,242	-
Compensated absences	1,352,535	1,161,571	1,308,449	1,205,657	1,161,571
Total	<u>\$ 129,400,899</u>	<u>\$10,103,088</u>	<u>\$ 11,675,299</u>	<u>\$ 127,828,688</u>	<u>\$10,410,430</u>

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Business-Type Activities:					
Limited obligation debt	\$ 33,336,026	\$ 34,865,000	\$ 1,645,662	\$ 66,555,364	\$ 19,735,850
General obligation bonds	26,869,000	-	15,303,000	11,566,000	241,000
Revenue bond	4,468,000	-	89,000	4,379,000	91,000
Federal revolving loan	512,887	131,528	30,170	614,245	36,746
Direct placement installment purchase contracts and mortgage notes	82,120	-	7,958	74,162	7,127
Unamortized bond premium	2,538,275	1,728,732	1,475,110	2,791,897	-
Net pension liability (LRS)	447,882	127,107	-	574,989	-
Total OPEB liabilities	919,313	343,615	67,946	1,194,982	-
Compensated absences	116,160	104,080	114,622	105,618	10,562
Total	<u>\$ 69,289,663</u>	<u>\$ 37,300,062</u>	<u>\$ 18,733,468</u>	<u>\$ 87,856,257</u>	<u>\$ 20,122,285</u>

Other

The County's legal debt margin at June 30, 2021 approximates \$486,837,410. There are no bonds authorized but unissued at June 30, 2021.

Conduit Debt Obligation

Pender County Housing Authority has issued revenue bonds to provide financial assistance to low and moderate-income residents for affordable housing. These bonds are secured by the properties financed and letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the housing is in the name of the private business served by the bond issuance. Neither the County nor the Authority nor the State nor any political subdivision thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2021, there was one revenue bonds outstanding, with an aggregate principal amount payable of \$6 million.

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021, include the following interfund gross receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,677,044	\$ -
Rocky Point/Topsail Water & Sewer Fund	657,571	-
Public School Special Revenue Fund	-	1,389,971
Resource Recovery Fund	-	9,951
Water Treatment Plant and Water Fund	-	7,699
Waste Water Treatment Plant and Sewer	-	4,025
Maple Hill Water Fund	-	56,980
Section 8 Admin. Fund	-	2,751
Country Court Apartments Fund	835	41,076
Scotts Hill Water & Sewer Fund	-	679,261
Moore's Creek Water District	-	736
Central Pender Water District	-	143,000
Total	<u>\$ 2,335,450</u>	<u>\$ 2,335,450</u>

Interfund Transfers

Interfund transfers and transfers from component unit during the year ended June 30, 2021, can be summarized as follows:

	<u>Transfers</u>		
	<u>From</u>	<u>To</u>	<u>Reason</u>
Governmental Funds:			
General Fund	\$ 7,070,184	\$ 45,873	
Public School Special Revenue Fund	-	4,948,260	County contribution
Other nonmajor governmental funds:			
Revaluation Fund	-	235,500	Annual contribution
Fire Service District Fund	-	805,553	County contribution
Rescue District Fund	-	235,083	County contribution
Capital Improvements Fund	45,873	-	County contribution
Business-Type Funds:			
Rocky Point/Topsail Water & Sewer Fund	1,551,420	-	Contribution to project
Water and Water Treatment Plant Fund	-	772,172	Operating capital
Waste Water Treatment and Sewer Fund	881,297	-	Operating capital
Waste Water Treatment and Sewer Fund	-	845,788	Economic development incentive
Other nonmajor business-type funds:			
Scotts Hill Water & Sewer Fund	-	1,551,420	Contribution to project
Central Pender Water District	-	109,125	Operating capital
Total	<u>\$ 9,548,774</u>	<u>\$ 9,548,774</u>	

PENDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Fund Balance

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

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

Total fund balance - General Fund	\$ 59,564,941
Less:	
Non-spendable	854,979
Stabilization by state statute	10,835,906
Health department escrow	4,397,945
Sheriff's seizures	58,776
Automation enhancement and preservation	465,560
Capital outlay and improvements	144,066
Committed	645,145
Assigned	42,040
Remaining fund balance	<u>\$ 42,120,524</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 \$2,408,404.

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, 2021. 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>\$ 59,564,941</u>
Available fund balance	<u>\$ 47,874,056</u>
General Fund expenditures and transfers out	
less debt issued	<u>\$ 75,344,603</u>
Available fund balance as % General Fund expenditures	63.5%

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$563,166 to the Community College operating purposes and \$168,000 for capital expenses during the fiscal year ended June 30, 2021. 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, 2021. 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, 2021 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, 2021, 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, 2021.

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, 2021.

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

7. Related Party Transactions

The County and its discretely presented component units engaged in the following transactions during the year ended June 30, 2021:

Pender County ABC Board:

Payments to the County for profit distributions for FY 20	\$ 404,435
Payments to the County for mosquito control for FY 20	25,705
Payments to the County for law enforcement for FY 20	<u>25,705</u>
Total	<u>\$ 455,845</u>

Pender Tourism Development Authority:

Payments of occupancy tax due to the Authority from the County	\$ 34,574
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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.

Coronavirus Disease (COVID-19)

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19), a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 may continue to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

9. Subsequent Events

Pender County was awarded \$12,248,666 from the Federal American Rescue Plan (ARP). Prior to year end the County received \$0. The first installment of \$6,124,333 was received subsequent to year end. The second installment of \$6,124,333 is expected to be received within the next 12 months.

10. Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated as follows:

Governmental Activities Net Position - Increase (Decrease)	General Fund Balance - Increase (Decrease)	Nonmajor Special Revenue Fund Balance - Increase (Decrease)	Fiduciary Net Position - Custodial Fund Increase (Decrease)	
\$ -	\$ -	\$ -	\$ 47,913	Cash, taxes receivable and liabilities related to ad valorem and vehicle property taxes collected by the County on behalf of various municipalities were reclassified out of the Agency Fund into a newly created Municipal Tax Collections Custodial Fund. The portion of liabilities and attributable taxes receivable at the beginning of the year were restated as custodial net position.
-	-	-	33,958	Cash and liabilities related to receipts collected by the County on behalf of jail inmates were reclassified out of Agency Funds into a newly created Jail Inmate Custodial Fund. The portion of the liabilities at the beginning of the year were restated as custodial net position.
28,796	28,796	-	-	Cash received under the Social Security Administration's Representative Payee Program net of liabilities owed for payments on behalf of beneficiaries were reclassified out of the Agency Fund into the General Fund. The portion of the liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.
<u>7,866</u>	<u>-</u>	<u>7,866</u>	<u>-</u>	Cash and liabilities related to receipts collected by the County on behalf of the Cooperative Extension programs were reclassified out of Agency Funds into a newly created Cooperative Extension Special Revenue Fund. The portion of liabilities at the beginning of the year were restated as fund balance.
<u>\$ 36,662</u>	<u>\$ 28,796</u>	<u>\$ 7,866</u>	<u>\$ 81,871</u>	

PENDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

11. Prior Period Adjustment

During the fiscal year ended June 30, 2021, the County determined that certain capital assets in the Moore's Creek Water District and Central Pender Water District were not properly accounted for on the Statement of Net Position. Therefore, an adjustment to the beginning net position has been recorded to account for those capital assets, the net effect of which increased beginning net position by \$665,019 in the proprietary funds for the aggregate nonmajor funds.

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 GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's proportion of the net pension liability (asset) %	0.27287%	0.27334%	0.24805%	0.25790%
County's proportionate share of the net pension liability (asset) \$	\$ 9,750,808	\$ 7,464,702	\$ 5,884,594	\$ 3,939,998
County's covered payroll*	\$ 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	49.22%	38.86%	35.71%	24.08%
Plan fiduciary net position as a percentage of the total pension liability**	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 GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT 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 GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 2,129,970	\$ 1,806,948	\$ 1,524,690	\$ 1,208,210
Contributions in relation to the contractually required contribution	<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>
County's covered payroll	\$ 20,648,316	\$ 19,809,003	\$ 19,210,323	\$ 16,477,422
Plan fiduciary net position as a percentage of the total pension liability	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 GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT 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
Plan fiduciary net position as a percentage of the total pension liability	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 EIGHT FISCAL YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's proportion of the net pension liability (asset) %	0.78551%	0.62163%	0.72079%	0.74470%
County's proportionate share of the net pension liability (asset) \$	\$ (180,023)	\$ (122,722)	\$ (119,384)	\$ (127,113)
County's covered payroll*	\$ 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	-179.41%	-155.33%	-207.73%	-63.99%
Plan fiduciary net position as a percentage of the total pension liability**	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 EIGHT 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 EIGHT FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 10,556	\$ 7,523	\$ 5,908	\$ 6,168
Contributions in relation to the contractually required contribution	<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>
County's covered payroll	\$ 79,253	\$ 100,339	\$ 79,007	\$ 57,471
Contributions as a percentage of covered payroll	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 EIGHT 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 FIVE FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,625,621	\$ 1,389,357	\$ 1,364,566	\$ 1,156,255	\$ 1,080,043
Service cost	94,807	80,247	82,584	71,903	69,071
Interest on the total pension liability	52,225	49,745	43,093	44,631	38,558
Difference between expected and actual experience	(65,985)	101,373	(42,146)	(2,144)	-
Changes of assumptions or other inputs	654,346	50,379	(56,991)	93,921	(31,417)
Benefit payments	<u>(47,229)</u>	<u>(45,480)</u>	<u>(1,749)</u>	<u>-</u>	<u>-</u>
Ending balance of the total pension liability	<u>\$ 2,313,785</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 FIVE FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,313,785	\$ 1,625,621	\$ 1,389,357	\$ 1,364,566	\$ 1,156,255
Covered-employee payroll	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	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 FOUR FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:				
Service cost	\$ 691,319	\$ 605,947	\$ 735,867	\$ 859,652
Interest	558,171	506,855	529,945	472,731
Differences between expected and actual experience	(1,000,656)	(10,594)	(1,781,711)	(2,578)
Changes of assumptions	4,477,413	1,247,481	(1,223,407)	(2,031,656)
Benefit payments	<u>(131,750)</u>	<u>(114,690)</u>	<u>(119,073)</u>	<u>(115,955)</u>
Net change in total OPEB liability	<u>4,594,497</u>	<u>2,234,999</u>	<u>(1,858,379)</u>	<u>(817,806)</u>
Total OPEB liability - beginning	15,321,727	13,086,728	14,945,107	8,503,553
Prior period restatement	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,259,360</u>
Total OPEB liability - beginning, restated	<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>\$ 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	\$ 16,422,948	\$ 16,341,735	\$ 14,340,852
Total OPEB liability as a percentage of covered-employee payroll	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>
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
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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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 52,701,098	\$ 53,908,293	\$ 1,207,195
Unrestricted intergovernmental	11,292,899	15,109,532	3,816,633
Restricted intergovernmental	12,246,044	17,570,048	5,324,004
Permits and fees	1,690,050	2,609,080	919,030
Charges for services	3,615,904	4,239,417	623,513
Interest	712,763	10,197	(702,566)
Miscellaneous	260,236	354,936	94,700
Total revenues	<u>82,518,994</u>	<u>93,801,503</u>	<u>11,282,509</u>
Expenditures:			
General Government:			
Governing body	242,734	216,272	26,462
County Manager	558,513	537,116	21,397
Human resources	365,409	318,780	46,629
Board of Elections	513,554	419,126	94,428
Finance	734,826	736,428	(1,602)
Information systems	1,766,913	2,081,719	(314,806)
Tax administrator	2,281,475	1,897,850	383,625
Tax collections	-	2,867	(2,867)
AE&P Fund	41,900	1,900	40,000
Register of Deeds	2,043,118	1,807,838	235,280
Public buildings	2,200,749	1,885,851	314,898
Vehicle maintenance	738,589	668,808	69,781
Inspections	910,245	836,374	73,871
Court facilities	19,500	14,258	5,242
County attorney	137,118	70,235	66,883
Non-departmental	10,836,820	1,617,861	9,218,959
Total general government	<u>23,391,463</u>	<u>13,113,283</u>	<u>10,278,180</u>
Public Safety:			
Sheriff	9,248,715	6,714,084	2,534,631
Jail	2,674,867	2,383,832	291,035
Animal control	311,506	253,876	57,630
Emergency management	1,237,920	2,341,262	(1,103,342)
Forest resources	246,945	203,051	43,894
Sheriff seizure	40,400	33,193	7,207
Medical examiner	85,000	75,990	9,010
Total public safety	<u>13,845,353</u>	<u>12,005,288</u>	<u>1,840,065</u>

PENDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVNUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/Under</u>
Economic and Physical Development:			
Extension service	186,202	168,172	18,030
Planning	472,067	346,586	125,481
Tourism office	227,831	220,112	7,719
Option 4 payments	779,607	604,369	175,238
Outside agencies	2,787,967	1,800,246	987,721
Total economic and physical development	<u>4,453,674</u>	<u>3,139,485</u>	<u>1,314,189</u>
Human Services:			
Health department	6,895,232	5,936,362	958,870
Public assistance	11,183,151	8,223,382	2,959,769
Veterans	196,941	190,555	6,386
EDTAP transportation	167,000	-	167,000
Total human services	<u>18,442,324</u>	<u>14,350,299</u>	<u>4,092,025</u>
Culture and Recreation:			
Parks	475,412	332,507	142,905
Recreation	766,928	352,586	414,342
Shooting range	140,776	98,069	42,707
Libraries	1,069,569	869,878	199,691
Youth alternatives	227,461	191,927	35,534
Total culture and recreation	<u>2,680,146</u>	<u>1,844,967</u>	<u>835,179</u>
Education:			
Local current expense	20,220,842	20,220,842	-
Capital outlay	2,417,084	2,417,084	-
Community college	778,527	731,166	47,361
Total education	<u>23,416,453</u>	<u>23,369,092</u>	<u>47,361</u>
Debt Service:			
Principal	1,033,717	1,055,383	(21,666)
Interest	-	229,974	(229,974)
Total debt service	<u>1,033,717</u>	<u>1,285,357</u>	<u>(251,640)</u>
Total expenditures	<u>87,263,130</u>	<u>69,107,771</u>	<u>18,155,359</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/Under</u>
Revenues over (under) expenditures	(4,744,136)	24,693,732	29,437,868
Other Financing Sources (Uses):			
Loan proceeds	9,309,125	597,852	(8,711,273)
Sale of surplus property	811,200	76,054	(735,146)
Insurance proceeds	460,446	70,596	(389,850)
Transfers from other funds	8,918,603	45,873	(8,872,730)
Transfers to other funds	(16,270,608)	(7,070,184)	9,200,424
Appropriated fund balance	1,515,370	-	(1,515,370)
Total other financing sources (uses)	<u>4,744,136</u>	<u>(6,279,809)</u>	<u>(11,023,945)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>18,413,923</u>	<u>\$ 18,413,923</u>
Fund Balance:			
Beginning of year, July 1		40,836,721	
Prior period adjustment		<u>28,796</u>	
Beginning of year, as restated		<u>40,865,517</u>	
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan receivable repayments		<u>(200,000)</u>	
End of year, June 30		<u>\$ 59,079,440</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Tax listing	\$ 235,500	\$ -	\$ 235,500
Other Financing Sources (Uses):			
Transfer from General Fund	<u>235,500</u>	<u>235,500</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	235,500	<u>\$ 235,500</u>
Fund Balance:			
Beginning of year, June 30		<u>250,001</u>	
End of year, June 30		<u>\$ 485,501</u>	

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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes - sales	\$ 4,715,624	\$ 5,786,350	\$ 1,070,726
Lottery funds	500,000	-	(500,000)
Investment earnings	800	14	(786)
Total revenues	<u>5,216,424</u>	<u>5,786,364</u>	<u>569,940</u>
Expenditures:			
Option 4 redistribution	422,151	405,850	16,301
Debt service payment	7,470,000	7,470,000	-
Interest expense	3,233,238	3,233,238	-
Total expenditures	<u>11,125,389</u>	<u>11,109,088</u>	<u>16,301</u>
Revenues over (under) expenditures	<u>(5,908,965)</u>	<u>(5,322,724)</u>	<u>586,241</u>
Other Financing Sources (Uses):			
Transfer from General Fund	4,948,260	4,948,260	-
Fund balance appropriated	960,705	-	(960,705)
Total other financing sources (uses)	<u>5,908,965</u>	<u>4,948,260</u>	<u>(960,705)</u>
Net change in fund balance	<u>\$ -</u>	<u>(374,464)</u>	<u>\$ (374,464)</u>
Fund Balance:			
Beginning of year, July 1		<u>629,422</u>	
End of year, June 30		<u>\$ 254,958</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, 2021

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 1,094,140	\$ 448,935	\$ 1,543,075
Accounts receivable	86,110	327,498	413,608
Taxes receivable (net)	1,027,876	-	1,027,876
Due from other governments	110,917	178,975	289,892
Restricted cash	<u>-</u>	<u>841,700</u>	<u>841,700</u>
Total assets	<u>\$ 2,319,043</u>	<u>\$ 1,797,108</u>	<u>\$ 4,116,151</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	<u>\$ 672,235</u>	<u>\$ 448,935</u>	<u>\$ 1,121,170</u>
Total liabilities	<u>672,235</u>	<u>448,935</u>	<u>1,121,170</u>
Deferred Inflows of Resources	<u>1,027,876</u>	<u>-</u>	<u>1,027,876</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	197,027	506,473	703,500
Public safety	534,717	-	534,717
School capital projects	-	823,217	823,217
Capital outlay and improvements	-	18,483	18,483
Assigned:			
Cooperative Extension programs	12,155	-	12,155
Unassigned	<u>(124,967)</u>	<u>-</u>	<u>(124,967)</u>
Total fund balances	<u>618,932</u>	<u>1,348,173</u>	<u>1,967,105</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,319,043</u>	<u>\$ 1,797,108</u>	<u>\$ 4,116,151</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, 2021**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Ad valorem taxes	\$ 13,201,334	\$ -	\$ 13,201,334
Restricted intergovernmental	1,725,194	4,234,943	5,960,137
Miscellaneous revenue	-	30,000	30,000
Investment earnings	7,160	167	7,327
Total revenues	<u>14,933,688</u>	<u>4,265,110</u>	<u>19,198,798</u>
Expenditures:			
Current:			
General government	-	11,282	11,282
Public safety	16,428,670	2,908,644	19,337,314
Economic and physical development	2,871	5,908,804	5,911,675
Total expenditures	<u>16,431,541</u>	<u>8,828,730</u>	<u>25,260,271</u>
Revenues over (under) expenditures	<u>(1,497,853)</u>	<u>(4,563,620)</u>	<u>(6,061,473)</u>
Other Financing Sources (Uses):			
Insurance proceeds	-	95,221	95,221
Transfers in	1,040,636	-	1,040,636
Transfers out	-	(45,873)	(45,873)
Total other financing sources (uses)	<u>1,040,636</u>	<u>49,348</u>	<u>1,089,984</u>
Net change in fund balances	<u>(457,217)</u>	<u>(4,514,272)</u>	<u>(4,971,489)</u>
Fund Balances:			
Beginning of year, July 1	1,068,283	5,862,445	6,930,728
Prior period adjustment	7,866	-	7,866
Beginning of year, as restated	<u>1,076,149</u>	<u>5,862,445</u>	<u>6,938,594</u>
End of year, June 30	<u>\$ 618,932</u>	<u>\$ 1,348,173</u>	<u>\$ 1,967,105</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.

PENDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	<u>Fire Service District Fund</u>	<u>Rescue District Fund</u>	<u>911 Emergency Telephone Fund</u>
Assets:			
Cash and cash equivalents	\$ 515,793	\$ 487,517	\$ 47,825
Taxes receivable (net)	470,519	557,357	-
Accounts receivable	-	50,549	35,561
Due from other governments	50,777	60,140	-
Total assets	<u>\$ 1,037,089</u>	<u>\$ 1,155,563</u>	<u>\$ 83,386</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	<u>\$ 640,760</u>	<u>\$ -</u>	<u>\$ 625</u>
Deferred Inflows of Resources	<u>470,519</u>	<u>557,357</u>	<u>-</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	50,777	110,689	35,561
Public safety	-	487,517	47,200
Assigned:			
Economic and physical development	-	-	-
Unassigned	<u>(124,967)</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>(74,190)</u>	<u>598,206</u>	<u>82,761</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,037,089</u>	<u>\$ 1,155,563</u>	<u>\$ 83,386</u>

PENDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	CARES Act Grant Fund	Cooperative Extension Fund	Total
Assets:			
Cash and cash equivalents	\$ 30,850	\$ 12,155	\$ 1,094,140
Taxes receivable (net)	-	-	1,027,876
Accounts receivable	-	-	86,110
Due from other governments	-	-	110,917
Total assets	<u>\$ 30,850</u>	<u>\$ 12,155</u>	<u>\$ 2,319,043</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	<u>\$ 30,850</u>	<u>\$ -</u>	<u>\$ 672,235</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>1,027,876</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	-	-	197,027
Public safety	-	-	534,717
Assigned:			
Economic and physical development	-	12,155	12,155
Unassigned	-	-	(124,967)
Total fund balances	<u>-</u>	<u>12,155</u>	<u>618,932</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,850</u>	<u>\$ 12,155</u>	<u>\$ 2,319,043</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, 2021**

	Fire Service District Fund	Rescue District Fund	911 Emergency Telephone Fund
Revenues:			
Ad valorem taxes	\$ 5,503,739	\$ 7,697,595	\$ -
Restricted intergovernmental	-	-	501,329
Program revenues	-	-	-
Total revenues	<u>5,503,739</u>	<u>7,697,595</u>	<u>501,329</u>
Expenditures:			
Public safety	6,134,450	7,293,386	292,676
Economic and physical development	-	-	-
Capital outlay	-	-	214,753
Total expenditures	<u>6,134,450</u>	<u>7,293,386</u>	<u>507,429</u>
Revenues over (under) expenditures	<u>(630,711)</u>	<u>404,209</u>	<u>(6,100)</u>
Other Financing Sources (Uses):			
Transfers from (to):			
Transfers from General Fund	<u>805,553</u>	<u>235,083</u>	<u>-</u>
Net change in fund balances	<u>174,842</u>	<u>639,292</u>	<u>(6,100)</u>
Fund Balances:			
Beginning of year, July 1	(249,032)	(41,086)	88,861
Prior period adjustment	-	-	-
Beginning of year, as restated	<u>(249,032)</u>	<u>(41,086)</u>	<u>88,861</u>
End of year, June 30	<u>\$ (74,190)</u>	<u>\$ 598,206</u>	<u>\$ 82,761</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, 2021**

	CARES Act Grant Fund	Cooperative Extension Fund	Total
Revenues:			
Ad valorem taxes	\$ -	\$ -	\$ 13,201,334
Restricted intergovernmental	1,223,865	-	1,725,194
Program revenues	-	7,160	7,160
Total revenues	<u>1,223,865</u>	<u>7,160</u>	<u>14,933,688</u>
Expenditures:			
Public safety	2,493,405	-	16,213,917
Economic and physical development	-	2,871	2,871
Capital outlay	-	-	214,753
Total expenditures	<u>2,493,405</u>	<u>2,871</u>	<u>16,431,541</u>
Revenues over (under) expenditures	<u>(1,269,540)</u>	<u>4,289</u>	<u>(1,497,853)</u>
Other Financing Sources (Uses):			
Transfers from (to):			
Transfers from General Fund	-	-	1,040,636
Net change in fund balances	<u>(1,269,540)</u>	<u>4,289</u>	<u>(457,217)</u>
Fund Balances:			
Beginning of year, July 1	1,269,540	-	1,068,283
Prior period adjustment	-	7,866	7,866
Beginning of year, as restated	<u>1,269,540</u>	<u>7,866</u>	<u>1,076,149</u>
End of year, June 30	<u>\$ -</u>	<u>\$ 12,155</u>	<u>\$ 618,932</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 4,841,981	\$ 5,503,739	\$ 661,758
Expenditures:			
Public safety:			
Fire Districts:			
Pender Central	306,630	308,330	(1,700)
Maple Hill	243,249	284,676	(41,427)
Rocky Point	524,417	573,800	(49,383)
Shiloh	264,218	272,372	(8,154)
Penderlea	503,688	633,137	(129,449)
Atkinson	158,024	174,877	(16,853)
Northeast Pender	265,385	285,686	(20,301)
Scotts Hill	228,578	265,998	(37,420)
Long Creek	408,628	464,333	(55,705)
Hampstead	878,400	1,014,079	(135,679)
Sloop Point	1,604,782	1,845,066	(240,284)
Penderlea - Dublin Area	11,535	12,096	(561)
Total expenditures	<u>5,397,534</u>	<u>6,134,450</u>	<u>(736,916)</u>
Revenues over (under) expenditures	(555,553)	(630,711)	(75,158)
Other Financing Sources (Uses):			
Transfer from General Fund	<u>555,553</u>	<u>805,553</u>	<u>250,000</u>
Net change in fund balance	<u>\$ -</u>	174,842	<u>\$ 174,842</u>
Fund Balance:			
Beginning of year, July 1		<u>(249,032)</u>	
End of year, June 30		<u>\$ (74,190)</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes:			
Rescue district taxes:			
Pender County EMS taxes	\$ 6,934,684	\$ 7,697,595	\$ 762,911
Expenditures:			
Public safety:A18			
Pender volunteer EMS & rescue	<u>6,934,684</u>	<u>7,293,386</u>	<u>(358,702)</u>
Revenues over (under) expenditures	-	404,209	404,209
Other Financing Sources (Uses):			
Transfer from General Fund	<u>-</u>	<u>235,083</u>	<u>235,083</u>
Net change in fund balance	<u>\$ -</u>	<u>639,292</u>	<u>\$ 639,292</u>
Fund Balance:			
Beginning of year, July 1		<u>(41,086)</u>	
End of year, June 30		<u>\$ 598,206</u>	

PENDER COUNTY, NORTH CAROLINA

**911 EMERGENCY TELEPHONE SYSTEMS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 532,339	\$ 501,329	\$ (31,010)
Expenditures:			
Implemental functions	-	15,853	(15,853)
Travel	2,000	-	2,000
Training	6,000	2,550	3,450
Telephone	15,000	9,315	5,685
Supplies & materials	1,000	-	1,000
Contracted services	93,510	121,039	(27,529)
Telecommunication service	155,000	143,918	11,082
Other equipment	3,000	1	2,999
Capital outlay	256,829	214,753	42,076
Total expenditures	<u>532,339</u>	<u>507,429</u>	<u>24,910</u>
Net change in fund balance	<u>\$ -</u>	<u>(6,100)</u>	<u>\$ (6,100)</u>
Fund Balance:			
Beginning of year, July 1		<u>88,861</u>	
End of year, June 30		<u>\$ 82,761</u>	

PENDER COUNTY, NORTH CAROLINA

**CARES ACT GRANT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Budget	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
CARES Grant	\$ 2,499,872	\$ 1,276,007	\$ 1,223,865	\$ 2,499,872	\$ -
Expenditures:					
Current:					
Salaries and benefits	1,737,011	-	2,205,184	2,205,184	(468,173)
Due to municipalities	624,968	-	294,688	294,688	330,280
Supplies and materials	137,893	-	-	-	137,893
Contracted services	-	6,467	(6,467)	-	-
Total expenditures	<u>2,499,872</u>	<u>6,467</u>	<u>2,493,405</u>	<u>2,499,872</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,269,540</u>	(1,269,540)	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			<u>1,269,540</u>		
End of year, June 30			<u>\$ -</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Program revenue	\$ -	\$ 7,160	\$ 7,160
Expenditures:			
Current:			
Supplies and materials	-	2,871	(2,871)
Net change in fund balance	<u>\$ -</u>	4,289	<u>\$ 4,289</u>
Fund Balance:			
Beginning of year, July 1		-	
End of year, June 30		<u>\$ 12,155</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, 2021**

	Capital Improvements Fund	School Capital Projects Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ 448,935	\$ -	\$ 448,935
Restricted cash	18,483	823,217	841,700
Accounts receivable	327,498	-	327,498
Due from other governments	178,975	-	178,975
Total assets	<u>\$ 973,891</u>	<u>\$ 823,217</u>	<u>\$ 1,797,108</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 448,935	\$ -	\$ 448,935
Total liabilities	<u>448,935</u>	<u>-</u>	<u>448,935</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	506,473	-	506,473
School capital projects	-	823,217	823,217
Capital outlay and improvements	18,483	-	18,483
Total fund balances	<u>524,956</u>	<u>823,217</u>	<u>1,348,173</u>
Total liabilities and fund balances	<u>\$ 973,891</u>	<u>\$ 823,217</u>	<u>\$ 1,797,108</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, 2021**

	Capital Improvements Fund	School Capital Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Restricted intergovernmental	\$ 4,234,943	\$ -	\$ 4,234,943
Miscellaneous revenue	30,000	-	30,000
Interest revenue	-	167	167
Total revenues	<u>4,264,943</u>	<u>167</u>	<u>4,265,110</u>
Expenditures:			
General government	11,282	-	11,282
Public safety	2,908,644	-	2,908,644
Economic and physical development	5,908,804	-	5,908,804
Total expenditures	<u>8,828,730</u>	<u>-</u>	<u>8,828,730</u>
Revenues over (under) expenditures	<u>(4,563,787)</u>	<u>167</u>	<u>(4,563,620)</u>
Other Financing Sources (Uses):			
Insurance proceeds	95,221	-	95,221
Transfers from (to):			
General Fund	<u>(45,873)</u>	<u>-</u>	<u>(45,873)</u>
Total other financing sources (uses)	<u>49,348</u>	<u>-</u>	<u>49,348</u>
Net change in fund balances	(4,514,439)	167	(4,514,272)
Fund Balances:			
Beginning of year, June 30	<u>5,039,395</u>	<u>823,050</u>	<u>5,862,445</u>
End of year, July 1	<u>\$ 524,956</u>	<u>\$ 823,217</u>	<u>\$ 1,348,173</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, 2021**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Emergency Management Grant	\$ 6,305,870	\$ 3,235,180	\$ 20,400	\$ 3,255,580	\$ (3,050,290)
Coastal Management Grant	7,500	7,500	-	7,500	-
Golden Leaf Foundation Grant	454,800	284,748	300,000	584,748	129,948
NC EM DRA Grant	3,000,000	711,449	475,148	1,186,597	(1,813,403)
OSBM DRA Grant	500,000	500,000	-	500,000	-
State Acquisition Reloc Fund	2,078,526	970,728	631,855	1,602,583	(475,943)
Agricultural Building Generator	50,000	50,000	-	50,000	-
NC Soil & Water Conservation Grant	516,422	-	585	585	(515,837)
USDA EWP Program Grant	1,549,268	-	-	-	(1,549,268)
NCEM HMGP Grant	4,991,638	-	2,785,875	2,785,875	(2,205,763)
Duke Energy rebate	-	46,090	-	46,090	46,090
Donations	122,500	135,770	4,650	140,420	17,920
NC Wildlife Grant	10,000	10,000	-	10,000	-
NCDPS Safety Grant	34,623	-	16,430	16,430	(18,193)
Miscellaneous	-	-	30,000	30,000	30,000
Total revenues	19,621,147	5,951,465	4,264,943	10,216,408	(9,404,739)
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	1,520,423	118,746	-	118,746	1,401,677
Courthouse renovations	11,282	-	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	294,191	117,366	411,557	(60,597)
Public Safety Software	194,279	226,882	-	226,882	(32,603)
NC EM DRA Grant	3,000,000	159,959	458,517	618,476	2,381,524
OSBM DRA Grant	7,125,085	7,211,787	5,337,485	12,549,272	(5,424,187)
State Acquisition Reloc Fund	2,178,000	709	(5,149)	(4,440)	2,182,440
Golden Leaf	154,800	121,548	-	121,548	33,252
FEMA grants	11,297,508	5,157,482	2,892,214	8,049,696	3,247,812
NC Soil & Water Conservation Grant	1,995,981	-	585	585	1,995,396
NCDPS Safety Grant	34,623	-	16,430	16,430	18,193
Contract services	91,599	-	-	-	91,599
Total expenditures	30,287,908	15,109,267	8,828,730	23,926,715	6,361,193

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, 2021

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues under expenditures	(10,666,761)	(9,157,802)	(4,563,787)	(13,710,307)	(3,043,546)
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	30,000	95,221	125,221	(246,563)
Transfers to General Fund	(1,327,818)	-	(45,873)	(45,873)	1,281,945
Transfers from General Fund	8,926,513	13,228,710	-	13,228,710	4,302,197
Total other financing sources (uses)	<u>10,666,761</u>	<u>14,636,349</u>	<u>49,348</u>	<u>14,685,697</u>	<u>4,018,936</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 5,478,547</u>	(4,514,439)	<u>\$ 975,390</u>	<u>\$ 975,390</u>
Fund Balances:					
Beginning of year, June 30			<u>5,039,395</u>		
End of year, July 1			<u>\$ 524,956</u>		

PENDER COUNTY, NORTH CAROLINA

SCHOOL CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Unrestricted intergovernmental	\$ -	\$ 372,388	\$ -	\$ 372,388	\$ 372,388
Interest income	-	641,963	167	642,130	642,130
Total revenues	-	1,014,351	167	1,014,518	1,014,518
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)	(82,158,580)	167	(82,158,413)	1,153,532
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	\$ -	\$ 1,053,050	167	\$ 1,053,217	\$ 1,053,217
Fund Balance:					
Beginning of year, June 30			823,050		
End of year, July 1			\$ 823,217		

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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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Landfill fees	\$ 1,740,000	\$ 1,882,319	\$ 142,319
User fees	4,700,000	3,949,649	(750,351)
Recycling	6,000	197,362	191,362
Miscellaneous	-	36,442	36,442
Total operating revenues	<u>6,446,000</u>	<u>6,065,772</u>	<u>(380,228)</u>
Non-operating revenues:			
Solid waste disposal tax	26,000	52,993	26,993
White goods	24,000	-	(24,000)
Scrap tire	48,000	91,274	43,274
Reimbursement from schools	290,000	216,874	(73,126)
Total non-operating revenues	<u>388,000</u>	<u>361,141</u>	<u>(26,859)</u>
Total revenues	<u>6,834,000</u>	<u>6,426,913</u>	<u>(407,087)</u>
Expenditures:			
Operating expenditures:			
Salaries and employee benefits	443,965	435,258	8,707
Contracted services	181,000	121,239	59,761
Other operating expenditures	5,933,908	5,254,117	679,791
Principal	30,170	30,170	-
Interest	8,566	11,617	(3,051)
Capital outlay	235,500	-	235,500
Total expenditures	<u>6,833,109</u>	<u>5,852,401</u>	<u>980,708</u>
Revenues over (under) expenditures	891	574,512	575,403
Other Financing Sources (Uses):			
Transfers in (out):			
PCP Wastewater Treatment Plant Fund	<u>(891)</u>	<u>-</u>	<u>891</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 574,512</u>	<u>\$ 574,512</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, 2021**

	<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		\$ 574,512	
Change in deferred outflows - OPEB		(30,120)	
Change in total OPEB liability		(63,404)	
Change in deferred inflows - OPEB		(4,240)	
Change in deferred outflows - pension		12,413	
Change in net pension liability		(29,857)	
Change in deferred inflows - pension		2,922	
Pension expense		14,522	
Change in compensated absences		1,735	
Principal payments		30,170	
Change in accrued interest payable		3,052	
Depreciation		<u>(94,301)</u>	
 Change in net position, full accrual basis		 <u>\$ 417,404</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, 2021

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
School fees - sewer	\$ 26,000	\$ 7,789	\$ (18,211)
Commercial sewer fees	84,000	89,386	5,386
Water fees	5,400,000	5,971,246	571,246
Connections fees - water	250,000	646,616	396,616
Other fees	152,500	196,701	44,201
Investment income	15,000	1,925	(13,075)
Total revenues	<u>5,927,500</u>	<u>6,913,663</u>	<u>986,163</u>
Expenditures:			
Sewer operations:			
Salaries and employee benefits	16,483	14,727	1,756
Contracted services	93,000	99,557	(6,557)
Other operating expenditures	37,000	26,263	10,737
Total	<u>146,483</u>	<u>140,547</u>	<u>5,936</u>
Water operations:			
Salaries and employee benefits	871,822	873,172	(1,350)
Contracted services	489,000	286,345	202,655
Water purchases	2,100,000	2,136,135	(36,135)
Other operating expenditures	1,008,535	742,495	266,040
Capital outlay	176,444	75,047	101,397
Debt service payments:			
Principal	510,000	510,000	-
Interest	723,576	615,025	108,551
Total	<u>5,879,377</u>	<u>5,238,219</u>	<u>641,158</u>
Total expenditures	<u>6,025,860</u>	<u>5,378,766</u>	<u>647,094</u>
Revenues over (under) expenditures	<u>(98,360)</u>	<u>1,534,897</u>	<u>1,633,257</u>
Other Financing Sources (Uses)			
Transfers in (out):			
Scotts Hill CPF	(2,088,020)	(1,551,420)	536,600
PCP Wastewater Treatment Plant Fund	(1,984)	-	1,984
Limited obligation bonds issued	17,080,000	17,080,000	-
Discount on bonds issued	(15,342)	(15,342)	-
Payment to escrow agent	(17,135,359)	(17,135,359)	-
Bonds issuance costs	(213,367)	(167,874)	45,493
Appropriated fund balance	2,472,432	-	(2,472,432)
Total other financing sources (uses)	<u>98,360</u>	<u>(1,789,995)</u>	<u>(1,888,355)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (255,098)</u>	<u>\$ (255,098)</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, 2021**

	<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		\$ (255,098)	
Change in deferred outflows - OPEB		84,700	
Change in total OPEB liability		(101,997)	
Change in deferred inflows - OPEB		47,963	
Change in deferred outflows - pension		21,054	
Change in net pension liability		(50,639)	
Pension expense		29,585	
Principal payments		510,000	
Premium amortization		709,418	
Change in compensated absences		4,042	
Change in accrued interest payable		5,936	
Capital outlay		75,047	
Depreciation		<u>(697,433)</u>	
Change in net position, full accrual basis		<u>\$ 382,578</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, 2021

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Expenditures:					
Construction	\$ 30,000	\$ -	\$ 9,619	\$ 9,619	\$ 20,381
Revenues over (under) expenditures	(30,000)	-	(9,619)	(9,619)	20,381
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	\$ -	\$ 30,000	\$ (9,619)	\$ 20,381	\$ 20,381

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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Water fees	\$ 1,924,760	\$ 2,409,553	\$ 484,793
Investment income	2,000	25	(1,975)
Miscellaneous revenues	1,296,126	-	(1,296,126)
Total revenues	<u>3,222,886</u>	<u>2,409,578</u>	<u>(813,308)</u>
Expenditures:			
Salaries and employee benefits	326,347	331,612	(5,265)
Contract services	263,000	40,390	222,610
Water purchases	180,000	146,472	33,528
Operating expenditures	782,880	563,728	219,152
Capital outlay	20,000	67,500	(47,500)
Debt service payments:			
Principal	851,000	190,080	660,920
Interest	1,324,171	716,131	608,040
Total expenditures	<u>3,747,398</u>	<u>2,055,913</u>	<u>1,691,485</u>
Revenues over (under) expenditures	<u>(524,512)</u>	<u>353,665</u>	<u>878,177</u>
Other Financing Sources (Uses):			
Transfers in (out):			
PCP Wastewater Treatment Plant Fund	(740)	-	740
Waste Water Treatment and Sewer Fund	697,172	772,172	75,000
Limited obligation bonds issued	13,780,000	13,780,000	-
Premium on bonds issued	1,458,920	1,458,920	-
Payment to escrow agent	(15,238,920)	(15,238,920)	-
Bonds issuance costs	(171,920)	(171,920)	-
Total other financing sources (uses)	<u>524,512</u>	<u>600,252</u>	<u>75,740</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 953,917</u>	<u>\$ 953,917</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, 2021**

	<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		\$ 953,917	
Premium amortization		33,708	
Depreciation		(963,875)	
Principal payments		190,080	
Capital outlay		67,500	
Change in compensated absences		6,004	
Change in accrued interest payable		67,655	
Change in deferred outflows - OPEB		7,383	
Change in total OPEB liability		(49,620)	
Change in deferred inflows - OPEB		(3,319)	
Change in deferred outflows - pension		9,930	
Change in net pension liability		(23,883)	
Change in deferred inflows - pension		7	
Pension expense		13,946	
Change in net position, full accrual basis		<u>\$ 309,433</u>	

PENDER COUNTY, NORTH CAROLINA

WATER TREATMENT PLANT CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
EDA Grant	\$ 1,200,000	\$ -	\$ (1,200,000)
Expenditures:			
Contracted services - engineer	84,000	-	84,000
Capital outlay	1,491,000	-	1,491,000
Total expenditures	<u>1,575,000</u>	<u>-</u>	<u>1,575,000</u>
Revenues over (under) expenditures	<u>(375,000)</u>	<u>-</u>	<u>375,000</u>
Other Financing Sources (Uses):			
Transfer from Water Fund	375,000	-	(375,000)
Total other financing sources (uses)	<u>375,000</u>	<u>-</u>	<u>(375,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Water and sewer capacity fees	\$ 1,600,000	\$ 2,876,018	\$ 1,276,018
Water fees	-	5,669	5,669
Sewer fees	540,000	601,646	61,646
Investment income	-	25,122	25,122
Total revenues	<u>2,140,000</u>	<u>3,508,455</u>	<u>1,368,455</u>
Expenditures:			
Salaries and employee benefits	123,740	133,313	(9,573)
Contracted services	82,455	55,383	27,072
Operating expenditures	269,831	191,197	78,634
Debt service payments:			
Principal	790,663	790,663	-
Interest	639,545	651,347	(11,802)
Total expenditures	<u>1,906,234</u>	<u>1,821,903</u>	<u>84,331</u>
Revenues over (under) expenditures	<u>233,766</u>	<u>1,686,552</u>	<u>1,452,786</u>
Other Financing Sources (Uses):			
Appropriated fund balance	105,000	-	(105,000)
Reserves	(277,436)	-	277,436
Transfers in (out):			
Waste Water Treatment and Sewer Fund	(546,267)	-	546,267
Central Pender Water District Fund	(109,125)	(109,125)	-
Water and Water Treatment Plant Fund	(772,172)	(772,172)	-
Maple Hill Sewer Capital Project Fund	891	-	(891)
Rocky Point/Topsail Water and Sewer Fund	1,984	-	(1,984)
Waste Water Treatment and Sewer Fund	516,267	-	(516,267)
Water and Water Treatment Plant Fund	740	-	(740)
Moore's Creek Water District Distribution Fund	148	-	(148)
Central Pender Water & Sewer Fund	148	-	(148)
Maple Hill Operating Fund	194	-	(194)
Scotts Hill Water and Sewer District Operating Fund	74	-	(74)
General Fund	845,788	845,788	-
Total other financing sources (uses)	<u>(233,766)</u>	<u>(35,509)</u>	<u>198,257</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,651,043</u>	<u>\$ 1,651,043</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, 2021**

	<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		\$ 1,651,043	
Depreciation		(817,414)	
Premium amortization		76,476	
Long-term debt repayments		790,663	
Change in compensated absences		972	
Change in accrued interest payable		11,854	
Change in deferred outflows - OPEB		(4,790)	
Change in total OPEB liability		(22,054)	
Change in deferred inflows - OPEB		(1,475)	
Change in deferred outflows - pension		3,276	
Change in net pension liability		(7,881)	
Pension expense		<u>4,605</u>	
Change in net position, full accrual basis		<u>\$ 1,685,275</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, 2021

	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	\$ -	\$ 202,325	\$ -	\$ 3,591,503	\$ 65,603	\$ -	\$ 3,859,431
Accounts receivable, net	284,649	9,335	3,804	50,778	94,437	43,285	486,288
Due from other governments	-	-	659	-	-	-	659
Due from other funds	-	-	835	-	-	-	835
Restricted cash	131,600	30,009	13,308	2,063,400	12,800	1,800	2,252,917
Total current assets	416,249	241,669	18,606	5,705,681	172,840	45,085	6,600,130
Non-current assets:							
Capital assets:							
Land and construction in progress	393,529	-	-	2,286,477	-	22,700	2,702,706
Other capital assets, net of depreciation	3,889,315	-	967,675	2,300,730	8,360,797	10,954,483	26,473,000
Total capital assets	4,282,844	-	967,675	4,587,207	8,360,797	10,977,183	29,175,706
Total assets	4,699,093	241,669	986,281	10,292,888	8,533,637	11,022,268	35,775,836
Deferred Outflows of Resources:							
OPEB deferrals	12,120	21,210	-	9,090	-	-	42,420
Pension deferrals	15,198	20,363	-	5,182	-	-	40,743
Total deferred outflows of resources	27,318	41,573	-	14,272	-	-	83,163
Liabilities:							
Current liabilities:							
Accounts payable and accrued liabilities	13,606	9,913	12,635	321,413	1,729	1,729	361,025
Due to other funds	56,980	2,751	41,076	679,261	736	143,000	923,804
Accrued interest payable	1,119	-	23	64,692	7,570	8,670	82,074
Customer deposits payable - payable with restricted assets	6,600	-	2,700	3,400	12,800	1,800	27,300
Compensated absences liability - current	-	829	-	389	103	-	1,321
Current limited obligation bonds - payable with restricted assets	125,000	-	-	2,060,000	-	-	2,185,000
Installment notes payable - current	-	-	7,127	-	-	-	7,127
Federal revolving loan - current	6,576	-	-	-	-	-	6,576
Limited obligation bonds - current	5,000	-	-	80,000	-	-	85,000
General obligation bonds - current	-	-	-	-	104,000	118,000	222,000
Total current liabilities	214,881	13,493	63,561	3,209,155	126,938	273,199	3,901,227
Non-current liabilities:							
Compensated absences liability	-	7,465	-	3,497	933	-	11,895
Other post-employment benefit liability	47,799	83,648	-	35,849	-	-	167,296
Net pension liability	25,012	33,924	-	8,223	-	-	67,159
Installment notes payable	-	-	67,035	-	-	-	67,035
Federal revolving loan	124,952	-	-	-	-	-	124,952
Premium on bonds	-	-	-	263,578	14,536	17,902	296,016
Limited obligation bonds	115,000	-	-	3,790,000	-	-	3,905,000
General obligation bonds	-	-	-	-	4,876,000	5,586,000	10,462,000
Total non-current liabilities	312,763	125,037	67,035	4,101,147	4,891,469	5,603,902	15,101,353
Total liabilities	527,644	138,530	130,596	7,310,302	5,018,407	5,877,101	19,002,580
Deferred Inflows of Resources:							
Deferred gain on refunding	-	-	-	49,720	-	-	49,720
OPEB deferrals	9,521	16,661	-	7,140	-	-	33,322
Total deferred inflows of resources	9,521	16,661	-	56,860	-	-	83,042
Net Position:							
Net investment in capital assets	4,031,316	-	893,513	453,629	3,366,261	5,255,281	14,000,000
Restricted for HUD Section 8 housing	-	30,009	-	-	-	-	30,009
Unrestricted	157,930	98,042	(37,828)	2,486,369	148,969	(110,114)	2,743,368
Total net position	\$ 4,189,246	\$ 128,051	\$ 855,685	\$ 2,939,998	\$ 3,515,230	\$ 5,145,167	\$ 16,773,377

PENDER COUNTY, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021

	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	\$ 231,981	\$ -	\$ -	\$ 331,318	\$ 258,742	\$ 180,471	\$ 1,002,512
Dwelling rental	-	-	61,709	-	-	-	61,709
Other operating revenues	-	220,499	2,202	6,591	525	2,505	232,322
Total operating revenues	<u>231,981</u>	<u>220,499</u>	<u>63,911</u>	<u>337,909</u>	<u>259,267</u>	<u>182,976</u>	<u>1,296,543</u>
Operating Expenses:							
Salaries and benefits	68,716	190,924	12,261	38,256	44,113	43,077	397,347
Housing assistance payments	-	1,053,219	-	-	-	-	1,053,219
Operating expenses	38,886	155,477	14,920	7,177	4,566	4,991	226,017
Contracted services	(23,969)	14,331	13,156	-	100	119	3,737
Water purchases	56,015	-	-	90,000	32,761	1,999	180,775
Depreciation	140,283	-	41,023	77,752	233,646	567,844	1,060,548
Total operating expenses	<u>279,931</u>	<u>1,413,951</u>	<u>81,360</u>	<u>213,185</u>	<u>315,186</u>	<u>618,030</u>	<u>2,921,643</u>
Operating income (loss)	<u>(47,950)</u>	<u>(1,193,452)</u>	<u>(17,449)</u>	<u>124,724</u>	<u>(55,919)</u>	<u>(435,054)</u>	<u>(1,625,100)</u>
Non-Operating Revenues (Expenses):							
Interest income	157	8	31	13,779	-	-	13,975
Restricted intergovernmental	256,551	1,232,879	-	-	-	-	1,489,430
Miscellaneous revenues	4,880	-	-	228,798	-	-	233,678
Fraud recovery	-	5,252	-	-	-	-	5,252
Interest and other charges	3,955	-	-	(668,225)	(94,380)	(108,006)	(866,656)
Total non-operating revenues (expenses)	<u>265,543</u>	<u>1,238,139</u>	<u>31</u>	<u>(425,648)</u>	<u>(94,380)</u>	<u>(108,006)</u>	<u>875,679</u>
Income (loss) before transfers	<u>217,593</u>	<u>44,687</u>	<u>(17,418)</u>	<u>(300,924)</u>	<u>(150,299)</u>	<u>(543,060)</u>	<u>(749,421)</u>
Transfers in	-	-	-	1,551,420	-	109,125	1,660,545
Change in net position	<u>217,593</u>	<u>44,687</u>	<u>(17,418)</u>	<u>1,250,496</u>	<u>(150,299)</u>	<u>(433,935)</u>	<u>911,124</u>
Net Position:							
Beginning of year, July 1	3,971,653	83,364	873,103	1,689,502	3,427,480	5,152,132	15,197,234
Prior period adjustment	-	-	-	-	238,049	426,970	665,019
Beginning of year, as restated	<u>3,971,653</u>	<u>83,364</u>	<u>873,103</u>	<u>1,689,502</u>	<u>3,665,529</u>	<u>5,579,102</u>	<u>15,862,253</u>
End of year, June 30	<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>

PENDER COUNTY, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	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	\$ 235,863	\$ 216,920	\$ 60,807	\$ 335,976	\$ 293,716	\$ 184,335	\$ 1,327,617
Payments to customers and suppliers	(72,990)	(1,245,055)	(17,376)	223,182	(37,584)	(6,287)	(1,156,110)
Payments to employees	(66,092)	(143,664)	(12,169)	6,869	(43,077)	(43,077)	(301,210)
Net cash provided (used) by operating activities	<u>96,781</u>	<u>(1,171,799)</u>	<u>31,262</u>	<u>566,027</u>	<u>213,055</u>	<u>134,971</u>	<u>(129,703)</u>
Cash Flows From Capital and Related Financing Activities:							
Acquisition & construction of capital assets	(385,430)	-	(10,000)	(1,749,877)	-	-	(2,145,307)
Repayment of debt	(10,000)	-	(7,957)	(80,000)	(102,000)	(116,000)	(315,957)
Proceeds from bonds and loans issued	251,528	-	-	3,885,000	-	-	4,136,528
Bond premiums and discounts	(18,792)	-	-	106,646	-	-	87,854
Interest paid and issuance costs	7,342	-	-	(561,094)	(94,381)	(109,125)	(757,258)
Net cash provided (used) by capital and related financing activities	<u>(155,352)</u>	<u>-</u>	<u>(17,957)</u>	<u>1,600,675</u>	<u>(196,381)</u>	<u>(225,125)</u>	<u>1,005,860</u>
Cash Flows From Non-Capital Financing Activities:							
State and federal grants	6,555	1,232,879	-	-	-	-	1,239,434
Miscellaneous revenues	4,880	5,252	-	228,798	-	-	238,930
Advances to and from other funds	56,980	2,751	(2,028)	355	(172)	(18,171)	39,715
Transfers in (out)	-	-	-	1,551,420	-	109,125	1,660,545
Net cash provided (used) by non-capital financing activities	<u>68,415</u>	<u>1,240,882</u>	<u>(2,028)</u>	<u>1,780,573</u>	<u>(172)</u>	<u>90,954</u>	<u>3,178,624</u>
Cash Flows from Investing Activities:							
Interest income	<u>157</u>	<u>8</u>	<u>31</u>	<u>13,779</u>	<u>-</u>	<u>-</u>	<u>13,975</u>
Net decrease in cash and cash equivalents	10,001	69,091	11,308	3,961,054	16,502	800	4,068,756
Cash and Cash Equivalents:							
Beginning of year, July 1	<u>121,599</u>	<u>163,243</u>	<u>2,000</u>	<u>1,693,849</u>	<u>61,901</u>	<u>1,000</u>	<u>2,043,592</u>
End of year, June 30	<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>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating income (loss)	\$ (47,950)	\$ (1,193,452)	\$ (17,449)	\$ 124,724	\$ (55,919)	\$ (435,054)	\$ (1,625,100)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	140,283	-	41,023	77,752	233,646	567,844	1,060,548
Change in assets and liabilities:							
(Increase) decrease accounts receivable	3,082	(3,579)	(3,804)	(2,133)	33,249	559	27,374
Increase (decrease) accounts payable and accrued expenses	(2,296)	(43)	10,792	320,359	(157)	822	329,477
Increase (decrease) customer deposits payable	800	-	700	200	1,200	800	3,700
Increase (decrease) compensated absences	-	1,563	-	(389)	1,036	-	2,210
Increase (decrease) OPEB	11,027	19,297	-	8,270	-	-	38,594
(Increase) in deferred outflows of resources for OPEB	(9,156)	(1,257)	-	40,055	-	-	29,642
Increase (decrease) in deferred inflows of resources for OPEB	(2,239)	1,291	-	553	-	-	(395)
(Increase) in deferred outflows of resources for pensions	(2,299)	(3,118)	-	(5,182)	-	-	(10,599)
Increase (decrease) in net pension liability	<u>5,529</u>	<u>7,499</u>	<u>-</u>	<u>1,818</u>	<u>-</u>	<u>-</u>	<u>14,846</u>
Net cash provided (used) by operating activities	<u>\$ 96,781</u>	<u>\$ (1,171,799)</u>	<u>\$ 31,262</u>	<u>\$ 566,027</u>	<u>\$ 213,055</u>	<u>\$ 134,971</u>	<u>\$ (129,703)</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water fees	\$ 160,000	\$ 163,612	\$ 3,612
Sewer fees	65,000	60,886	(4,114)
Other fees	6,000	7,483	1,483
Investment income	-	157	157
Total operating revenues	<u>231,000</u>	<u>232,138</u>	<u>1,138</u>
Expenditures:			
Operating expenditures:			
Water:			
Salaries and employee benefits	37,873	43,603	(5,730)
Contract services	19,000	(32,590)	51,590
Water purchases	62,000	56,015	5,985
Operating expenditures	20,422	12,786	7,636
Debt service payments:			
Principal	10,000	10,000	-
Interest	5,913	11,055	(5,142)
Total water operating expenditures	<u>155,208</u>	<u>100,869</u>	<u>54,339</u>
Sewer:			
Salaries and employee benefits	23,803	25,481	(1,678)
Contract services	18,000	8,621	9,379
Operating expenditures	33,795	26,100	7,695
Total sewer operating expenditures	<u>75,598</u>	<u>60,202</u>	<u>15,396</u>
Revenues over (under) expenditures	<u>194</u>	<u>71,067</u>	<u>70,873</u>
Other Financing Sources (Uses):			
Transfers in (out):			
Water/Wastewater Capacity Fees Fund	(194)	-	194
Limited obligation bonds issued	120,000	120,000	-
Discount on bonds issued	(102)	(102)	-
Payment to escrow agent	(119,571)	(119,571)	-
Bonds issuance costs	(327)	(3,491)	(3,164)
Total other financing sources (uses)	<u>(194)</u>	<u>(3,164)</u>	<u>(2,970)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 67,903</u>	<u>\$ 67,903</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, 2021**

	<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		\$ 67,903	
Premium amortization		18,792	
Principal payments		10,000	
Capital Project Fund revenues		261,431	
Depreciation		(140,283)	
Change in accrued interest payable		(618)	
Change in deferred outflows - OPEB		9,156	
Change in total OPEB liability		(11,027)	
Change in deferred inflows - OPEB		2,239	
Change in deferred outflows - pension		2,299	
Change in net pension liability		(5,529)	
Pension expense		3,230	
Change in net position, full accrual basis		<u>\$ 217,593</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, 2021

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
State Reserve Project Grant	\$ 514,044	\$ -	\$ 256,551	\$ 256,551	\$ (257,493)
Miscellaneous revenues	-	-	4,880	4,880	4,880
Total revenues	<u>514,044</u>	<u>-</u>	<u>261,431</u>	<u>261,431</u>	<u>(252,613)</u>
Expenditures:					
Capital outlay	490,000	3,538	249,187	249,187	240,813
Contract services	<u>184,254</u>	<u>4,560</u>	<u>136,243</u>	<u>140,803</u>	<u>43,451</u>
Total expenditures	<u>674,254</u>	<u>8,098</u>	<u>385,430</u>	<u>389,990</u>	<u>284,264</u>
Revenues over (under) expenditures	<u>(160,210)</u>	<u>(8,098)</u>	<u>(123,999)</u>	<u>(128,559)</u>	<u>31,651</u>
Other Financing Sources (Uses):					
State Revolving Loan issued	-	-	131,528	131,528	131,528
Bond proceeds	171,348	-	-	-	(171,348)
Bond closing costs	<u>(11,138)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,138</u>
Total other financing sources (uses)	<u>160,210</u>	<u>-</u>	<u>131,528</u>	<u>131,528</u>	<u>(28,682)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (8,098)</u>	<u>\$ 7,529</u>	<u>\$ 2,969</u>	<u>\$ 2,969</u>

PENDER COUNTY, NORTH CAROLINA

**SECTION 8 ADMINISTRATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental - HUD	\$ 1,205,000	\$ 1,232,879	\$ 27,879
Miscellaneous revenues	193,906	220,499	26,593
Fraud recovery	8,000	5,252	(2,748)
Investment income	-	8	8
Total revenues	<u>1,406,906</u>	<u>1,458,638</u>	<u>51,732</u>
Expenditures:			
Salaries and benefits	172,552	170,031	2,521
Housing assistance payments	1,090,000	1,053,219	36,781
Contracted services	14,871	14,331	540
Operating expenditures	154,133	155,477	(1,344)
Total expenditures	<u>1,431,556</u>	<u>1,393,058</u>	<u>38,498</u>
Revenues over (under) expenditures	(24,650)	65,580	90,230
Other Financing Sources (Uses):			
Appropriated fund balance	<u>24,650</u>	<u>-</u>	<u>(24,650)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 65,580</u>	<u>\$ 65,580</u>
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 65,580	
Change in compensated absences		(1,563)	
Change in deferred outflows - OPEB		1,257	
Change in total OPEB liability		(19,297)	
Change in deferred inflows - OPEB		(1,291)	
Change in deferred outflows - pension		3,118	
Change in net pension liability		(7,499)	
Pension expense		<u>4,382</u>	
Change in net position, full accrual basis		<u>\$ 44,687</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Dwelling rentals	\$ 75,846	\$ 61,709	\$ (14,137)
Miscellaneous revenues	-	2,202	2,202
Interest income	-	31	31
Total revenues	<u>75,846</u>	<u>63,942</u>	<u>(11,904)</u>
Expenditures:			
Administration and tenant services	30,960	27,181	3,779
Contracted services	22,050	13,156	8,894
Capital outlay	15,000	10,000	5,000
FMHA debt service payments	7,836	7,957	(121)
Total expenditures	<u>75,846</u>	<u>58,294</u>	<u>17,552</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 5,648</u>	<u>\$ 5,648</u>
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues over (under) expenditures		\$ 5,648	
Capital outlay		10,000	
Depreciation		(41,023)	
Principal payments		7,957	
Change in net position, full accrual basis		<u>\$ (17,418)</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water fees	\$ 315,000	\$ 331,318	\$ 16,318
Interest income	-	13,779	13,779
Miscellaneous fees	3,800	6,591	2,791
Total revenues	<u>318,800</u>	<u>351,688</u>	<u>32,888</u>
Expenditures:			
Operating expenditures:			
Salaries and benefits	25,759	26,659	(900)
Operating expenditures	36,329	7,177	29,152
Contracted services	10,000	-	10,000
Water purchases	90,000	90,000	-
Debt service payments:			
Principal	65,000	80,000	(15,000)
Interest	81,200	711,851	(630,651)
Total expenditures	<u>308,288</u>	<u>915,687</u>	<u>(607,399)</u>
Revenues over (under) expenditures	<u>10,512</u>	<u>(563,999)</u>	<u>(574,511)</u>
Other Financing Sources (Uses):			
Transfers in (out):			
Wastewater Treatment and Sewer Fund	(74)	-	74
Debt issued	2,155,000	2,155,000	-
Discount on debt issued	(2,184)	(2,184)	-
Payment to escrow agent	(2,163,254)	(2,163,254)	-
Total other financing sources (uses)	<u>(10,512)</u>	<u>(10,438)</u>	<u>74</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (574,437)</u>	<u>\$ (574,437)</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, 2021**

	<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		\$ (574,437)	
Depreciation		(77,752)	
Capital Project Fund revenues		1,803,754	
Capital Project Fund expenditures not capitalized		(23,536)	
Premium amortization		111,284	
Principal payments		80,000	
Change in compensated absences		389	
Change in accrued interest payable		(57,220)	
Change in deferred outflows - OPEB		(3,164)	
Change in total OPEB liability		(8,270)	
Change in deferred inflows - OPEB		(552)	
Change in deferred outflows - pension		756	
Change in net pension liability		(1,818)	
Pension expense		<u>1,062</u>	
Change in net position, full accrual basis		<u>\$ 1,250,496</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, 2021

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Expenditures:					
Contract services	\$ 657,008	\$ 115,308	\$ 48,111	\$ 163,419	\$ 493,589
Construction	1,305,400	421,292	1,329,242	1,750,534	(445,134)
Contingency	75,000	-	-	-	75,000
Total expenditures	<u>2,037,408</u>	<u>536,600</u>	<u>1,377,353</u>	<u>1,913,953</u>	<u>123,455</u>
Revenues over (under) expenditures	(2,037,408)	(536,600)	(1,377,353)	(1,913,953)	123,455
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>\$ 964,208</u>	<u>\$ (1,377,353)</u>	<u>\$ (413,145)</u>	<u>\$ (413,145)</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, 2021

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Miscellaneous revenues	\$ -	\$ -	\$ 252,334	\$ 252,334	\$ 252,334
Expenditures:					
Contract services	1,120,000	-	372,524	372,524	747,476
Construction	8,796,276	-	-	-	8,796,276
Total expenditures	9,916,276	-	372,524	372,524	9,543,752
Revenues over (under) expenditures	(9,916,276)	-	(120,190)	(120,190)	9,796,086
Other Financing Sources (Uses):					
Transfer in (out):					
Rocky Point/Topsail Water & Sewer Fund	780,000	-	1,551,420	1,551,420	771,420
Rocky Point/Topsail Water & Sewer Fund	(780,000)	-	-	-	780,000
ASADRA loan proceeds	5,955,000	-	-	-	(5,955,000)
ASADRA principal forgiveness	1,985,000	-	-	-	(1,985,000)
Debt issued	1,730,000	-	1,730,000	1,730,000	-
Premium on debt issued	269,812	-	269,812	269,812	-
Bond issuance costs	(23,536)	-	(23,536)	(23,536)	-
Total other financing sources (uses)	9,916,276	-	3,527,696	3,527,696	(6,388,580)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ 3,407,506	\$ 3,407,506	\$ 3,407,506

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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water fees	\$ 310,000	\$ 258,742	\$ (51,258)
Miscellaneous	550	525	(25)
Total revenues	<u>310,550</u>	<u>259,267</u>	<u>(51,283)</u>
Expenditures:			
Operating expenditures:			
Salaries and benefits	45,067	43,077	1,990
Operating expenditures	12,786	4,566	8,220
Contracted services	22,500	100	22,400
Water purchases	32,761	32,761	-
Debt service payments:			
Principal	102,000	102,000	-
Interest	95,288	95,438	(150)
Total expenditures	<u>310,402</u>	<u>277,942</u>	<u>32,460</u>
Revenues over (under) expenditures	148	(18,675)	(18,823)
Other Financing Sources (Uses):			
Transfers in (out):			
Wastewater Treatment and Sewer Fund	(148)	-	(148)
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (18,675)</u>	<u>\$ (18,675)</u>
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (18,675)	
Bond principal		102,000	
Depreciation		(233,646)	
Change in compensated absences		(1,036)	
Change in accrued interest payable		150	
Bond premium		908	
Change in net position, full accrual basis		<u>\$ (150,299)</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Water fees	\$ 183,500	\$ 180,471	\$ (3,029)
Miscellaneous revenue	2,500	2,505	5
Total revenues	<u>186,000</u>	<u>182,976</u>	<u>(3,024)</u>
Expenditures:			
Salaries and benefits	45,071	43,077	1,994
Operating expenditures	10,282	4,991	5,291
Contracted services	12,500	119	12,381
Water purchases	1,999	1,999	-
Debt service payments:			
Principal	116,000	116,000	-
Interest	109,125	109,295	(170)
Total expenditures	<u>294,977</u>	<u>275,481</u>	<u>19,496</u>
Revenues over (under) expenditures	<u>(108,977)</u>	<u>(92,505)</u>	<u>16,472</u>
Other Financing Sources (Uses):			
Transfers in (out):			
Waste Water Treatment and Sewer Fund	109,125	109,125	-
Scotts Hill Water & Sewer Capital Project Fund	(148)	-	(148)
Total other financing sources (uses)	<u>108,977</u>	<u>109,125</u>	<u>(148)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 16,620</u>	<u>\$ 16,620</u>
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 16,620	
Bond principal		116,000	
Depreciation		(567,844)	
Change in accrued interest payable		170	
Bond premium		1,119	
Change in net position, full accrual basis		<u>\$ (433,935)</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, 2021**

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

PENDER COUNTY, NORTH CAROLINA

**SELF-INSURED INTERNAL SERVICE FUND
 EMPLOYEE HEALTH INSURANCE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ -
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, 2021**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ -
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, 2021

	<u>Municipal Tax Collections</u>	<u>Jail Inmate Fund</u>	<u>Total Custodial Funds</u>
Assets:			
Cash and cash equivalents	\$ 116,329	\$ 60,927	\$ 177,256
Receivables, net	<u>46,143</u>	<u>-</u>	<u>46,143</u>
Total assets	<u>162,472</u>	<u>60,927</u>	<u>223,399</u>
Liabilities:			
Accounts payable and accrued liabilities	<u>116,329</u>	<u>-</u>	<u>116,329</u>
Net Position:			
Restricted for:			
Individuals, organizations and other governments	<u>\$ 46,143</u>	<u>\$ 60,927</u>	<u>\$ 107,070</u>

PENDER COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Municipal Tax Collections	Jail Inmate Fund	Total Custodial Funds
Additions:			
Ad valorem taxes for other governments	\$ 1,334,221	\$ -	\$ 1,334,221
Collections on behalf of inmates	-	189,703	189,703
Total additions	<u>1,334,221</u>	<u>189,703</u>	<u>1,523,924</u>
Deductions:			
Tax distributions to other governments	1,335,991	-	1,335,991
Payments on behalf of inmates	-	162,734	162,734
Total deductions	<u>1,335,991</u>	<u>162,734</u>	<u>1,498,725</u>
Net increase (decrease) in fiduciary net position	(1,770)	26,969	25,199
Net Position:			
Net position - beginning, as previously reported	-	-	-
Prior period adjustment - change in accounting principle	<u>47,913</u>	<u>33,958</u>	<u>81,871</u>
Net Position - Ending	<u>\$ 46,143</u>	<u>\$ 60,927</u>	<u>\$ 107,070</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, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-21	\$ -	\$ 53,603,633	\$ 52,136,878	\$ 1,466,755
2019-20	1,876,861	-	1,169,079	707,782
2018-19	441,934	-	135,360	306,574
2017-18	182,076	-	49,191	132,885
2016-17	128,316	-	34,332	93,984
2015-16	79,604	-	17,006	62,598
2014-15	39,512	-	5,886	33,626
2013-14	72,646	-	4,854	67,792
2012-13	77,474	-	2,841	74,633
2011-12	73,272	-	809	72,463
2010-11	84,260	-	84,260	-
Total	<u>\$ 3,055,955</u>	<u>\$ 53,603,633</u>	<u>\$ 53,640,496</u>	<u>3,019,092</u>
Less allowance for uncollectible accounts:				
General Fund				<u>621,285</u>
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 2,397,807</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 53,908,293
Reconciling items:				
Interest and fees				(336,902)
Penalties				45,206
Miscellaneous				23,899
Total collections and credits				<u>\$ 53,640,496</u>

PENDER COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2021**

	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	\$ 7,910,654,197	\$ 0.645	\$ 51,023,720	\$ 51,023,720	\$ -
Vehicle taxes collected by DMV	<u>766,584,707</u>	0.645	<u>4,944,471</u>	<u>-</u>	<u>4,944,471</u>
Total	<u>8,677,238,904</u>		<u>55,968,191</u>	<u>51,023,720</u>	<u>4,944,471</u>
Discoveries:					
Current year taxes	<u>992,579</u>	0.645	<u>6,402</u>	<u>6,402</u>	<u>-</u>
Abatements:					
Current year taxes	<u>(367,590,698)</u>	0.645	<u>(2,370,960)</u>	<u>(2,370,960)</u>	<u>-</u>
Total property valuation	<u>\$ 8,310,640,785</u>				
Net Levy			53,603,633	48,659,162	4,944,471
Uncollected taxes at June 30, 2021			<u>1,466,755</u>	<u>1,466,755</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 52,136,878</u>	<u>\$ 47,192,407</u>	<u>\$ 4,944,471</u>
Current Levy Collection Percentage			<u>97.26%</u>	<u>96.99%</u>	<u>100.00%</u>

PENDER COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
SECONDARY MARKET DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2021**

Assessed Valuation:

Assessment ratio		<u>100%</u>
Real property	\$	7,545,526,353
Personal property		622,327,379
Public service companies		<u>142,787,053</u>
Total assessed valuation	\$	<u>8,310,640,785</u>
Tax rate per \$100	\$	<u>0.645</u>
Levy (includes discoveries, releases and abatements)	\$	<u>53,603,633</u>

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

Fire and rescue districts	\$	<u>13,204,334</u>
Total	\$	<u>13,204,334</u>

PENDER COUNTY, NORTH CAROLINA

**TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Taxpayers</u>	<u>Type of Business</u>	<u>2020 Assessed Valuation</u>	<u>% of Total Valuation</u>
Duke Energy Progress Inc	Utility	\$ 124,912,294	1.58%
Four County EMC	Utility	73,996,836	0.94%
Red Mountain Timber Co I LLC	Timber Production	41,541,546	0.53%
Filmwerkrs LLC	Film Industry	27,566,848	0.35%
Jones Onslow EMC	Utility	26,861,388	0.34%
Crooked Run Solar LLC	Manufacturing	21,603,427	0.27%
LL Building Products Inc	Retail	18,476,054	0.23%
RC Creation Holdings LLC	Manufacturing	10,517,214	0.13%
Spectrum Southeast LLC	Utility	10,093,988	0.13%
Wal Mart Real Estate Business Trust	Real Estate	8,990,564	0.11%
		<u>\$ 364,560,159</u>	<u>4.61%</u>

PENDER COUNTY, NORTH CAROLINA

**DISCRETELY PRESENTED COMPONENT UNIT
PENDER TOURISM DEVELOPMENT AUTHORITY
BALANCE SHEET
JUNE 30, 2021**

Assets:

Cash and cash equivalents	\$ 52,870
Accounts receivable	<u>5,423</u>
Total assets	<u>58,293</u>

Liabilities:

Accounts payable and accrued liabilities	<u>15,322</u>
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Fund Balance:

Restricted for:	
Stabilization by state statute	5,423
Tourism promotion	<u>37,548</u>
Total fund balance	<u>\$ 42,971</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Occupancy tax revenues	\$ 28,000	\$ 34,574	\$ 6,574
Expenditures:			
Promotions	<u>28,000</u>	<u>11,604</u>	<u>16,396</u>
Net change in fund balance	<u>\$ -</u>	22,970	<u>\$ 22,970</u>
Fund Balance:			
Beginning of year, July 1		<u>20,001</u>	
End of year, June 30		<u>\$ 42,971</u>	

PENDER COUNTY, NORTH CAROLINA

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
PUBLIC HOUSING PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2021

Line Item	Account Description	Housing Choice Vouchers 14.871	CARES Act Funding 14.HCV	Total
	Assets:			
	Current Assets Cash:			
111	Cash - unrestricted	\$ 67,685	\$ -	\$ 67,685
113	Cash - other restricted	23,148	6,861	30,009
100	Total cash	<u>90,833</u>	<u>6,861</u>	<u>97,694</u>
290	Total Assets and Deferred Outflows of Resources	<u>\$ 90,833</u>	<u>\$ 6,861</u>	<u>\$ 97,694</u>
	Liabilities and Equity:			
	Liabilities:			
300	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
	Equity:			
511.1	Restricted net position	23,148	6,861	30,009
512.1	Unrestricted net position	67,685	-	67,685
513	Total equity - net assets/position	<u>90,833</u>	<u>6,861</u>	<u>97,694</u>
600	Total liabilities, deferred inflows of resources and equity - net assets/position	<u>\$ 90,833</u>	<u>\$ 6,861</u>	<u>\$ 97,694</u>
	Revenues:			
70600	HUD PHA operating grants	\$ 1,076,729	\$ 29,376	\$ 1,106,105
70710	Management fee	126,774	-	126,774
71100	Investment income - unrestricted	8	-	8
71400	Fraud recovery	2,626	-	2,626
70000	Total revenues	<u>1,206,137</u>	<u>29,376</u>	<u>1,235,513</u>
	Expenses:			
	Administrative:			
91900	Other	125,755	-	125,755
91000	Total operating - administrative	<u>125,755</u>	<u>-</u>	<u>125,755</u>
	General Expenses:			
96200	Other general expenses	-	22,515	22,515
96000	Total other general expenses	<u>-</u>	<u>22,515</u>	<u>22,515</u>
96900	Total operating expenses	<u>125,755</u>	<u>22,515</u>	<u>148,270</u>
97000	Excess of operating revenues over expenditures	<u>1,080,382</u>	<u>6,861</u>	<u>1,087,243</u>
97300	Housing assistance payments	<u>1,053,219</u>	<u>-</u>	<u>1,053,219</u>
90000	Total expenses	<u>1,053,219</u>	<u>-</u>	<u>1,053,219</u>
10000	Excess (deficiency) of total revenue over (under) total expenses	27,163	6,861	34,024
	Memo Account Information:			
11030	Beginning equity	63,670	-	63,670
	Ending equity	<u>\$ 90,833</u>	<u>\$ 6,861</u>	<u>\$ 97,694</u>
11180	Housing assistance payments equity	<u>\$ 90,833</u>	<u>\$ 6,861</u>	<u>\$ 97,694</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, 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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 6, 2022. 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.

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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2021-001, 2021-002, and 2021-003 that we consider to be material weaknesses.

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*, which are described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2021-001 and 2021-003.

Pender County's Responses to Findings

Pender County's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. Pender County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result 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
June 6, 2022

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

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 federal programs for the year ended June 30, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Pender County complied, in all material respects, with the 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, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as Finding 2021-004. Our opinion on each major federal program is not modified with respect to this matter.

Pender County's response to the non-compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Pender County's response was not subjected to the auditing procedures applied in the audit of compliance and we express no opinion on the response.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2021-004 that we consider to be a significant deficiency.

Pender County's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. Pender County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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
June 6, 2022

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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

We have audited Pender County, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Pender County's major state programs for the year ended June 30, 2021. 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.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Pender County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Pender County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, Pender County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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
June 6, 2022

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

1. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? Yes

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>Program Name</u>	<u>AL#</u>
Medicaid Cluster	93.778
Housing Voucher Cluster	14.871
COVID-19 – Coronavirus Relief Fund	21.019
Hazard Mitigation Grant	97.039
Low income Home Energy Assistance	93.568
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036

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

Auditee qualified as low-risk auditee? No

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

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

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

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

Identification of major state programs:

Program Name

Medicaid Cluster
Disaster Grants – Public Assistance (Presidentially Declared Disasters)

PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

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

2021-001

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 year audit report submission caused delays in completing fiscal year 2021-year end closeout procedures.

Identification of a Repeat Finding: This is a repeat of finding 2020-002 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, 2021

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

Finding 2021-002

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. In prior year financial statements, capital assets included in asset tracking were excluded from the audit report in the Moore's Creek Water and Sewer District Fund and the Central Pender Water and Sewer District Fund. Beginning balances being restated by \$238,049 and \$426,970, respectively. Furthermore, the County's central depository bank account was not reconciled to fund ledgers. Cash in the central depository fund did not agree to the other individual funds' ledgers.

Effect: For the statements affected, the prior year financial statements were misstated. 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. There is also inadequate review of capital assets to ensure completeness of the audit report.

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. Management should put procedures in place to reconcile from the central depository fund ledger to the other individual funds' ledgers if not reconciling directly to those fund ledgers. Additional detailed review of capital asset and depreciation reports included in the audit report should be implemented to prevent prior period 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, 2021

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

2021-003

Material Weakness Non-Compliance

Criteria: Per N.C. General Statute 159-13 (16), appropriated fund balance in a 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 year. 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, 2021, appropriated fund balance in the Public School Special Revenue Fund exceeded the fund balance legally available for appropriation. For fiscal year ended June 30, 2021, actual expenditures exceeded the authorized appropriations made by the governing board for the following funds: General Fund, Fire Service District Fund, Rescue District Fund, and Scotts Hill Water & Sewer District Operating Fund.

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

Cause: Lack of budget monitoring by management. The County appropriated more fund balance than they had at the beginning of the fiscal year. 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 2020-001 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, 2021

3. Federal Award Findings and Questioned Costs

U.S. Department of Treasury

Passed-through the Office of State Budget and Management
N.C. Pandemic Recovery Office (NCPRO)
Program Name: COVID-19 – Coronavirus Relief Fund
CFDA # 21.019
Grant Number: 02-69

Finding: 2021-004

Significant Deficiency

Non-material, Non-compliance – Reporting

Criteria: In accordance with the federal Single Audit Act and guidelines for the Coronavirus Relief Fund, management should have an adequate system of internal control procedures in place to ensure that any required reporting under the program is completed timely and accurately.

Condition: During our testing, we noted that the monthly performance reports and the final closeout reporting were not submitted in a timely manner as required by the program. In addition, reports were not maintained on file to provide proper documentation.

Context: During testing of the program, we noted the above condition.

Effect: Reports were not maintained on file and submitted to NCPRO in a timely manner.

Cause: Lack of controls and review over the reporting requirements process. Reports were submitted to the NCPRO; however, they were not submitted timely.

Questioned Costs: None.

Recommendation: Implement stronger controls over the reporting requirements. Submit reports timely and maintain proper documentation of required reports.

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.

4. State Award Findings and Questioned Costs

None reported.

Board of Commissioners
David A. Piepmeyer, Chairman
J. David Williams, Jr., Vice Chairman
Jaqueline A. (Jackie) Newton
Archibald "Fred" McCoy
George R. Brown



County Manager
Chad McEwen

County Attorney
Carl W. "Trey" Thurman, III

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2021

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

Proposed Completion Date: June 30, 2022

Finding: 2021-001

The main cause of the delay in fiscal year 2021 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 2020 audit submission.

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 has been able to hire a new Internal Audit Compliance Officer position with significant experience who has been tasked with extensive monthly reconciliation procedures.

Finding: 2021-002

County cash is reconciled to the central depository each month without exception. The County's accounting software automatically makes adjustments to fund cash through system generated due to/due from entries to ensure that fund cash is maintained in agreement with central depository reconciled cash. This particular situation was caused by manual journal entries posted to close project funds in fiscal year 2016 and 2018. The County has implemented additional steps in the monthly reconciliation process to ensure that fund cash agrees to central depository cash and no manual adjustments have been made without reconciliation.

County capital asset records and general ledger tracking properly reflected these asset additions, however they were not appropriately reflected in the former auditor drafted financial statements and due to significant prior year delays and draft revisions, the exclusion in the audit report draft was not identified in that prior year during County review of audit report. Finance Management has developed a meticulous draft review process that will be strictly adhered to regardless of timing in the future. This involves thorough review of financial statement grouping reports as compared to County general ledger as well as a technical review of detailed notes and schedules.



Finding: 2021-003

Pender County has established budget monitoring procedures and will continue to keep this as a top priority. The EMS & Fire 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 great than this amount budgeted as there are prior years collections included. 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. Additionally, any appropriations of fund balance included in the original budget are highly scrutinized and this situation will be prevented in the future. No appropriations of fund balance were made in the follow years' original budget ordinances.

Finding: 2021-004

The North Carolina Pandemic Recovery Office has indicated that Pender County has submitted all Coronavirus Relief Funds documentation to satisfy their requirements. There were monthly and final reporting requirements, and those submissions were made accordingly but not timely due to frequency and coordination with Town's as subrecipients.

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Finding: 2020-001
Status: Modified and Repeated as 2021-003

Finding: 2020-002
Status: Modified and repeated as 2021-001

Finding 2020-003
Status: Corrected

Finding 2020-004
Status: Corrected

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PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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	10.561	071-417	\$ 440,290	\$ -	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Food Stamp Fraud Admin.	10.561	071-405	55,838	-	-
Supplemental Nutrition Assistance Program Cluster			496,128	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Administration:					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	13A25403GA 13A25403GB	303,372	-	-
Passed-through the N.C. Dept. of Natural Resources Conservation Service:					
Emergency Watershed Protection Program – Disaster Relief Appropriations Act	10.927	19-091-4002	585	-	-
Total U.S. Dept. of Agriculture			800,085	-	-
<u>U.S. Dept. of Justice</u>					
Direct Program:					
Edward Byrne Memorial Justice Assistance Grant Program – Bulletproof Vest	16.738		15,587	-	-
Total U.S. Dept. of Justice			15,587	-	-
<u>U.S. Elections Assistance Commission</u>					
Passed-through the N.C. State Board of Elections:					
2018 HAVA Election Security Grants	90.404	NC20101001-71	3,420	-	-
Total U.S. Elections Assistance Commission			3,420	-	-
<u>U.S. Dept. of Treasury</u>					
Passed-through the Office of State Budget and Management:					
N.C. Pandemic Recovery Office					
Passed-through the N.C. Office of State Budget and Management:					
COVID-19 – Coronavirus Relief Fund	21.019	02-69	2,499,872	-	624,968
Passed-through the N.C. State Board of Elections:					
COVID-19 – Coronavirus Relief Fund	21.019	03-25-71	69,096	-	-
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health					
COVID-19 – Coronavirus Relief Fund	21.019	11754026HN	87,846	-	-
Total U.S. Dept. of Treasury			2,656,814	-	624,968
<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	40,159	-	-
Total Highway Safety Cluster			40,159	-	-
Total U.S. Dept. of Transportation			40,159	-	-
<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 – Access	93.044	HCCBG-PAS	36,831	2,167	38,998
Special Programs for the Aging, Title III, Part C, Nutrition Services – Congregate Meals	93.045	HCCBG-PAS	78,382	4,615	82,997
Special Programs for the Aging, Title III, Part C, Nutrition Services – Home Delivered Services	93.045	HCCBG-PAS	117,717	6,930	124,647
Special Programs for the Aging, Title III, Part C, Nutrition Services – Families First Meals	93.045	HCCBG-PAS	54,328	-	54,328
COVID-19 - CARES - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	HCCBG-PAS	134,966	-	134,966
Nutrition Services Incentive Program – NISP Congregate USDA	93.053	HCCBG-PAS	19,228	-	19,228
In Home Support Services		NC-16	-	278,000	278,000
Senior Center General Purpose		NC-16	-	21,030	21,030
FAN		NC-16	-	912	912
Total Aging Cluster			441,452	313,654	755,106

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed- Through to Subrecipients</u>
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services - EBHP	93.043	HCCBG-PAS	5,741	338	6,079
National Family Caregiver Support, Title III, Part E	93.052	HCCBG-PAS	46,873	3,125	49,998
COVID-19 - CARES - National Family Caregiver Support, Title III, Part E	93.052	HCCBG-PAS	30,000	-	30,000
Total Division of Aging and Adult Services			<u>524,066</u>	<u>317,117</u>	<u>841,183</u>
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 Cooperative Agreements	93.268	1331639BP7	249,084	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	1320310DD7	4,875	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311462BNB	100	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175878AHH	246,369	-	-
Family Planning Services	93.217	13A1592CFP	42,259	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	14602720NF	24,712	-	-
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	12642680CP	8,592	-	-
Preventive Health and Health Services Block Grant – Statewide Health Promotion	93.991	12615503PH	30,607	-	-
Maternal and Child Health Federal Consolidated Programs	93.110	13A1588AMZ	6,399	-	-
Public Health Emergency Preparedness	93.069	12641680EQ	36,466	-	-
Total Division of Public Health			<u>695,793</u>	<u>10,025</u>	<u>-</u>
Division of Social Services:					
Administration:					
John H. Chafee Foster Care Program for Successful Transition to Adulthood – Links	93.674	071-290	16,438	4,109	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	071-290	18,006	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood – Independent Living Transitional - Direct Benefits	93.674	071-430	4,298	-	-
Child Support Enforcement – IV-D Administration	93.563	071-430	162,069	-	-
Child Support Enforcement – IV-D Offset Fees ESC	93.563	071-430	6	-	-
Child Support Enforcement – IV-D Offset Fees Federal	93.563	071-430	3,895	346	-
Low-Income Home Energy Assistance:					
Administration	93.568	071-406	35,200	-	-
Energy Assistance Payments	93.568	071-406	295,229	-	-
Crisis Intervention Program	93.568	071-372	167,521	-	-
COVID-19 - LIEAP COV19	93.568	071-372	126,313	-	-
COVID-19 - LIEAP COV 19 Admin	93.568	071-372	202	-	-
Total Low-Income Home Energy Assistance			<u>624,465</u>	<u>-</u>	<u>-</u>
Temporary Assistance for Needy Families:					
Temporary Assistance for Needy Families - Admin	93.558	071-039	66,668	-	-
Temporary Assistance for Needy Families - Services	93.558	071-059	349,498	-	-
Total TANF			<u>416,166</u>	<u>-</u>	<u>-</u>
<u>Special Children Adoption Fund Cluster (Note 4):</u>					
MaryLee Allen Promoting Safe and Stable Families Program – Family Preservation	93.556	071-464	2,302	-	-
Stephanie Tubbs Jones Child Welfare Services Program – Permanency Planning	93.645	071-328	16,047	-	-
Total Special Children Adoption Fund Cluster			<u>18,349</u>	<u>-</u>	<u>-</u>
<u>Refugee and Entrant Assistance Cluster (Note 4):</u>					
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	071-406	434	-	-
Total Refugee and Entrant Assistance Cluster			<u>434</u>	<u>-</u>	<u>-</u>
Administration for Children and Families					
<u>Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4):</u>					
Foster Care - IV-E Admin Foster Care	93.658	071-302	33	-	-
Foster Care - IV-E Foster Care	93.658	071-406	12,353	16,840	-
Foster Care - IV-E Foster Care/Off TRN	93.658	071-274	65,843	-	-
Foster Care - IV-E CPS	93.658	071-274	31,857	14,902	-
Adoption Assistance - IV-E Adoption	93.659	071-302	39,844	-	-
Adoption Assistance - IV-E Adoption/Off TRN	93.659	071-304	6,542	-	-
Direct Benefits:					
Foster Care - IV-E	93.658	071-431	90,599	20,120	-
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4)			<u>247,071</u>	<u>51,862</u>	<u>-</u>

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

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 Aging and Adult Services:					
Division of Social Services:					
Social Service Block Grant - State In Home Services	93.667	071-169	140	-	-
Social Service Block Grant - Other Services and Training	93.667	071-010	112,159	-	-
Total Social Service Block Grant			112,299	-	-
Division of Child Development:					
<u>Subsidized Child Care Program Cluster (Note 4):</u>					
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund – Administration	93.596	071-364	83,159	-	-
Total Subsidized Child Care Program Cluster / Child Care Development Fund Cluster			83,159	-	-
Division of Social Services:					
Administration:					
<u>Medicaid Cluster:</u>					
Medical Assistance Program	93.778	071-420	1,519,020	-	-
Medical Assistance Program - Medical Transportation Services Admin	93.778	071-375	130,879	-	-
Medical Assistance Program - Adult Care Home Case Management	93.778	071-128	11,632	5,387	-
Medical Assistance Program - MAC	93.778	071-480	30,825	-	-
Medical Assistance Program - State County Special Assistance	93.778	071-434	56,379	-	-
Total Medicaid Cluster			1,748,735	5,387	-
Division of Social Services:					
Administration:					
Children's Health Insurance Program - N.C. Health Choice	93.767	071-440	50,644	-	-
Total Children's Health Insurance Program - N.C. Health Choice			50,644	-	-
Division of Health Resources and Services Administration:					
COVID-19 - CARES Act Provider Relief Fund	93.498	566000329	1,133	-	-
Total U.S. Dept. of Health and Human Services			4,727,026	388,846	841,183
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Public Safety:					
Division of Emergency Management					
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	4393DR-NC - 141-99141-00	7,237,014	2,156,137	1,803,757
Emergency Management Performance Grants	97.042	EMPG2021 - 8273	39,378	-	-
Emergency Management Performance Grants - NC Emergency Management Grant	97.042	EMPG2020 - 8273	20,400	-	-
Hazard Mitigation Grant - Hurricane Matthew	97.039	4285DR-NC - 141-99141-00	114,058	-	-
Hazard Mitigation Grant - Hurricane Florence Expedited	97.039	4393-0001-R-2D530078	2,772,410	-	-
Total U.S. Dept. of Homeland Security			10,183,260	2,156,137	1,803,757
<u>U.S. Dept. of Housing and Urban Development</u>					
Direct Program					
<u>Housing Voucher Cluster:</u>					
Lower Income Housing Assistance Program -					
Section 8 Housing Choice Vouchers	14.871		1,053,219	-	-
Section 8 Housing Choice Vouchers - Admin Fees	14.871		126,774	-	-
COVID-19 - Section 8 Housing Choice Vouchers - Admin Fees	14.871		22,515	-	-
Total Housing Voucher Cluster			1,202,508	-	-
Total U.S. Dept. of Housing and Urban Development			1,202,508	-	-
<u>U.S. Environmental Protection Agency</u>					
Passed-through N.C. Dept. of Environmental Quality:					
Division of Water Infrastructure					
<u>Drinking Water State Revolving Fund Cluster:</u>					
Capitalization Grants for Drinking Water State Revolving Funds	66.468	H-SRP-D-17-0136	131,528	-	-
Total Drinking Water State Revolving Fund Cluster			131,528	-	-
Total U.S. Environmental Protection Agency			131,528	-	-
Total Federal Awards			19,760,387	2,544,983	3,269,908
State Awards:					
<u>N.C. Dept. of Administration</u>					
Veterans Service					
Total N.C. Dept. of Administration			-	2,084	-

PENDER COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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
<u>N.C. Dept. of Cultural and Natural Resources</u>					
Division of State Library					
State Aid to Public Libraries			-	107,708	-
LSTA Covid 19 Grant			-	750	-
Total N.C. Dept. of Cultural and Natural Resources			-	108,458	-
<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	-	258,971	-
Total N.C. Dept. of Environmental Quality			-	258,971	-
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services					
Energy Assistance Private		071-373	-	3,540	-
APS/CPS CARE COVID 19		071-515	-	56,414	-
St Child Welfare/CPS/CS		071-115	-	30,517	-
Extended Foster Care Maximization Non IV-E - Direct Benefits			-	60,128	-
Extended Foster Care > 20 Stipend - Direct Benefits			-	5,800	-
Foster Care At Risk Maximization - Direct Benefits			-	1,868	-
Foster Care Stipend - Direct Benefits			-	12,900	-
SFHF Maximization - Direct Benefits			-	3,684	-
State Foster Home - Direct Benefits			-	19,065	-
Total Division of Social Services			-	193,916	-
Division of Public Health					
Aid-To-Counties		116141100	-	77,111	-
Child Health		127157450	-	15,185	-
Mosquito and Tick Suppression		117548010	-	4,000	-
Maternal Health		13A157400	-	21,878	-
Family Planning State		13A157350	-	13,743	-
Women's Health Service Fund		13A16021FR	-	7,756	-
Food and Lodging Fees		11534752SZ	-	13,141	-
School Health Center		133253570	-	88,880	-
School Nurse Funding Initiative		133253580	-	150,000	-
General Communicable Disease Control		117545100	-	9,999	-
Healthy Communities		126155030	-	3,747	-
HIV STD State		13114536BN	-	500	-
STD Drugs		13114601BN	-	1,206	-
Tuberculosis Control		146045510	-	6,493	-
Breast and Cervical Cancer Control Program		132055990	-	5,525	-
Total Division of Public Health			-	419,164	-
Total N. C. Department of Health and Human Services			-	613,080	-
<u>N.C. Dept. of Public Safety</u>					
Disaster Recovery Act - Hurricane Matthew		2016-124	-	75,645	-
Disaster Recovery Act - Hurricane Florence		2019-224	-	382,872	-
Juvenile Crime Prevention Councils:					
Teen Court - Community Service			-	78,598	-
Anger Management Counseling Services			-	7,880	-
Task Force Admin			-	6,700	-
Youth Leadership Development			-	27,286	-
Office of Juvenile Justice Youth Services			-	61,919	-
2019 School Safety Grant			-	16,430	-
Passed-through Governor's Crime Commission					
Coronavirus Emergency Supplemental Fund Grant - Jail Protective Equipment		PROJ014508	-	27,716	-
Total N.C. Dept. of Public Safety			-	685,046	-
<u>N.C. 911 Board</u>					
PSAP Funds - Computer Aided Dispatch Upgrade & Replacement		G2019-02	-	367,850	-
Total N.C. 911 Board			-	367,850	-
Total State Awards			-	2,035,489	-
Total Federal and State Awards			\$ 19,760,387	\$ 4,580,472	\$ 3,269,908

PENDER COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

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
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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, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of Pender County, it is not intended to and does not present the financial position, changes in net position or cash flows of Pender County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

Pender County's indirect costs are determined by a state-approved plan contracted annually with DMG Maximus, Inc. and therefore has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Foster Care, Adoption, and Guardianship Assistance Program Cluster, Subsidized Child Care Program Cluster, Refugee and Entrant Assistance Cluster, and Special Children Adoption Fund Cluster

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