

**HOKE COUNTY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

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

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

**HOKE COUNTY
RAEFORD, NORTH CAROLINA**

Principal Officials

June 30, 2014

Board of County Commissioners

James Leach - Chairman

Ellen McNeill - Vice Chairman

Jean Powell

Robert Wright

Tony Hunt

County Officials

Tim Johnson

County Manager

Grady L. Hunt

County Attorney

Linda Revels

Clerk to the Board

Barry Mayo

Finance Director

HOKE COUNTY, NORTH CAROLINA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Hoke County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hoke County, North Carolina, as of and for the year ended June 30, 2014, 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 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 of material misstatement. The financial statements of the Hoke County ABC Board 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, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Hoke County, North Carolina, as of June 30, 2014, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, and the Other Post-employment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions, be presented to supplement the basic financial statements. Such information, although not a required 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, economical, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Hoke County, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014 on our consideration of Hoke County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hoke County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 11, 2014

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Management's Discussion and Analysis

As management of Hoke County, we offer readers of Hoke County's financial statements this narrative overview and analysis of the financial activities of Hoke County for the fiscal year ended June 30, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

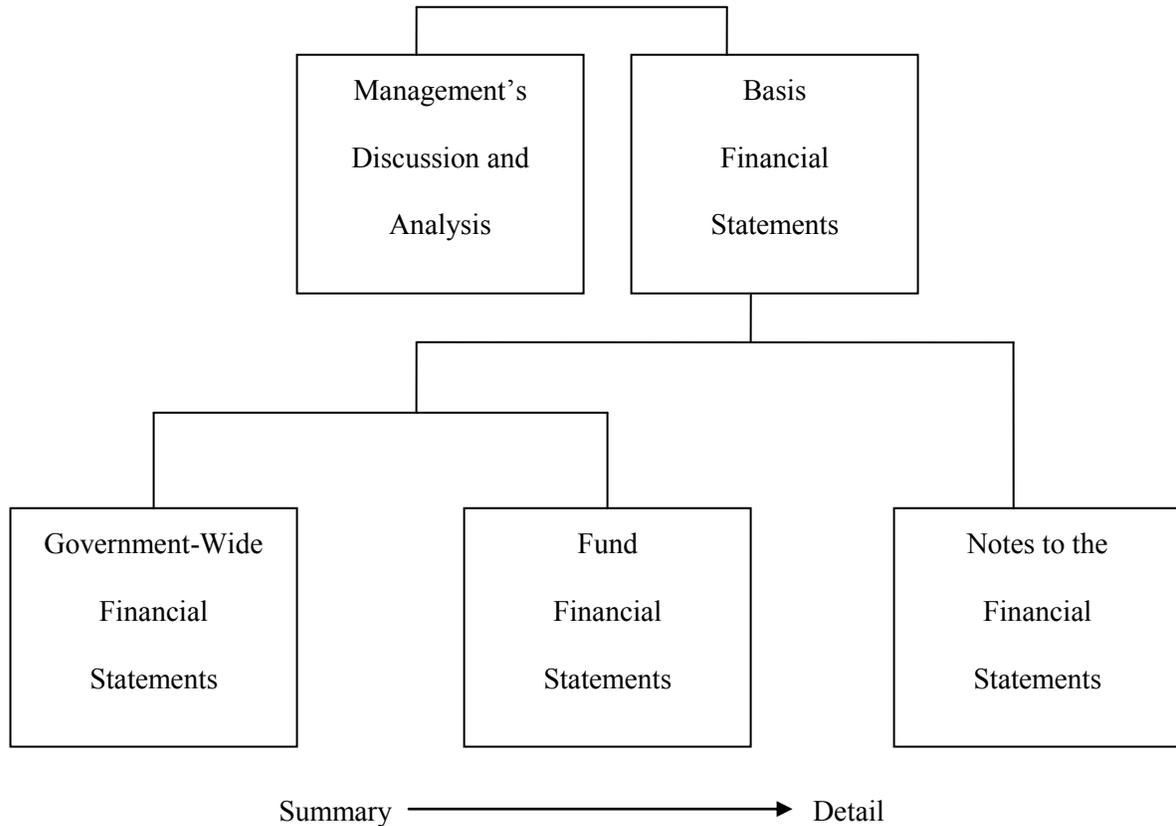
Financial Highlights

- The assets of Hoke County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$32,207,318 (net position).
- The County's total net position increased by \$2,380,212, primarily due to increased net position in the business-type activities.
- As of the close of the current fiscal year, Hoke County's governmental funds reported combined ending fund balances of \$8,925,244, after a net decrease in fund balance of \$674,267. Approximately 40.6% of this total amount, or \$3,624,000, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,158,357, or 8.1%, of total General Fund expenditures for the fiscal year. Total fund balance of the General Fund, \$6,915,753, was 17.8% of total General Fund expenditures for the year.
- Hoke County's total debt increased by \$9,032,138. The County issued water and sewer system revenue bond anticipation notes in the amount of \$12,001,000.
- Hoke County maintains an A rating from Standard and Poor's Corporation and an A1 rating from Moody's Investor Service.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Hoke 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 Hoke County.

Required Components of Annual Financial Report



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 J) 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 to the Financial Statements**. The notes explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the County's nonmajor governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

Government-Wide Financial Statements

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

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and 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 Federal and State 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, landfill, and area transit services offered by Hoke County. The final category is the component unit. Hoke County ABC Board is legally separate from the County; however, the County is financially accountable for the Board by appointing its members. Also, the ABC Board is required to distribute its profit to the County. The government-wide financial statements include not only the County itself (primary government) but also the ABC Board.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Hoke 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 Hoke 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* 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 governmental 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.

Hoke County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds. Hoke 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. Hoke County uses enterprise funds to account for its water and sewer activity, landfill operations, and the area transit system. 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. Hoke County has five fiduciary funds, all of which are agency funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 25 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Hoke County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 66 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of Hoke County exceeded its liabilities and deferred inflows of resources by \$32,207,318 as of June 30, 2014. The County's net position increased by \$2,380,212 in the fiscal year ended June 30, 2014. One of the largest portions of net position, \$48,901,242, reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Hoke County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Hoke County's net 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.

Hoke County's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other assets	\$ 13,971,647	\$ 15,390,385	\$ 20,514,527	\$ 10,317,066	\$ 34,486,174	\$ 25,707,451
Capital assets, net of depreciation	23,329,324	23,692,654	54,604,939	50,262,803	77,934,263	73,955,457
Total assets	<u>37,300,971</u>	<u>39,083,039</u>	<u>75,119,466</u>	<u>60,579,869</u>	<u>112,420,437</u>	<u>99,662,908</u>
Liabilities:						
Long-term liabilities outstanding	45,269,079	47,345,920	26,770,087	15,236,652	72,039,166	62,582,572
Other liabilities	5,206,103	4,809,123	2,894,238	2,345,059	8,100,341	7,154,182
Total liabilities	<u>50,475,182</u>	<u>52,155,043</u>	<u>29,664,325</u>	<u>17,581,711</u>	<u>80,139,507</u>	<u>69,736,754</u>
Deferred Inflows of Resources:						
Prepaid taxes	73,612	99,048	-	-	73,612	99,048
Net Position:						
Net investment in capital assets	9,038,877	8,548,149	39,862,365	35,367,867	48,901,242	43,916,016
Restricted	3,569,363	7,263,815	-	-	3,569,363	7,263,815
Unrestricted	(25,856,063)	(28,983,016)	5,592,776	7,630,291	(20,263,287)	(21,352,725)
Total net position	<u>\$ (13,247,823)</u>	<u>\$ (13,171,052)</u>	<u>\$ 45,455,141</u>	<u>\$ 42,998,158</u>	<u>\$ 32,207,318</u>	<u>\$ 29,827,106</u>

Hoke County's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,771,900	\$ 3,296,786	\$ 9,025,269	\$ 8,722,533	\$ 11,797,169	\$ 12,019,319
Operating grants	7,975,102	7,591,812	-	-	7,975,102	7,591,812
Capital grants	157,689	715,060	915,976	14,710,423	1,073,665	15,425,483
General revenues:						
Property taxes	23,632,201	22,316,967	-	-	23,632,201	22,316,967
Other taxes	5,553,854	5,671,154	-	-	5,553,854	5,671,154
Unrestricted:						
Intergovernmental	208,542	190,778	-	-	208,542	190,778
Miscellaneous	-	70,844	-	-	-	70,844
Investment income	16,842	24,017	39,804	35,955	56,646	59,972
Total revenues	<u>40,316,130</u>	<u>39,877,418</u>	<u>9,981,049</u>	<u>23,468,911</u>	<u>50,297,179</u>	<u>63,346,329</u>
Expenses:						
General government	5,427,075	5,739,285	-	-	5,427,075	5,739,285
Public safety	12,863,703	11,142,533	-	-	12,863,703	11,142,533
Economic and						
physical development	619,934	460,586	-	-	619,934	460,586
Human services	12,122,293	11,479,548	-	-	12,122,293	11,479,548
Cultural and recreational	1,163,750	1,109,414	-	-	1,163,750	1,109,414
Education	6,367,574	6,318,504	-	-	6,367,574	6,318,504
Interest on long-term debt	1,655,209	1,414,637	-	-	1,655,209	1,414,637
Water Fund	-	-	4,677,934	4,982,680	4,677,934	4,982,680
Sanitation	-	-	1,871,103	2,202,263	1,871,103	2,202,263
Hoke Area Transit	-	-	1,148,392	1,312,245	1,148,392	1,312,245
Total expenses	<u>40,219,538</u>	<u>37,664,507</u>	<u>7,697,429</u>	<u>8,497,188</u>	<u>47,916,967</u>	<u>46,161,695</u>
Increase in net position						
before transfers	96,592	2,212,911	2,283,620	14,971,743	2,380,212	17,184,654
Transfers	<u>(173,363)</u>	<u>(700,000)</u>	<u>173,363</u>	<u>700,000</u>	<u>-</u>	<u>-</u>
Change in net position	(76,771)	1,512,911	2,456,983	15,671,743	2,380,212	17,184,654
Net Position:						
Beginning of year - July 1	<u>(13,171,052)</u>	<u>(14,683,963)</u>	<u>42,998,158</u>	<u>27,326,415</u>	<u>29,827,106</u>	<u>12,642,452</u>
End of year - June 30	<u>\$ (13,247,823)</u>	<u>\$ (13,171,052)</u>	<u>\$ 45,455,141</u>	<u>\$ 42,998,158</u>	<u>\$ 32,207,318</u>	<u>\$ 29,827,106</u>

Governmental Activities. Governmental activities decreased the County's net position by \$76,771 mainly due to transfers out to other funds and increases in public safety and human services expenditures in the current year. A transfer of \$2,436,902 was made from the General Fund to the Schools Capital Project Fund to fund school projects.

Business-Type Activities. Business-type activities increased Hoke County's net position by \$2,456,983 mainly due to decreases in expenditures across all funds.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Hoke County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Hoke 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 Hoke County. At the end of the current fiscal year, fund balance available in the General Fund was \$4,661,137, while total fund balance was \$6,915,753. The County currently has an available fund balance of 11.1% of total General Fund expenditures and transfers out, while total fund balance represents 16.4% of that same amount.

At June 30, 2014, the governmental funds of Hoke County reported a combined fund balance of \$8,925,244, a 7% decrease over last year. This decrease is due to an increase of \$1.5M related to debt service expenditures, increases in expenditures related to the public safety and human services functions, and transfers out to other funds.

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 \$890,378 (2.6%).

Proprietary Funds. Hoke County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. The total increase in net position was \$2,456,983.

Other factors concerning the finances of these funds have already been addressed in the discussion of Hoke County's business-type activities.

Capital Asset and Debt Administration

Capital Assets. Hoke County's capital assets for its governmental and business-type activities as of June 30, 2014, totals \$77,934,263 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Construction of water and sewer infrastructure

Hoke County's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 4,330,072	\$ 4,330,072	\$ 671,456	\$ 671,456	\$ 5,001,528	\$ 5,001,528
Building	17,115,563	17,466,705	35,036,994	36,234,094	52,152,557	53,700,799
Equipment	1,045,246	1,270,413	255,803	263,932	1,301,049	1,534,345
Vehicles	838,443	625,464	199,588	243,931	1,038,031	869,395
Construction in progress	-	-	18,441,098	12,849,390	18,441,098	12,849,390
Total	<u>\$ 23,329,324</u>	<u>\$ 23,692,654</u>	<u>\$ 54,604,939</u>	<u>\$ 50,262,803</u>	<u>\$ 77,934,263</u>	<u>\$ 73,955,457</u>

Additional information on the County's capital assets can be found in note 3A of the basic financial statements.

Long-Term Debt. As of June 30, 2014, Hoke County had total debt outstanding of \$72,348,236.

Hoke County's Outstanding Debt General Obligation Bonds and Other Obligations

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 9,900,000	\$ 10,600,000	\$ 5,170,000	\$ 5,580,000	\$ 15,070,000	\$ 16,180,000
Installment purchases	17,209,444	18,497,835	410,663	505,263	17,620,107	19,003,098
Revenue bonds	-	-	9,423,000	9,423,000	9,423,000	9,423,000
Limited obligation bonds	18,234,129	18,710,000	-	-	18,234,129	18,710,000
Bond anticipation note	-	-	12,001,000	-	12,001,000	-
Total	<u>\$ 45,343,573</u>	<u>\$ 47,807,835</u>	<u>\$ 27,004,663</u>	<u>\$ 15,508,263</u>	<u>\$ 72,348,236</u>	<u>\$ 63,316,098</u>

As mentioned in the financial highlights section of this document, Hoke County maintains a bond rating of A from Standard and Poor's and an A1 rating from Moody's Investor Service.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Hoke County is approximately \$203,892,000.

Additional information regarding Hoke County's long-term debt can be found in Note 3.B. beginning on page 55 of this audited financial report.

Economic Factors and Next Year's Budget

The growth in Hoke County has remained constant. Based on the census taken in April 2010, Hoke County was considered the fastest growing county in North Carolina and the eighth fastest growing county in the United States, according to the U.S. census data. The growth still continues to develop in the northeastern part of the County providing housing for military personnel. Two hospital systems, First Health of the Carolinas and Cape Fear Valley Health Center, have started construction on acute care hospitals and related medical facilities. The medical pavilion for Cape Fear Valley has been completed and is operational. The hospital for First Health of the Carolinas opened in the fall of 2013. It is expected that Hoke County will continue to see an increase in its residential population and commercial businesses.

Budget Highlights for the Fiscal Year Ending June 30, 2015

Governmental Activities. The valuation of property for the upcoming year is estimated to be \$2.9 billion. This increase is attributed to the increase in residential growth and commercial growth. The tax rate remains at \$.73 per one hundred dollars of valuation of property listed as of January 1, 2014.

Budgeted expenditures in the General Fund for the fiscal year 2015 are expected to increase to \$41,450,113 compared to an original budget of \$38,333,140 in fiscal year 2014.

Business-Type Activities. The water and sewer and solid waste revenues are anticipated to increase primarily due to additional growth within the County. General operating expenses are anticipated to remain stable considering the above mentioned growth.

Governmental Activities. Property taxes are expected to reflect 52.1% of the total General Fund budget of \$41.4 million.

The largest component of General Fund expenditures is expected to be employee compensation which represents 42.45% of the total General Fund budget.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Hoke County, 227 North Main Street, Raeford, North Carolina 28376.

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HOKE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hoke County ABC Board
Assets:				
Cash and cash equivalents	\$ 8,865,933	\$ 5,452,610	\$ 14,318,543	\$ 135,277
Receivables, net	4,641,270	1,907,399	6,548,669	-
Internal balance	305,322	(305,322)	-	-
Inventories	243	126,849	127,092	111,384
Prepaid expenses	54,394	-	54,394	3,860
Restricted cash and cash equivalents	104,485	13,332,991	13,437,476	-
Capital assets:				
Land, improvements, and construction in progress	4,330,072	19,112,554	23,442,626	3,000
Other capital assets, net of depreciation	18,999,252	35,492,385	54,491,637	15,015
Capital assets, net	23,329,324	54,604,939	77,934,263	18,015
Total assets	37,300,971	75,119,466	112,420,437	268,536
Liabilities:				
Accounts payable and accrued liabilities	1,937,287	1,165,565	3,102,852	120,734
Accrued interest payable	397,654	84,806	482,460	-
Due in less than one year	2,871,162	572,965	3,444,127	-
Payable from restricted assets	-	1,070,902	1,070,902	-
Non-current liabilities:				
Due in more than one year	45,269,079	26,770,087	72,039,166	-
Total liabilities	50,475,182	29,664,325	80,139,507	120,734
Deferred Inflows of Resources:				
Prepaid taxes	73,612	-	73,612	-
Net Position:				
Net investment in capital assets	9,038,877	39,862,365	48,901,242	18,015
Restricted:				
Stabilization by State statute	2,444,973	-	2,444,973	-
Human services	1,076,156	-	1,076,156	-
Register of Deeds	16,680	-	16,680	-
Public safety	31,554	-	31,554	-
Working capital	-	-	-	36,156
Unrestricted	(25,856,063)	5,592,776	(20,263,287)	93,631
Total net position	\$ (13,247,823)	\$ 45,455,141	\$ 32,207,318	\$ 147,802

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

HOKE COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 5,427,075	\$ 1,684,466	\$ 334,585	\$ -
Public safety	12,863,703	768,205	600,968	-
Economic and physical development	619,934	16,736	75,000	157,689
Human services	12,122,293	201,473	6,800,770	-
Cultural and recreational	1,163,750	101,020	50	-
Education	6,367,574	-	163,729	-
Interest on long-term debt	1,655,209	-	-	-
Total governmental activities	<u>40,219,538</u>	<u>2,771,900</u>	<u>7,975,102</u>	<u>157,689</u>
Business-Type Activities:				
Water and sewer	4,677,934	6,588,139	-	200,500
Landfill	1,871,103	2,346,339	-	-
Hoke Area Transit	1,148,392	90,791	-	715,476
Total business-type activities	<u>7,697,429</u>	<u>9,025,269</u>	<u>-</u>	<u>915,976</u>
Total primary government	<u>\$ 47,916,967</u>	<u>\$ 11,797,169</u>	<u>\$ 7,975,102</u>	<u>\$ 1,073,665</u>
Component Unit:				
ABC Board	<u>\$ 1,231,055</u>	<u>\$ 1,233,050</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

Ad valorem taxes

Local option sales tax

Other taxes

Unrestricted intergovernmental

Investment earnings

Total general revenues excluding transfers

Transfers

Total general revenues and transfers

Change in net position

Net Position:

Beginning of year - July 1

End of year - June 30

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

Exhibit B

<u>Net (Expense) Revenue and Changes in Net Position</u>			
<u>Primary Government</u>			<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Hoke County ABC Board</u>
\$ (3,408,024)	\$ -	\$ (3,408,024)	
(11,494,530)	-	(11,494,530)	
(370,509)	-	(370,509)	
(5,120,050)	-	(5,120,050)	
(1,062,680)	-	(1,062,680)	
(6,203,845)	-	(6,203,845)	
(1,655,209)	-	(1,655,209)	
<u>(29,314,847)</u>	<u>-</u>	<u>(29,314,847)</u>	
-	2,110,705	2,110,705	
-	475,236	475,236	
-	(342,125)	(342,125)	
<u>-</u>	<u>2,243,816</u>	<u>2,243,816</u>	
<u>(29,314,847)</u>	<u>2,243,816</u>	<u>(27,071,031)</u>	
			<u>\$ 1,995</u>
23,632,201	-	23,632,201	-
5,504,346	-	5,504,346	-
49,508	-	49,508	-
208,542	-	208,542	-
16,842	39,804	56,646	5
29,411,439	39,804	29,451,243	5
(173,363)	173,363	-	-
<u>29,238,076</u>	<u>213,167</u>	<u>29,451,243</u>	<u>5</u>
(76,771)	2,456,983	2,380,212	2,000
<u>(13,171,052)</u>	<u>42,998,158</u>	<u>29,827,106</u>	<u>145,802</u>
<u>\$ (13,247,823)</u>	<u>\$ 45,455,141</u>	<u>\$ 32,207,318</u>	<u>\$ 147,802</u>

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

HOKE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
Assets:			
Cash and cash equivalents	\$ 6,355,597	\$ 2,510,336	\$ 8,865,933
Taxes receivable, net	2,398,545	256,642	2,655,187
Accounts receivable, net	1,360,772	244,994	1,605,766
Note receivable	-	380,317	380,317
Inventory	243	-	243
Prepays	54,394	-	54,394
Due from other funds	839,207	-	839,207
Restricted cash and cash equivalents	104,485	-	104,485
Total assets	<u>\$ 11,113,243</u>	<u>\$ 3,392,289</u>	<u>\$ 14,505,532</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,725,333	\$ 211,954	\$ 1,937,287
Due to other funds	-	533,885	533,885
Total liabilities	<u>1,725,333</u>	<u>745,839</u>	<u>2,471,172</u>
Deferred Inflows of Resources:			
Taxes receivable	2,398,545	256,642	2,655,187
Prepaid taxes	73,612	-	73,612
Notes receivable	-	380,317	380,317
Total deferred inflows of resources	<u>2,472,157</u>	<u>636,959</u>	<u>3,109,116</u>
Fund Balances:			
Non-spendable:			
Inventories	243	-	243
Prepaid items	54,394	-	54,394
Restricted:			
Stabilization by State statute	2,199,979	244,994	2,444,973
Human services	1,076,156	-	1,076,156
Register of Deeds	16,680	-	16,680
Public safety	-	31,554	31,554
Committed:			
Other	103,594	1,768,937	1,872,531
Assigned:			
Subsequent year's expenditures	300,000	-	300,000
Other	6,350	501,495	507,845
Unassigned	3,158,357	(537,489)	2,620,868
Total fund balances	<u>6,915,753</u>	<u>2,009,491</u>	<u>\$ 8,925,244</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,113,243</u>	<u>\$ 3,392,289</u>	

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

HOKE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Total fund balances			\$ 8,925,244
Capital assets used in governmental activities are not financial resources and, therefore, are not reported:			
Total capital assets	\$ 32,170,956		
Less accumulated depreciation	(8,841,632)		
Net capital assets	<u>\$ 23,329,324</u>		23,329,324
Liabilities for deferred inflows in the fund statements but not the government-wide statements			3,035,504
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds:			
Bond and installment financing	\$ (45,343,573)		
Accrued interest payable	(397,654)		
Compensated absences	(797,974)		
Other post-employment benefits	(1,618,710)		
Net pension obligation	<u>(379,984)</u>		
Total	<u>\$ (48,537,895)</u>		<u>(48,537,895)</u>
Net position of governmental activities			<u>\$ (13,247,823)</u>

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
Revenues:			
Ad valorem taxes	\$ 22,642,218	\$ 2,186,061	\$ 24,828,279
Local option sales taxes	4,090,994	1,413,352	5,504,346
Other taxes and licenses	49,508	-	49,508
Unrestricted intergovernmental	208,542	-	208,542
Restricted intergovernmental	7,257,928	791,004	8,048,932
E-911 wireless	-	244,502	244,502
Permits and fees	1,705,715	-	1,705,715
Sales and services	892,727	-	892,727
Investment earnings	16,842	-	16,842
Miscellaneous	-	83,811	83,811
Total revenues	<u>36,864,474</u>	<u>4,718,730</u>	<u>41,583,204</u>
Expenditures:			
Current:			
General government	5,584,201	46,282	5,630,483
Public safety	9,814,701	2,591,834	12,406,535
Economic and physical development	445,347	157,443	602,790
Human services	11,994,425	-	11,994,425
Cultural and recreational	962,830	-	962,830
Education	6,038,166	329,408	6,367,574
Debt service:			
Principal retirements	2,464,262	-	2,464,262
Interest and fees	1,655,209	-	1,655,209
Total expenditures	<u>38,959,141</u>	<u>3,124,967</u>	<u>42,084,108</u>
Revenues over (under) expenditures	<u>(2,094,667)</u>	<u>1,593,763</u>	<u>(500,904)</u>
Other Financing Sources (Uses):			
Transfers in	486,013	2,935,987	3,422,000
Transfers out	<u>(3,109,350)</u>	<u>(486,013)</u>	<u>(3,595,363)</u>
Total other financing sources (uses)	<u>(2,623,337)</u>	<u>2,449,974</u>	<u>(173,363)</u>
Net change in fund balances	(4,718,004)	4,043,737	(674,267)
Fund Balances:			
Beginning of year - July 1	<u>11,633,757</u>	<u>(2,034,246)</u>	<u>9,599,511</u>
End of year - June 30	<u>\$ 6,915,753</u>	<u>\$ 2,009,491</u>	<u>\$ 8,925,244</u>

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

HOKE 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, 2014**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds (Exhibit D)	\$ (674,267)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	578,994
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not the fund statements	(942,324)
Principal repayments on debt owed are recorded as a use of funds on the fund statements but affect only the Statement of Net Position in the government-wide statements.	2,464,262
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	(236,362)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements.	<u>(1,267,074)</u>
Changes in net position of governmental activities (Exhibit B)	<u><u>\$ (76,771)</u></u>

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

HOKE COUNTY, NORTH CAROLINA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual	Variance with Final Budget Over/Under
	Original Budget	Final Budget		
Revenues:				
Ad valorem taxes	\$ 19,757,898	\$ 20,455,219	\$ 22,642,218	\$ 2,186,999
Local option sales taxes	3,842,500	3,842,500	4,090,994	248,494
Other taxes and licenses	54,400	54,400	49,508	(4,892)
Unrestricted intergovernmental	190,500	190,500	208,542	18,042
Restricted intergovernmental	7,983,809	8,156,366	7,257,928	(898,438)
Permits and fees	1,485,611	1,478,216	1,705,715	227,499
Sales and services	1,174,885	1,202,780	892,727	(310,053)
Investment earnings	20,500	20,500	16,842	(3,658)
Total revenues	<u>34,510,103</u>	<u>35,400,481</u>	<u>36,864,474</u>	<u>1,463,993</u>
Expenditures:				
Current:				
General government	6,204,051	5,683,362	5,546,282	137,080
Public safety	9,189,116	9,517,997	9,814,701	(296,704)
Economic and physical development	479,450	484,450	445,347	39,103
Human services	12,081,966	12,685,768	11,994,425	691,343
Cultural and recreational	972,228	975,228	962,830	12,398
Intergovernmental - education	6,046,425	6,046,425	6,038,166	8,259
Debt service:				
Principal retirements	1,936,561	2,483,806	2,464,262	19,544
Interest and fees	1,423,333	1,497,333	1,655,209	(157,876)
Total expenditures	<u>38,333,130</u>	<u>39,374,369</u>	<u>38,921,222</u>	<u>453,147</u>
Revenues over (under) expenditures	<u>(3,823,027)</u>	<u>(3,973,888)</u>	<u>(2,056,748)</u>	<u>1,917,140</u>
Other Financing Sources (Uses):				
Transfers out	(104,360)	(3,223,030)	(3,149,562)	73,468
Transfers in	3,676,380	3,676,380	486,013	3,190,367
Appropriated fund balance	251,007	3,520,538	-	3,520,538
Total other financing sources (uses)	<u>3,823,027</u>	<u>3,973,888</u>	<u>(2,663,549)</u>	<u>(6,637,437)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(4,720,297)</u>	<u>\$ (4,720,297)</u>
Fund Balance:				
Beginning of year - July 1			<u>11,509,426</u>	
End of year - June 30			<u>\$ 6,789,129</u>	

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Major		Nonmajor	Total
	Water and Sewer District	Solid Waste	Hoke Area Transit System	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 2,659,807	\$ 2,792,803	\$ -	\$ 5,452,610
Accounts receivable, net	1,535,745	168,422	203,232	1,907,399
Inventories	126,849	-	-	126,849
Total current assets	4,322,401	2,961,225	203,232	7,486,858
Non-current assets:				
Restricted cash and cash equivalents	13,332,991	-	-	13,332,991
Land and construction in progress	18,929,902	182,652	-	19,112,554
Other capital assets, net of depreciation	34,407,173	1,085,212	-	35,492,385
Total non-current assets	66,670,066	1,267,864	-	67,937,930
Total assets	70,992,467	4,229,089	203,232	75,424,788
Liabilities and Net Position:				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	1,005,147	121,962	38,456	1,165,565
Accrued interest expense	84,806	-	-	84,806
Due to other funds	-	-	305,322	305,322
Compensated absences	28,250	17,047	9,947	55,244
Current portion of long-term debt	517,721	-	-	517,721
Liabilities to be paid from restricted assets:				
Customer deposits	1,070,902	-	-	1,070,902
Total current liabilities	2,706,826	139,009	353,725	3,199,560
Non-current liabilities:				
Long-term obligations	26,618,008	86,029	66,050	26,770,087
Total liabilities	29,324,834	225,038	419,775	29,969,647
Net Position:				
Net investment in capital assets	38,594,501	1,267,864	-	39,862,365
Unrestricted	3,073,132	2,736,187	(216,543)	5,592,776
Total net position	\$ 41,667,633	\$ 4,004,051	\$ (216,543)	\$ 45,455,141

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Major</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>Water and Sewer District</u>	<u>Solid Waste</u>	<u>Hoke Area Transit System</u>	
Operating Revenues:				
Water and sewer charges	\$ 5,305,498	\$ -	\$ -	\$ 5,305,498
Tap and impact fees	1,119,698	-	-	1,119,698
Solid waste collection fees	-	2,208,426	-	2,208,426
Transportation charges	-	-	67,835	67,835
Other operating revenues	162,943	137,913	22,956	323,812
Total operating revenues	<u>6,588,139</u>	<u>2,346,339</u>	<u>90,791</u>	<u>9,025,269</u>
Operating Expenses:				
Water administration	590,820	-	-	590,820
Water treatment	680,522	-	-	680,522
Water distribution	1,280,919	-	-	1,280,919
Sewer operations	662,867	-	-	662,867
Landfill operations	-	1,776,493	-	1,776,493
Area transit operations	-	-	1,148,392	1,148,392
Depreciation	1,249,099	94,610	-	1,343,709
Total operating expenses	<u>4,464,227</u>	<u>1,871,103</u>	<u>1,148,392</u>	<u>7,483,722</u>
Operating income (loss)	<u>2,123,912</u>	<u>475,236</u>	<u>(1,057,601)</u>	<u>1,541,547</u>
Non-Operating Revenues (Expenses):				
Investment earnings	-	39,804	-	39,804
Interest and other charges	(213,707)	-	-	(213,707)
Total non-operating revenues (expenses)	<u>(213,707)</u>	<u>39,804</u>	<u>-</u>	<u>(173,903)</u>
Income (loss) before capital contributions and transfers	1,910,205	515,040	(1,057,601)	1,367,644
Capital contributions	200,500	-	715,476	915,976
Transfers to Capital Project Fund	(120,000)	-	-	(120,000)
Transfers from General Fund	-	-	293,363	293,363
Change in net position	1,990,705	515,040	(48,762)	2,456,983
Net Position:				
Beginning of year - July 1	<u>39,676,928</u>	<u>3,489,011</u>	<u>(167,781)</u>	<u>42,998,158</u>
End of year - June 30	<u>\$ 41,667,633</u>	<u>\$ 4,004,051</u>	<u>\$ (216,543)</u>	<u>\$ 45,455,141</u>

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Major		Nonmajor	Total
	Water and Sewer District	Solid Waste	Hoke Area Transit System	
Cash Flows from Operating Activities:				
Cash received from customers	\$ 6,938,988	\$ 2,348,727	\$ 112,991	\$ 9,400,706
Cash paid for goods and services	(1,436,111)	(1,164,849)	(446,746)	(3,047,706)
Cash paid to employees for services	(1,009,773)	(594,902)	(683,641)	(2,288,316)
Net cash provided (used) by operating activities	<u>4,493,104</u>	<u>588,976</u>	<u>(1,017,396)</u>	<u>4,064,684</u>
Cash Flows from Non-Capital Financing Activities:				
Due to (from) other funds	-	-	143,821	143,821
Operating transfers - in (out)	(120,000)	-	293,363	173,363
Net cash provided (used) by non-capital financing activities	<u>(120,000)</u>	<u>-</u>	<u>437,184</u>	<u>317,184</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from debt	12,001,000	-	-	12,001,000
Principal payments on long-term debt	(504,600)	-	-	(504,600)
Interest paid on debt	(262,226)	-	-	(262,226)
Capital contribution - grants	200,500	-	580,212	780,712
Acquisition and construction of capital assets	(5,668,146)	(17,699)	-	(5,685,845)
Net cash provided (used) by capital and related financing activities	<u>5,766,528</u>	<u>(17,699)</u>	<u>580,212</u>	<u>6,329,041</u>
Cash Flows from Investing Activities:				
Interest on investments	-	39,804	-	39,804
Net increase (decrease) in cash and cash equivalents	10,139,632	611,081	-	10,750,713
Cash and Cash Equivalents:				
Beginning of year - July 1	<u>5,853,166</u>	<u>2,181,722</u>	<u>-</u>	<u>8,034,888</u>
End of year - June 30	<u>\$ 15,992,798</u>	<u>\$ 2,792,803</u>	<u>\$ -</u>	<u>\$ 18,785,601</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 2,123,912	\$ 475,236	\$ (1,057,601)	\$ 1,541,547
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,249,099	94,610	-	1,343,709
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	505,809	2,388	22,200	530,397
(Increase) decrease in inventory	14,300	-	-	14,300
Increase (decrease) in accounts payable	736,694	1,385	5,738	743,817
Increase (decrease) in customer deposits	(154,960)	-	-	(154,960)
Increase (decrease) in OPEB payable	23,264	14,422	16,756	54,442
Increase (decrease) in accrued vacation pay	(5,014)	935	(4,489)	(8,568)
Total adjustments	<u>2,369,192</u>	<u>113,740</u>	<u>40,205</u>	<u>2,523,137</u>
Net cash provided (used) by operating activities	<u>\$ 4,493,104</u>	<u>\$ 588,976</u>	<u>\$ (1,017,396)</u>	<u>\$ 4,064,684</u>

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

HOKE COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 263,274
Accounts receivable	<u>11,883</u>
Total assets	<u>\$ 275,157</u>
Liabilities:	
Miscellaneous liabilities	<u>\$ 275,157</u>

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

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

1. Summary of Significant Accounting Policies

The accounting policies of Hoke County, North Carolina (the "County"), and its discretely presented component unit conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies.

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component unit, a legally separate entity for which the County is financially accountable. The discretely presented component unit presented below is reported in a separate column in the County's financial statements in order to emphasize that it is legally separate from the County.

Discretely Presented Component Unit

Hoke County ABC Board

The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board issues separate financial statements which may be obtained from the Hoke County ABC Board, Highway 401S, Raeford, North Carolina 28376.

Blended Component Units

Hoke County Water and Sewer District

The District exists to provide and maintain a water system for the County residents within the District. The District is reported as an Enterprise Fund in the County's financial statements.

Hoke County Industrial Facility and Pollution Control Financing Authority

The Authority exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements.

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole, or in part, by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The County reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the County. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The Register of Deeds Automation Fund, Revaluation Fund, and Law Enforcement Officer Fund are legally budgeted funds under North Carolina General Statutes; however, for statement presentation, in accordance with GASB Statement No. 54, they are consolidated in the General Fund.

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The County reports the following major enterprise funds:

Water and Sewer District Fund. This fund is used to account for the operations of the water and sewer district within the County.

Solid Waste Fund. This fund is used to account for the operations of the solid waste fund within the County.

The County reports the following fund types:

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Sheriff Execution Fund, which accounts for monies collected by the Sheriff's office for the execution of writs; the Jail Inmate/Welfare Fund, which accounts for monies deposited by the inmates for the inmates use; the Municipal Tax Fund, which accounts for funds that are billed and collected by the County for various municipalities and special districts within the County but that are not revenues to the County; and the DMV Fines and Forfeiture Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Hoke County Board of Education, and the 3% interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the NC Department of Motor Vehicles.

Nonmajor Funds. The County maintains ten legally budgeted funds. The Revolving Loan Fund, the Emergency Systems Telephone Fund, the Asset Forfeiture Fund, the Grant Projects Fund, the Fire District Fund, and the Multi-Year Grants Fund are reported as nonmajor special revenue funds. The School Capital Project Fund, the Administrative Capital Project Fund, the CDBG Capital Project Fund, and the Capital Reserve Fund are reported as nonmajor capital projects funds.

C. Measurement Focus and Basis of Accounting

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

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds, which have no measurement focus. The government-wide, proprietary, 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.

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as 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 the 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 Counties, 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.

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is 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 North Carolina General Statutes. An annual budget is adopted for the General Fund and all special revenue funds except for the Multi-Year Grants Special Revenue Fund. All annual appropriations lapse at fiscal year-end. Except for the capital reserve fund, project ordinances are adopted for the capital project funds, and the enterprise capital projects funds, which are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for 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 \$5,000. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary, the effects of which were not material. 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. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

Deposits and Investments

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

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United State or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The County's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

Cash and Cash Equivalents

The County pools money 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 considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

Restricted Assets

The unexpended proceeds of the County's installment financing for the Enterprise Fund, Water Construction Capital Project Fund is restricted for the purpose in which it was borrowed. Customer deposits, held in the Enterprise Fund by the County before any services are supplied, are restricted to the service for which the deposit was collected. Money in the Tax Revaluation Fund is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

Restricted cash was comprised of the following at June 30, 2014:

Governmental Activities:

General Fund:

Restricted for revaluation	\$ <u>104,485</u>
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Business-Type Activities

Water and Sewer District Fund:

Unexpended debt proceeds	12,262,089
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Customer deposits	<u>1,070,902</u>
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Total business-type activities	<u>13,332,991</u>
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Total restricted cash	\$ <u>13,437,476</u>
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HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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 September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013. As allowed by State law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowance for Doubtful Accounts

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

Inventories and Prepaid Items

The inventory of the County is valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies recorded as expenditures when purchased. The inventory of the County's enterprise funds consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's enterprise funds 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.

Capital Assets

Purchased or constructed assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value on the date donated. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$10,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Plant and distribution systems	40 years
Infrastructure	30 years
Improvements	25 years
Furniture and equipment	10 years
Vehicles	6 years
Computer equipment	3 years

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 or expenditure until then.

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only three items that meet the criterion for this category – prepaid taxes, taxes receivable, and notes receivable.

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The County has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The County's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any 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 County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Management Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

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 represent 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.

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Inventories – portion of fund balance not available for appropriation because it represents the year-end balance of ending inventories, which are not expendable, available resources.

Prepaid Items – portion of fund balance not available to pay for any commitments because it represents prepaid expenses of the next year, which are not expendable, available resources.

Restricted Fund Balance. This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Human Services – portion of fund balance available for appropriation but legally segregated for Health Department expenditures. It represents the balance of the total unexpended Health Department grants and related fees.

Restricted for Register of Deeds – portion of fund balance restricted by State statute for automation enhancement (software) improvements.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for public safety activities such as fire protection, police, and E911 expenditures.

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental</u>	<u>Total</u>
Human services	\$ 1,076,156	\$ -	\$ 1,076,156
Register of Deeds	16,680	-	16,680
Public safety	-	31,554	31,554
Total	<u>\$ 1,092,836</u>	<u>\$ 31,554</u>	<u>\$ 1,124,390</u>

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Committed Fund Balance. This classification represents a portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the County’s governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Committed for Tax Revaluation – portion of fund balance that can only be used for tax revaluation.

Committed for Future Capital Projects – portion of fund balance that is restricted by resolution approved by the governing body for future capital projects.

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental</u>	<u>Total</u>
Tax revaluation	\$ 103,594	\$ -	\$ 103,594
Capital projects	-	1,768,937	1,768,937
Total	<u>\$ 103,594</u>	<u>\$ 1,768,937</u>	<u>\$ 1,872,531</u>

Assigned Fund Balance. This classification represents a portion of fund balance that the County intends to use for specific purposes.

Assigned for Public Safety – portion of fund balance that had been budgeted by the Board for public safety activities such as fire protection, police, and E911 expenditures.

Assigned for Economic Development – portion of fund balance that has been budgeted by the Board for the economic development.

Assigned for Subsequent Year’s Expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already in restricted or committed.

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental</u>	<u>Total</u>
Public safety	\$ 6,350	\$ 296,171	\$ 302,521
Economic development	-	205,324	205,324
Subsequent year’s expenditures	300,000	-	300,000
Total	<u>\$ 306,350</u>	<u>\$ 501,495</u>	<u>\$ 807,845</u>

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Unassigned Fund Balance. This classification represents the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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

The County has not officially adopted a fund balance policy.

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	\$ 6,915,753
Less:	
Inventories	243
Prepays	54,394
Stabilization by State statute	<u>2,199,979</u>
Total available fund balance	<u>\$ 4,661,137</u>

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund to the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds

A legally budgeted Register of Deeds Automation Fund, Revaluation Fund, and Law Enforcement Officer Fund are consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds (Exhibit D). Fund balance for the General Fund is reconciled as follows:

Fund balance, ending - General Fund (Exhibit F)	<u>\$ 6,789,129</u>
Register of Deeds Automation Fund:	
Expenditures:	
General government	8,492
Transfers in	25,000
Fund balance, beginning	<u>172</u>
Fund balance, ending	<u>16,680</u>
Revaluation Fund:	
Expenditures:	
General government	29,427
Transfers in	11,000
Fund balance, beginning	<u>122,021</u>
Fund balance, ending	<u>103,594</u>
Law Enforcement Officer:	
Expenditures:	
Transfers in	4,212
Fund balance, beginning	<u>2,138</u>
Fund balance, ending	<u>6,350</u>
Total ending fund balance (Exhibit D)	<u>\$ 6,915,753</u>

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

2. Stewardship, Compliance, and Accountability

A. Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations are in violation of State law [G159-28(b)]. Violations as of June 30, 2014, are as follows:

General Fund:

Public safety	\$	296,704
Debt service		138,332

Special Revenue Funds:

Emergency Systems Telephone Fund	\$	118,995
Asset Forfeiture Fund		2,282
Grant Projects Fund		88,445

Capital Projects Funds:

School Capital Projects Fund	\$	1,929,876
Administrative Capital Project Fund		1,004,623

The County plans closer monitoring of the expenditure process to assure adequate appropriations prior to incurring expenditures.

B. Deficit Fund Balance or Net Position of Individual Funds

Hoke Area Transit System	\$	216,543
Grant Projects Fund		48,872
Multi-Year Grant Special Revenue Fund		1,603
Administrative Capital Project Fund		485,427
CDBG Capital Project Fund		1,587
Total	\$	<u>754,032</u>

Subsequent to year-end, the Board of Commissioners voted to transfer funds from the General Fund to clear the above deficits.

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

3. Detail Notes On All Funds

A. Assets

Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's 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, these deposits are considered to be held by their agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-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 or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institutions used by the County. The County does not have policies regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2014, the County's deposits had a carrying amount of \$16,874,854 and a bank balance of \$17,297,889. Of the bank balance, \$269,162 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

At June 30, 2014, Hoke County had \$4,103 cash on hand.

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Investments

At June 30, 2014, the County's investments consisted of \$11,140,336 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's.

Interest Rate Risk. The County does not have a formal investment policy.

Credit Risk. The County does not have a formal 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 by the County at present-use value as opposed to market value. When the property loses its eligibility for use-valuation, 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. The following 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 Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 598,385	\$ -	\$ 598,385
2012	620,273	-	620,273
2013	621,051	-	621,051
2014	623,219	-	623,219
Total	<u>\$ 2,462,928</u>	<u>\$ -</u>	<u>\$ 2,462,928</u>

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Receivables

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

	<u>Accounts</u>	<u>Taxes</u>	<u>Other Governments</u>	<u>Note Receivable</u>	<u>Total</u>
Governmental Activities:					
General	\$ 37,871	\$ 3,211,545	\$ 1,322,901	\$ -	\$ 4,572,317
Other governmental	244,994	256,642	-	380,317	881,953
Allowance for doubtful accounts	-	(813,000)	-	-	(813,000)
Total receivables	\$ 282,865	\$ 2,655,187	\$ 1,322,901	\$ 380,317	\$ 4,641,270
Business-Type Activities:					
Water and Sewer District	\$ 2,049,501	\$ -	\$ -	\$ -	\$ 2,049,501
Solid waste	492,422	-	-	-	492,422
HATS	203,232	-	-	-	203,232
Allowance for doubtful accounts	(837,756)	-	-	-	(837,756)
Total business-type activities	\$ 1,907,399	\$ -	\$ -	\$ -	\$ 1,907,399

Due from other governments consists of the following:

Local option sales tax	\$ 542,325
Refundable sales tax	582,083
MV taxes, State	198,493
Total	\$ 1,322,901

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Capital Assets

Primary Government

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

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 4,330,072	\$ -	\$ -	\$ 4,330,072
Total non-depreciable capital assets	4,330,072	-	-	4,330,072
Depreciable Assets:				
Buildings	20,359,668	82,794	-	20,442,462
Equipment	3,557,976	61,330	1,030	3,618,276
Vehicles and motor equipment	3,509,450	434,870	164,174	3,780,146
Total depreciable capital assets	27,427,094	578,994	165,204	27,840,884
Less Accumulated Depreciation:				
Land improvements	177,147	19,519	-	196,666
Buildings	2,715,816	414,417	-	3,130,233
Equipment	2,287,563	286,497	1,030	2,573,030
Vehicles and motor equipment	2,883,986	221,891	164,174	2,941,703
Total accumulated depreciation	8,064,512	\$ 942,324	\$ 165,204	8,841,632
Total depreciable capital assets, net	19,362,582			18,999,252
Governmental activity capital assets, net	\$ 23,692,654			\$ 23,329,324

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

General government	\$ 81,596
Public safety	668,684
Economic and physical development	7,906
Human services	109,323
Cultural and recreational	74,815
Total	\$ 942,324

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The following is a summary of the County's business-type capital assets:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Business-Type Activities:				
Water and Sewer District:				
Non-Depreciable Assets:				
Land	\$ 488,804	\$ -	\$ -	\$ 488,804
Construction in progress	12,849,390	5,591,708	-	18,441,098
Total non-depreciable capital assets	13,338,194	5,591,708	-	18,929,902
Depreciable Assets:				
Plant and distribution system	43,880,731	-	-	43,880,731
Furniture and maintenance equipment	865,548	41,008	-	906,556
Buildings	124,620	-	-	124,620
Vehicles	561,750	35,430	-	597,180
Total depreciable capital assets	45,432,649	76,438	-	45,509,087
Less Accumulated Depreciation:				
Plant and distribution system	8,683,122	1,173,098	-	9,856,220
Furniture and maintenance equipment	733,710	25,624	-	759,334
Buildings	10,801	2,492	-	13,293
Vehicles	425,182	47,885	-	473,067
Total accumulated depreciation	9,852,815	\$ 1,249,099	\$ -	11,101,914
Total depreciable capital assets, net	35,579,834			34,407,173
Water capital assets, net	48,918,028			53,337,075
Solid Waste:				
Non-Depreciable Assets:				
Land	182,652	\$ -	\$ -	182,652
Depreciable Assets:				
Plant and distribution system	1,075,504	-	-	1,075,504
Furniture and maintenance equipment	678,814	17,699	-	696,513
Vehicles	279,173	-	-	279,173
Total depreciable capital assets	2,033,491	17,699	-	2,051,190
Less Accumulated Depreciation:				
Plant and distribution system	152,838	21,510	-	174,348
Furniture and maintenance equipment	546,720	41,212	-	587,932
Vehicles	171,810	31,888	-	203,698
Total accumulated depreciation	871,368	\$ 94,610	\$ -	965,978
Total depreciable capital assets, net	1,162,123			1,085,212
Solid waste capital assets, net	1,344,775			1,267,864

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	Balance	Additions	Retirements	Balance
	June 30, 2013			June 30, 2014
Hoke Area Transit System:				
Depreciable Assets:				
Equipment	17,394	\$ -	\$ -	17,394
Vehicles	29,713	-	-	29,713
Total depreciable capital assets	47,107	-	-	47,107
Less Accumulated Depreciation:				
Equipment	17,394	-	-	17,394
Vehicles	29,713	-	-	29,713
Total accumulated depreciation	47,107	\$ -	\$ -	47,107
Transit capital assets, net	-			-
Business-type activities, net	\$ 50,262,803			\$ 54,604,939

Net Investment in Capital Assets

The total net investment in capital assets, at June 30, 2014, is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 23,329,324	\$ 54,604,939
Long-term debt	45,343,573	27,004,663
Less:		
School debt to which County does not hold title	31,053,126	-
Unexpended proceeds	-	12,262,089
Total capital debt	14,290,447	14,742,574
Net investment in capital assets	\$ 9,038,877	\$ 39,862,365

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Construction Commitments

At June 30, 2014, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Phase V Water Project	\$ 9,330,419	\$ 1,226,188
Sewer Project Phase 1A	1,453,147	167,253
Sewer Project Phase 1B	4,033,370	13,961,582
Vass Road Water Main Extension	10,130	167,654
Hwy 401 water improvements	1,297,549	752,451
Total	\$ 16,124,615	\$ 16,275,128

B. Liabilities

Payables

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

	<u>Accounts Payable</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 1,142,196	\$ 583,137	\$ 1,725,333
Other governmental	201,311	10,643	211,954
Total governmental activities	<u>\$ 1,343,507</u>	<u>\$ 593,780</u>	<u>\$ 1,937,287</u>
Business-Type Activities:			
Water and Sewer District	\$ 977,277	\$ 27,870	\$ 1,005,147
Solid waste	103,295	18,667	121,962
Hoke Area Transit	20,003	18,453	38,456
Total business-type activities	<u>\$ 1,100,575</u>	<u>\$ 64,990</u>	<u>\$ 1,165,565</u>

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Pension Plan Obligations

Local Government Employees' Retirement System

Plan Description. Hoke County contributes to the state-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. 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. Plan members are required to contribute 6% of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07% and 7.28%, respectively, of annual covered payroll. The contribution requirements of members and of Hoke County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$987,508, \$879,014, and \$893,481, respectively. The contributions made by the County equaled the required contributions for each year.

Law Enforcement Officers' Special Separation Allowance

Plan Description. Hoke County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85% 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. A separate report was not issued for the plan.

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

Retirees receiving benefits	-
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>63</u>
Total	<u>63</u>

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separate 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.

Method Used to Value Investments. No funds are set aside to pay benefits and administrative costs. These expenditures are paid as they come due.

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.

The annual required contribution for the current year was determined as part of the December 31, 2012, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2012, was 18 years.

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Annual Pension Cost and Net Pension Obligation. The County's annual pension cost and net pension obligation of the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 65,473
Interest on net pension obligation	16,237
Adjustment to annual required contribution	<u>(26,457)</u>
Annual pension cost	55,253
Employer contributions made	<u>-</u>
Increase in net pension obligation	55,253
Net pension obligation:	
Beginning of year - July 1	<u>324,731</u>
End of year - June 30	<u>\$ 379,984</u>

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 52,849	7.63%	\$ 270,323
2013	54,408	0.00%	324,731
2014	55,253	0.00%	379,984

Funding Status and Funding Progress. As of December 31, 2013, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$380,055. The covered payroll (annual payroll of active employees covered by the plan) was \$2,464,931, and the ratio of the UAAL to the covered payroll was 15.42%.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (the "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

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) Plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2014, were \$163,264, which consisted of \$128,438 from the County and \$34,826 from the law enforcement officers.

Register of Deeds' Supplemental Pension Fund

Plan Description. Hoke County also contributes to the Registers of Deeds' Supplemental Pension Fund (the "Fund"), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund 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 provision to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Register of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$7,053.

Other Post-Employment Benefits – Healthcare Benefits

Plan Description. Under a County resolution, Hoke County provides healthcare benefits to employees through the County's Retiree Health Plan as a single employer defined benefit plan to cover retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (the "System"). The County has elected to partially pay the future overall cost of coverage for these benefits. The benefits are available to qualified retirees until the age of sixty-five (65).

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Effective July 1, 2000, to be eligible for the County’s Retiree Health Plan, the retiree must be eligible for State retirement benefits and by either: (a) having reached age sixty (60) *and* having worked the last five (5) years in continuous full-time service with Hoke County or (b) having reached age fifty-five (55) *and* having worked the last twelve (12) years in full-time services with Hoke County. Upon separation of regular permanent employment, an employee may continue coverage under the County’s medical insurance plan subject to COBRA provisions.

County Contributions Based on Years of Creditable Service	
Years of Creditable Service with County	County Pays
12 - 14	25%
15 - 24	50%
25+	75%

Premiums will be calculated annually and will be subject to adjustments as necessary. Coverage is transferred to a supplemental policy when retiree becomes eligible for Medicare. If a retiree becomes eligible for another employer-sponsored plan, then County coverage shall immediately become secondary. Retirees can purchase coverage for their dependents at the County’s group rates. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the Plan consisted of the following at December 31, 2012:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	-	8
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	336	63
Total	336	71

Funding Policy. The County pays between 25% to 75% of the cost of coverage for the healthcare benefits to qualified retirees based on time worked with the County under a County resolution that can be amended by the County’s Board. The County’s members pay the current active employee rate for dependent coverage, if the retiree elects to purchase the coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The current ARC rate is 3.4% of annual covered payroll. For the current year, the County contributed \$25,491, or .20%, of annual covered payroll. The County purchases insurance from a private carrier for healthcare coverage. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 13.0% and 2.6% of covered payroll, respectively. There were no contributions made by employees. The County's obligation to contribute to the plan is established and may be amended by the County Board.

Summary of Significant Accounting Policies. Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation for the healthcare benefits:

	Governmental Activities	Business-Type Activities	Total
Annual required contribution	\$ 390,911	\$ 57,382	\$ 448,293
Interest on net OPEB obligation	49,574	7,277	56,851
Adjustments to annual required contribution	(47,358)	(6,952)	(54,310)
Annual OPEB cost (expense)	393,127	57,707	450,834
Contributions made	(22,228)	(3,263)	(25,491)
Increase (decrease) in net OPEB obligation	370,899	54,444	425,343
Net OPEB obligation:			
Beginning of year - July 1	1,247,811	173,461	1,421,272
End of year - June 30	\$ 1,618,710	\$ 227,905	\$ 1,846,615

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

<u>Year Ended June 30</u>	<u>Annual OPEB OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 293,607	7.80%	\$ 1,047,730
2013	409,696	8.82%	1,421,272
2014	450,834	5.65%	1,846,615

Funding Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$3,407,347. The covered payroll (annual payroll of active employees covered by the plan) was \$13,006,914, and the ratio of the UAAL to the covered payroll was 26.2%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 8.5% to 5.0% annually. Both rates included a 3.0% inflation assumption. The actuarial value of assets, if any, was

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of pay on an open basis. The remaining amortization period at December 31, 2012, was 30 years.

As of June 30, 2014, management had not decided on the funding options for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year. Management will continue their efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the County.

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 (the "Death Benefit Plan"), a multiple-employer, State-administered, cost-sharing plan funded on a one-year 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 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.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010, was established. The period of reprieve is determined separately for law enforcement officers. Hoke County will have a three-year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

Closure and Post-Closure Care Costs

The County closed its landfill prior to the requirements for closure and post-closure expenditures. At that time, the County contracted to have its solid waste transported to other locations outside the County.

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Deferred Inflows of Resources/Unearned Revenues

Deferred inflows of resources at year-end are comprised of the following:

	<u>Unavailable Revenues</u>	<u>Unearned Revenues</u>
General Fund taxes receivable, net	\$ 2,398,545	\$ -
Prepaid taxes	-	73,612
Special Revenue Fund taxes receivable, net	256,642	-
Notes receivable	380,317	-
Total	<u>\$ 3,035,504</u>	<u>\$ 73,612</u>

Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded, risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$45.7 million; general, auto, professional, 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; workers' compensation coverage up to the statutory limits; and insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000, and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through commercial carrier for individual losses in excess of \$100,000.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance is bonded for \$200,000, and the Tax Collector is bonded for \$100,000. The remaining employees that have access to funds are insured under section four, crime coverage portion of NCACC insurance policy for a maximum of \$250,000. Since the County is not located in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County does not need nor carries flood insurance.

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The County carries commercial coverage for all other risk 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, 2014, 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

As authorized by State law [G.S. 160A-20 and 153A-158.1], the County financed various property acquisitions for use by the Hoke County Board of Education during the fiscal year ended June 30, 2014, by issuing school bonds. The purchase was issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding. The County has entered into a lease with the Hoke County Board of Education that transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education.

The lease calls for nominal annual lease payments and also contains a bargain purchase option. The lease term is the same as that of the bond obligation. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Board of Education.

General Obligations Indebtedness

All general obligation bonds serviced by the County's General Fund are collateralized by the full-faith credit and taxing power of the County. Hoke County Water and Sewer 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 Fund, are collateralized by the full-faith credit and taxing power of the District. Principal and interest payments are appropriated when due.

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The County's general long-term debt at June 30, 2014, is comprised of the following individual issues:

General Obligation Bonds:

General Fund:

Series 2007 School Bonds, annual payments, including interest at a rate of 4%	<u>\$ 9,900,000</u>
---	---------------------

Water and Sewer Fund:

\$1,500,000 1998 Water Series Bond, due in semi-annual payments, including interest ranging from 4.6% to 5%, maturing in 2018	\$ 400,000
---	------------

\$7,400,000 2004 Refunding Series, due in semi-annual payments, including interest ranging from 3% to 4.75%, maturing in 2026	<u>4,770,000</u>
---	------------------

Total Water and Sewer Fund	<u>\$ 5,170,000</u>
----------------------------	---------------------

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

Year Ending June 30	General Fund		Water and Sewer	
	Principal	Interest	Principal	Interest
2015	\$ 700,000	\$ 418,000	\$ 420,000	\$ 39,400
2016	700,000	390,000	430,000	211,553
2017	700,000	348,000	445,000	193,947
2018	700,000	320,000	460,000	175,147
2019	700,000	292,000	370,000	155,748
2020-2024	4,100,000	1,014,875	2,085,000	523,178
2025-2029	2,300,000	178,500	960,000	68,875
Total	\$ 9,900,000	\$ 2,961,375	\$ 5,170,000	\$ 1,367,848

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The County's notes payable debt at June 30, 2014 is comprised of the following individual issues:

Notes Payable - General Fund:

\$3,830,000 note, payable in semi-annual installments of \$127,167,
including interest at 3.11%, maturing in 2022 \$ 2,042,667

\$2,585,000 note, payable in semi-annual installments of \$85,667,
including interest at 2.12%, maturing in 2022 1,370,667

\$626,165 note, payable in annual installments of \$48,167,
including interest at 3.73%, maturing in 2016 96,334

\$5,000,000 note, payable in annual installments of \$333,333,
including interest at 2.65% 2,333,334

\$525,000 note, payable in annual installments of \$35,000,
including interest at 4.64%, maturing in 2018 175,000

\$3,865,000 note, payable in semi-annual installments of \$128,833,
including interest at 3.79%, maturing in 2023 2,319,000

\$2,790,450 USDA note, payable in annual installments of \$168,823,
including interest at 4.375%, maturing in 2035 2,172,487

\$7,034,000 USDA note, payable in annual installments of \$362,040,
including interest at the rate of 4.125%, maturing in 2047 6,236,198

\$700,000 USDA note, payable in annual installments of \$36,029,
including interest at 4.125%, maturing in 2047 463,757

Total notes payable - General Fund 17,209,444

Notes Payable - Water and Sewer Fund:

\$1,300,000 Sanitary Sewer Bond, due in annual payments of
\$111,273, including interest of 3.365%, maturing in 2018 410,663

Total notes payable \$ 17,620,107

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Year Ending June 30	General Fund		Water and Sewer	
	Principal	Interest	Principal	Interest
2015	\$ 1,296,304	\$ 656,087	\$ 97,721	\$ 13,552
2016	1,304,553	578,266	100,946	10,327
2017	1,264,982	537,078	104,277	6,996
2018	1,273,942	495,323	107,719	3,555
2019	1,283,280	454,189	-	-
2020-2024	4,284,861	1,702,086	-	-
2025-2029	1,607,748	1,226,712	-	-
2030-2034	1,819,012	857,881	-	-
2035-2039	1,277,138	533,062	-	-
2040-2044	1,563,194	247,006	-	-
2045	234,430	9,670	-	-
Total	<u>\$ 17,209,444</u>	<u>\$ 7,297,360</u>	<u>\$ 410,663</u>	<u>\$ 34,430</u>

Limited Obligation Bonds Payable - General Fund:

\$18,710,000 Non-General Obligation Qualified School Construction
Bond, tax credit rate 4.38%, maturing in 2032

\$ 18,234,129

Year Ending June 30	General Fund	
	Principal	Interest
2015	\$ 475,871	\$ 919,409
2016	475,871	919,409
2017	475,871	919,409
2018	475,871	919,409
2019	475,871	919,409
2020-2024	3,526,332	4,597,047
2025-2029	7,102,287	4,597,047
2030-2033	5,226,155	2,758,228
Total	<u>\$ 18,234,129</u>	<u>\$ 16,549,367</u>

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Revenue Bonds Payable - Water and Sewer Fund:

\$9,423,000 Water and Sewer Revenue Bonds, Series 2013, issued for water and sewer system improvements. Only interest installments are due for the first two years annually on June 1. Principal and interest installments are due annually beginning on June 1, 2016, at an annual interest rate of 3.5%.

\$ 9,423,000

Year Ending June 30	Water and Sewer	
	Principal	Interest
2015	\$ -	\$ 329,805
2016	122,000	329,805
2017	127,000	325,535
2018	131,000	321,090
2019	136,000	316,505
2020-2024	752,000	1,507,940
2025-2029	895,000	1,366,575
2030-2034	1,062,000	1,198,715
2035-2039	1,261,000	999,460
2040-2044	1,498,000	762,790
2045-2049	1,779,000	481,600
2050-2054	1,660,000	147,700
Total	\$ 9,423,000	\$ 8,087,520

Revenue Bond Anticipation Notes - Water and Sewer Fund:

\$12,001,000 Water and Sewer System RBANS, issued for sanitary sewer system improvements, bearing interest at .98%. Interest only due March 2015. All outstanding principal and accrued interest due March 2016.

\$ 12,001,000

Year Ending June 30	Water and Sewer	
	Principal	Interest
2015	\$ -	\$ 117,609
2016	12,001,000	116,956
Total	\$ 12,001,000	\$ 234,565

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The County is in compliance with the covenants as to rates and charges in Section 5.01 of the Bond Order, authorizing the issuance of the Water and Sewer System, Series 2013 USDA Revenue Bonds. The County agrees that the net revenues for the fiscal year be no less than 110% of the debt service requirement for that year, not less than 100% of the amount necessary to pay annual debt services obligations on subordinated indebtedness, if any, and not less than 100% of the amount necessary to meet annual debt service obligations coming due in that fiscal year with respect to the County's general obligation bonds and installment financing obligations, if any, used to finance system improvements.

The debt service coverage ratio calculation for the year ended June 30, 2014, is as follows:

Operating revenues	\$ 6,588,139
Operating expenses*	<u>3,215,128</u>
Operating income	3,373,011
Non-operating revenues (expenses)	<u>(213,707)</u>
Income available for debt service	<u>\$ 3,159,304</u>

Net revenues must be no less than 110% for current year debt service requirements

Current year debt service	\$ 504,600
Current year debt service percent coverage	626%

Net revenues may not be less than 100% of the amount necessary to pay annual debt services obligations on subordinated indebtedness

None

Debt service on general obligation bonds and installment financing obligations coming due in next fiscal year

Debt service	\$ 517,721
Debt services on debt coming due in next fiscal year percent of coverage	610%

*Per revenue bond covenants, this does not include depreciation expense of \$1,249,102

The County has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$9,423,000 in water and sewer system revenue bonds issued in June 2013. Proceeds from the bonds provided financing for system improvements. The bonds are payable solely from water and sewer customer net revenues and are payable through 2053. Annual principal and interest payments on the bonds are expected to require less than 8% of net revenues. The total principal and interest remaining to be paid on the bonds is \$17,510,520. Principal and interest paid for the current year and total customer net revenues were \$315,348 and \$6,588,139, respectively.

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2014:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Current</u> <u>Portion</u>
Governmental Activities:					
General obligation bonds	\$ 10,600,000	\$ -	\$ 700,000	\$ 9,900,000	\$ 700,000
Limited obligation bonds	18,710,000	-	475,871	18,234,129	475,871
Installment purchases	18,497,835	-	1,288,391	17,209,444	1,296,304
Compensated absences	767,100	1,321,269	1,290,395	797,974	398,987
Other post-employment benefits	1,247,811	393,127	22,228	1,618,710	-
Net pension obligation	<u>324,731</u>	<u>55,253</u>	<u>-</u>	<u>379,984</u>	<u>-</u>
Total governmental activities	<u>\$ 50,147,477</u>	<u>\$ 1,769,649</u>	<u>\$ 3,776,885</u>	<u>\$ 48,140,241</u>	<u>\$ 2,871,162</u>
Business-Type Activities:					
Water and Sewer District:					
General obligation bonds	\$ 5,580,000	\$ -	\$ 410,000	\$ 5,170,000	\$ 420,000
Revenue bond	9,423,000	-	-	9,423,000	-
Bond anticipation note	-	12,001,000	-	12,001,000	-
Installment purchases	505,263	-	94,600	410,663	97,721
Compensated absences	61,514	83,733	88,747	56,500	28,250
Other post-employment benefits	<u>79,552</u>	<u>24,658</u>	<u>1,394</u>	<u>102,816</u>	<u>-</u>
Total water and sewer	<u>15,649,329</u>	<u>12,109,391</u>	<u>594,741</u>	<u>27,163,979</u>	<u>545,971</u>
Solid Waste:					
Compensated absences	33,157	49,039	48,104	34,092	17,047
Other post-employment benefits	<u>54,562</u>	<u>15,287</u>	<u>865</u>	<u>68,984</u>	<u>-</u>
Total solid waste	<u>87,719</u>	<u>64,326</u>	<u>48,969</u>	<u>103,076</u>	<u>17,047</u>
Hoke Area Transit System:					
Compensated absences	24,381	65,595	70,084	19,892	9,947
Other post-employment benefits	<u>39,349</u>	<u>17,760</u>	<u>1,004</u>	<u>56,105</u>	<u>-</u>
Total transit	<u>63,730</u>	<u>83,355</u>	<u>71,088</u>	<u>75,997</u>	<u>9,947</u>
Total business-type activities	<u>\$ 15,800,778</u>	<u>\$ 12,257,072</u>	<u>\$ 714,798</u>	<u>\$ 27,343,052</u>	<u>\$ 572,965</u>

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Compensated absences, net pension obligation, and other post-employment benefits for governmental activities typically have been liquidated in the General Fund and enterprise funds and are accounted for on a FIFO basis.

At June 30, 2014, the County had a legal debt margin of approximately \$203,892,000.

Conduit Debt Obligations

The County Industrial Facility and Pollution Control Authority have issued industrial revenue bonds to provide financial assistance to private business for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2014, there were industrial revenue bonds outstanding, with an aggregate principal amount of \$650,000.

Interfund Balances and Activity

Balances due to/from funds at June 30, 2014 consist of the following:

	<u>From</u>	<u>To</u>	<u>Purpose</u>
Special Revenue Funds:			
Grant projects	\$ 45,268	\$ -	Fund project
Multi-year grants	1,603	-	Fund project
Capital Project Funds:			
CDBG Capital Project Fund	1,587	-	Fund project
Administrative Capital Project Fund	485,427	-	Fund administrative project
Enterprise Funds:			
Hoke Area Transit System Fund	305,322	-	Fund program
General Fund	-	839,207	
Total	<u>\$ 839,207</u>	<u>\$ 839,207</u>	

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Transfers to/from other funds consist of the following:

	<u>From</u>	<u>To</u>	<u>Purpose</u>
General Fund	\$ 3,109,350	\$ -	
Administrative Capital Projects Fund	-	135,459	Fund project costs
School Capital Projects Fund	-	2,436,902	Fund school project
CDBG Capital Projects Fund	-	233,626	Fund project costs
Grant Projects Fund	-	10,000	Fund grant projects
Hoke Area Transit System	-	293,363	Fund operations in Transportation Fund
Capital Reserve Fund	486,013	-	
General Fund	-	486,013	Fund school debt
Water and Sewer District Fund	120,000	-	
School Capital Projects Fund	-	120,000	Fund school project
Total	<u>\$ 3,715,363</u>	<u>\$ 3,715,363</u>	

3. Jointly Governed Organizations

Four County Community Services Board

The County appoints four members of the forty-five member Board for the Four County Community Services Board to oversee various functions of communities and secure funding when available. The County paid no fees or contributions to the Board and received no grants or monies through the Board.

Justice Board

The County appoints seven of the twelve members of the Criminal Justice Board which oversees the judicial system in Hoke County and Scotland County. The County neither contributes nor receives financial benefits from the Board.

Southeastern Economic Development Commission

The County, along with four other counties, has established the Southeastern Economic Development Commission to oversee economic and industrial development in the region. The County made a contribution to the Commission of \$4,695 during the year and received no financial benefit or responsibility from or for the Commission.

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Sandhills Mental Health Association

The County appoints two of the twenty-member Board of the Sandhills Mental Health Association, an organization that covers four other counties. The organization provides mental health services to residents in the coverage area through locally established branches.

Joint Economic Development Board

The County, jointly with the City of Raeford, appointed the four-member Board of the Joint Economic Development Board to enhance the industrial and economic development of Raeford County and Hoke County. No contributions were made during the year.

Joint Nursing Home/Adult Care Home Community Advisory Committee

The County appointed the four-member Board of the Hoke Joint Nursing Home/Adult Care Home Community Advisory Committee to provide monitoring assistance for industries in Hoke County. The County has no financial responsibilities in connection with this Board and makes no operating contributions to the Board's operations.

5. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients, which do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
TANF Payments and Penalties	\$ 278,797	\$ 11
Medical Assistance Program	38,643,068	20,888,481
Independent Living Grant	528	-
Supplemental Nutrition for WIC	989,150	-
Adoption/Foster Care - Payments and Penalties	(342)	(94)
IV-E Adoption Subsidy and Vendors	148,365	38,671
Title IV-E - Foster Care	44,595	12,624
State Children's Insurance Program - N.C. Health Choice	708,213	223,356
SFHF Maximization	-	3,197
CWS - Adoption Subsidy and Vendors	-	158,839
SC/SA Domiciliary Care	-	304,062
State Foster Home	-	31,076
Total	<u>\$ 40,812,374</u>	<u>\$ 21,660,223</u>

HOKE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

6 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.

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HOKE COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Valuation Date (c)	UAAL as a Percentage Covered Payroll ((b-a)/c)
12/31/2004	\$ -	\$ 74,761	\$ 74,761	0.00%	\$ 1,186,707	6.30%
12/31/2005	-	74,761	74,761	0.00%	1,510,691	4.95%
12/31/2006	-	102,148	102,148	0.00%	1,592,122	6.42%
12/31/2007	-	148,113	148,113	0.00%	1,947,233	7.61%
12/31/2008	-	156,309	156,309	0.00%	2,026,316	7.71%
12/31/2009	-	263,186	263,186	0.00%	2,160,819	12.18%
12/31/2010	-	272,565	272,565	0.00%	2,345,625	11.62%
12/31/2011	-	295,557	295,557	0.00%	2,383,038	12.40%
12/31/2012	-	350,142	350,142	0.00%	2,532,923	13.82%
12/31/2013	-	380,055	380,055	0.00%	2,464,931	15.42%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2005	\$ 17,546	0.00%
2006	18,982	0.00%
2007	20,471	0.00%
2008	25,032	0.00%
2009	30,161	0.00%
2010	32,962	27.03%
2011	50,721	18.79%
2012	54,988	7.33%
2013	57,715	0.00%
2014	65,473	0.00%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	17 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% to 7.85%
*Includes inflation at	3.00%
Cost of living adjustments	None

HOKE COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued Liability (AAL) - Projected Unit Credit		Unfunded AAL (UAAL) B - A	Funded Ratio A/B	Covered Payroll C	UAAL as a Percentage Covered Payroll (B - A)/C
		B					
12/31/2008	\$ -	\$ 2,014,737		\$ 2,014,737	0.00%	\$ 11,569,360	17.40%
12/31/2010	-	2,943,754		2,943,754	0.00%	13,208,535	22.29%
12/31/2012	-	3,407,347		3,407,347	0.00%	13,006,914	26.20%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2009	\$ 282,085	0.00%
2010	282,085	7.17%
2011	292,663	15.16%
2012	292,663	7.84%
2013	407,823	8.87%
2014	448,293	5.69%

Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated.
Additional information as of the latest valuation follows:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return *	4.0%
Medical cost trend rate	5.0% - 8.5%
Year of ultimate trend rate	2018

*Included inflation at 3.0%

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GENERAL FUND CONSOLIDATED
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Register of Deeds Automation Fund</u>	<u>Revaluation Fund</u>	<u>Law Enforcement Officer Fund</u>	<u>Total</u>
Revenues:					
Ad valorem taxes	\$ 22,642,218	\$ -	\$ -	\$ -	\$ 22,642,218
Local option sales taxes	4,090,994	-	-	-	4,090,994
Other taxes and licenses	49,508	-	-	-	49,508
Unrestricted intergovernmental	208,542	-	-	-	208,542
Restricted intergovernmental	7,257,928	-	-	-	7,257,928
Permits and fees	1,705,715	-	-	-	1,705,715
Sales and services	892,727	-	-	-	892,727
Investment earnings	16,842	-	-	-	16,842
Total revenues	<u>36,864,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,864,474</u>
Expenditures:					
Current:					
General government	5,546,282	8,492	29,427	-	5,584,201
Public safety	9,814,701	-	-	-	9,814,701
Economic and physical development	445,347	-	-	-	445,347
Human services	11,994,425	-	-	-	11,994,425
Cultural and recreational	962,830	-	-	-	962,830
Intergovernmental - education	6,038,166	-	-	-	6,038,166
Debt service:					
Principal retirements	2,464,262	-	-	-	2,464,262
Interest and fees	1,655,209	-	-	-	1,655,209
Total expenditures	<u>38,921,222</u>	<u>8,492</u>	<u>29,427</u>	<u>-</u>	<u>38,959,141</u>
Revenues over (under) expenditures	<u>(2,056,748)</u>	<u>(8,492)</u>	<u>(29,427)</u>	<u>-</u>	<u>(2,094,667)</u>
Other Financing Sources (Uses):					
Intrafund transfers	(40,212)	25,000	11,000	4,212	-
Transfers out	(3,109,350)	-	-	-	(3,109,350)
Transfers in	486,013	-	-	-	486,013
Total other financing sources (uses)	<u>(2,663,549)</u>	<u>25,000</u>	<u>11,000</u>	<u>4,212</u>	<u>(2,623,337)</u>
Net change in fund balance	(4,720,297)	16,508	(18,427)	4,212	(4,718,004)
Fund Balance:					
Beginning of year - July 1	<u>11,509,426</u>	<u>172</u>	<u>122,021</u>	<u>2,138</u>	<u>11,633,757</u>
End of year - June 30	<u>\$ 6,789,129</u>	<u>\$ 16,680</u>	<u>\$ 103,594</u>	<u>\$ 6,350</u>	<u>\$ 6,915,753</u>

HOKE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 20,198,025	\$ 22,492,821	\$ 2,294,796	\$ 19,210,056
Interest	257,194	149,397	(107,797)	311,668
Total	<u>20,455,219</u>	<u>22,642,218</u>	<u>2,186,999</u>	<u>19,521,724</u>
Local Option Sales Tax:				
Article 39 - one percent	1,375,000	1,368,284	(6,716)	1,427,931
Article 40 - 1/2 of a percent	1,640,000	1,823,132	183,132	1,729,803
Article 42 - 1/2 of a percent	377,000	421,339	44,339	453,665
Article 44 - 1/2 of a percent	500	596	96	1,238
Medicaid Hold Harmless	450,000	477,643	27,643	570,119
Total	<u>3,842,500</u>	<u>4,090,994</u>	<u>248,494</u>	<u>4,182,756</u>
Other Taxes and Licenses:				
Privilege licenses	3,400	5,830	2,430	14,603
Cable TV franchise tax	51,000	43,678	(7,322)	51,953
Total	<u>54,400</u>	<u>49,508</u>	<u>(4,892)</u>	<u>66,556</u>
Unrestricted Intergovernmental:				
Payments in lieu of taxes	10,500	11,152	652	11,934
Beer and wine tax	180,000	197,390	17,390	178,844
Total	<u>190,500</u>	<u>208,542</u>	<u>18,042</u>	<u>190,778</u>
Restricted Intergovernmental:				
Social services	5,423,531	4,706,339	(717,192)	5,170,030
Health Department	1,916,846	1,824,205	(92,641)	1,544,716
Law enforcement grants	175,000	200,614	25,614	265,000
Juvenile justice	124,054	124,054	-	121,529
Veteran services	101,400	1,452	(99,948)	1,452
Emergency Management Grant	4,590	4,589	(1)	-
Elections	-	-	-	7,521
Senior Services grants	315,945	268,776	(47,169)	214,455
ABC profits for law enforcement	95,000	127,899	32,899	26,579
Total	<u>8,156,366</u>	<u>7,257,928</u>	<u>(898,438)</u>	<u>7,351,282</u>

HOKE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
Permits and Fees:				
Inspection fees	785,305	954,081	168,776	1,141,611
Sheriff fees	123,356	218,513	95,157	206,613
Court facility fees	51,000	43,453	(7,547)	51,164
Register of Deeds fees	424,555	383,076	(41,479)	418,126
Tax administration	94,000	106,592	12,592	80,778
Total	<u>1,478,216</u>	<u>1,705,715</u>	<u>227,499</u>	<u>1,898,292</u>
Sales and Services:				
Health Department fees	212,443	130,937	(81,506)	121,272
Jail fees	420,500	266,462	(154,038)	349,585
Corporative extensions	-	(433)	(433)	-
Economic development	16,000	16,736	736	17,794
Library	8,000	6,790	(1,210)	7,377
Parks and recreation	87,085	72,509	(14,576)	86,150
Elections	400	2,867	2,467	4,575
Planning and zoning	138,510	139,261	751	168,227
Miscellaneous revenue	319,842	257,598	(62,244)	289,036
Total	<u>1,202,780</u>	<u>892,727</u>	<u>(310,053)</u>	<u>1,044,016</u>
Investment Earnings	<u>20,500</u>	<u>16,842</u>	<u>(3,658)</u>	<u>24,017</u>
Total revenues	<u>35,400,481</u>	<u>36,864,474</u>	<u>1,463,993</u>	<u>34,279,421</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	193,126	192,431	695	148,867
Operating expenses	56,100	48,666	7,434	55,914
Total	<u>249,226</u>	<u>241,097</u>	<u>8,129</u>	<u>204,781</u>
Administration:				
Salaries and employee benefits	201,058	203,667	(2,609)	109,139
Operating expenses	1,291,377	1,395,739	(104,362)	1,137,136
Capital outlay	2,500	-	2,500	-
Total	<u>1,494,935</u>	<u>1,599,406</u>	<u>(104,471)</u>	<u>1,246,275</u>

HOKE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Human Resources:				
Salaries and employee benefits	289,487	216,983	72,504	103,311
Operating expenses	16,850	13,175	3,675	14,139
Total	306,337	230,158	76,179	117,450
Elections:				
Salaries and employee benefits	159,699	147,076	12,623	150,993
Operating expenses	70,025	47,351	22,674	71,150
Capital outlay	17,927	499	17,428	10,655
Total	247,651	194,926	52,725	232,798
Finance:				
Salaries and employee benefits	485,409	442,567	42,842	229,835
Operating expenses	147,153	179,059	(31,906)	170,362
Total	632,562	621,626	10,936	400,197
Tax Administration:				
Salaries and employee benefits	404,113	380,841	23,272	388,290
Operating expenses	58,798	45,769	13,029	52,520
Total	462,911	426,610	36,301	440,810
Tax Collections:				
Salaries and employee benefits	302,512	298,171	4,341	274,202
Operating expenses	49,468	39,965	9,503	26,115
Total	351,980	338,136	13,844	300,317
DMV:				
Operating expenses	-	30	(30)	-
Legal:				
Special legal services	95,000	91,515	3,485	71,913
Register of Deeds:				
Salaries and employee benefits	148,545	154,174	(5,629)	154,764
Operating expenses	64,335	52,171	12,164	34,598
Total	212,880	206,345	6,535	189,362

HOKE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
Central Garage:				
Salaries and employee benefits	95,870	92,872	2,998	57,112
Operating expenses	7,400	3,992	3,408	1,357
Total	<u>103,270</u>	<u>96,864</u>	<u>6,406</u>	<u>58,469</u>
Public Buildings:				
Salaries and employee benefits	343,798	376,162	(32,364)	413,517
Operating expenses	380,125	389,887	(9,762)	347,671
Capital outlay	153,250	127,915	25,335	22,083
Total	<u>877,173</u>	<u>893,964</u>	<u>(16,791)</u>	<u>783,271</u>
Groundskeeping:				
Salaries and employee benefits	41,007	41,800	(793)	40,196
Operating expenses	30,350	28,434	1,916	23,906
Capital outlay	3,000	3,000	-	-
Total	<u>74,357</u>	<u>73,234</u>	<u>1,123</u>	<u>64,102</u>
Information Technology:				
Salaries and employee benefits	224,080	219,988	4,092	110,173
Operating expenses	329,947	291,330	38,617	317,923
Capital outlay	21,053	21,053	-	-
Total	<u>575,080</u>	<u>532,371</u>	<u>42,709</u>	<u>428,096</u>
Total general government	<u>5,683,362</u>	<u>5,546,282</u>	<u>137,080</u>	<u>4,537,841</u>
Public Safety:				
Sheriff:				
Salaries and employee benefits	3,382,879	3,699,596	(316,717)	3,134,147
Operating expenses	665,359	707,054	(41,695)	610,188
Capital outlay	533,500	526,206	7,294	322,795
Total	<u>4,581,738</u>	<u>4,932,856</u>	<u>(351,118)</u>	<u>4,067,130</u>
Court Facilities:				
Operating expenses	80,600	77,258	3,342	76,419
Capital outlay	22,000	30,259	(8,259)	26,567
Total	<u>102,600</u>	<u>107,517</u>	<u>(4,917)</u>	<u>102,986</u>

HOKE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Jail:				
Salaries and employee benefits	2,414,191	2,337,145	77,046	2,187,771
Operating expenses	719,984	935,157	(215,173)	835,381
Total	<u>3,134,175</u>	<u>3,272,302</u>	<u>(138,127)</u>	<u>3,023,152</u>
Communications:				
Salaries and employee benefits	647,485	557,951	89,534	584,838
Operating expenses	165,882	125,695	40,187	118,962
Capital outlay	18,000	12,680	5,320	32,755
Total	<u>831,367</u>	<u>696,326</u>	<u>135,041</u>	<u>736,555</u>
Emergency Management:				
Salaries and employee benefits	86,817	83,484	3,333	87,776
Operating expenses	27,890	25,663	2,227	16,909
Capital outlay	11,500	12,192	(692)	-
Total	<u>126,207</u>	<u>121,339</u>	<u>4,868</u>	<u>104,685</u>
Animal Control:				
Salaries and employee benefits	201,306	194,352	6,954	190,738
Operating expenses	50,340	48,505	1,835	46,608
Capital outlay	25,000	18,933	6,067	-
Total	<u>276,646</u>	<u>261,790</u>	<u>14,856</u>	<u>237,346</u>
Juvenile Justice:				
Operating expenses	<u>134,054</u>	<u>133,464</u>	<u>590</u>	<u>131,048</u>
Inspections:				
Salaries and employee benefits	188,950	187,474	1,476	181,479
Operating expenses	38,485	14,777	23,708	19,794
Capital outlay	33,775	27,306	6,469	-
Total	<u>261,210</u>	<u>229,557</u>	<u>31,653</u>	<u>201,273</u>
Medical Examiner:				
Contracted services	<u>70,000</u>	<u>59,550</u>	<u>10,450</u>	<u>42,550</u>
Total public safety	<u>9,517,997</u>	<u>9,814,701</u>	<u>(296,704)</u>	<u>8,646,725</u>

HOKE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
Economic and Physical Development:				
Planning and Zoning:				
Salaries and employee benefits	113,407	114,811	(1,404)	93,953
Operating expenses	10,100	5,382	4,718	7,960
Total	123,507	120,193	3,314	101,913
Economic Development:				
Operating expenditures	75,105	73,361	1,744	70,835
Cooperative Extension:				
Salaries and employee benefits	185,800	161,403	24,397	165,569
Operating expenses	34,054	29,615	4,439	20,303
Capital outlay	1,796	1,796	-	11,500
Total	221,650	192,814	28,836	197,372
Conservation:				
Salaries and employee benefits	50,228	51,531	(1,303)	49,519
Operating expenses	6,260	5,198	1,062	4,889
Capital outlay	7,700	2,250	5,450	2,000
Total	64,188	58,979	5,209	56,408
Total economic and physical development	484,450	445,347	39,103	426,528
Human Services:				
Environmental Health:				
Salaries and employee benefits	260,352	210,641	49,711	197,907
Operating expenses	12,200	12,205	(5)	13,621
Total	272,552	222,846	49,706	211,528
Client Services:				
Salaries and employee benefits	207,239	199,743	7,496	149,239
Operating expenses	30,385	30,432	(47)	54,807
Total	237,624	230,175	7,449	204,046

HOKE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
Child Health:				
Salaries and employee benefits	228,596	258,768	(30,172)	236,618
Operating expenses	90,549	57,295	33,254	49,474
Total	319,145	316,063	3,082	286,092
Child Services Coordinator:				
Salaries and employee benefits	96,118	106,567	(10,449)	83,901
Operating expenses	9,423	4,589	4,834	8,096
Total	105,541	111,156	(5,615)	91,997
Pregnancy Care Management:				
Salaries and employee benefits	116,573	115,924	649	76,373
Operating expenses	4,092	7,368	(3,276)	9,298
Total	120,665	123,292	(2,627)	85,671
Ed/Risk Reduction:				
Salaries and employee benefits	92,056	67,867	24,189	81,532
Operating expenses	4,200	4,546	(346)	6,809
Total	96,256	72,413	23,843	88,341
WIC - Nutrition:				
Salaries and employee benefits	65,935	68,904	(2,969)	33,982
Operating expenses	20,000	1,264	18,736	16,233
Total	85,935	70,168	15,767	50,215
WIC - Administration:				
Salaries and employee benefits	5,929	(15,382)	21,311	29,661
Operating expenses	943	-	943	361
Total	6,872	(15,382)	22,254	30,022
WIC - Breastfeeding Peer Counsel				
Salaries and employee benefits	15,000	-	15,000	-
NC Partnership for Children:				
Operating expenses	2,000	2,000	-	2,402

HOKE COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
WIC - Breastfeeding:				
Salaries and employee benefits	29,480	32,391	(2,911)	25,688
Operating expenses	5,956	1,524	4,432	4,118
Total	35,436	33,915	1,521	29,806
WorkFirst Block Grant:				
Operating expenses	73,375	38,740	34,635	50,965
Program Integrity:				
Salaries and employee benefits	49,157	50,337	(1,180)	33,967
Operating expenses	1,000	604	396	364
Total	50,157	50,941	(784)	34,331
Public Assistance:				
Operating expenses	1,223,360	975,825	247,535	887,811
DSS - IV-D:				
Salaries and employee benefits	417,566	407,323	10,243	401,129
Operating expenses	123,164	110,527	12,637	116,125
Total	540,730	517,850	22,880	517,254
Title XX:				
Salaries and employee benefits	1,351,328	1,367,980	(16,652)	1,314,012
Operating expenses	2,612,596	2,536,533	76,063	2,541,379
Total	3,963,924	3,904,513	59,411	3,855,391
DSS - Eligibility:				
Salaries and employee benefits	885,519	862,018	23,501	811,212
Operating expenses	3,000	2,177	823	710
Total	888,519	864,195	24,324	811,922
DSS-Food Stamps:				
Salaries and employee benefits	606,954	580,645	26,309	562,985
Operating expenses	24,400	13,817	10,583	17,574
Total	631,354	594,462	36,892	580,559

HOKE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
Veterans Service:				
Salaries and employee benefits	17,852	16,718	1,134	18,640
Operating expenses	8,260	3,114	5,146	3,378
Total	26,112	19,832	6,280	22,018
Health Administration:				
Salaries and employee benefits	141,722	114,867	26,855	282,421
Operating expenses	376,010	528,014	(152,004)	370,752
Total	517,732	642,881	(125,149)	653,173
Communicable Diseases:				
Salaries and employee benefits	194,818	190,050	4,768	115,135
Operating expenses	22,100	19,373	2,727	15,529
Total	216,918	209,423	7,495	130,664
Health Hoke Task Force:				
Salaries and employee benefits	4,000	26,593	(22,593)	-
Bioterrorism Grant:				
Salaries and employee benefits	45,841	29,665	16,176	34,329
Operating expenses	5,500	3,410	2,090	6,482
Total	51,341	33,075	18,266	40,811
Breast and Cervical Cancer Program:				
Salaries and employee benefits	33,000	7,034	25,966	134
Operating expenses	-	9,794	(9,794)	6,575
Total	33,000	16,828	16,172	6,709
Women's Preventive Health:				
Salaries and employee benefits	196,920	201,900	(4,980)	119,320
Operating expenses	63,236	56,737	6,499	45,682
Total	260,156	258,637	1,519	165,002
Maternal Care:				
Salaries and employee benefits	166,336	127,827	38,509	122,028
Operating expenses	26,000	22,671	3,329	15,189
Total	192,336	150,498	41,838	137,217

HOKE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Activities Routes to School:				
Salaries and employee benefits	44,968	34,556	10,412	-
Operating expenses	34,046	28,090	5,956	-
Total	79,014	62,646	16,368	-
DSS - Administration:				
Salaries and employee benefits	341,086	333,072	8,014	300,303
Operating expenses	404,380	351,627	52,753	487,104
Capital outlay	102,150	82,682	19,468	19,192
Total	847,616	767,381	80,235	806,599
Senior Services:				
Salaries and employee benefits	351,578	274,446	77,132	262,527
Operating expenses	447,656	438,346	9,310	387,350
Capital outlay	-	-	-	1,224
Total	799,234	712,792	86,442	651,101
Health Primary Care:				
Salaries and employee benefits	193,462	201,970	(8,508)	142,337
Operating expenses	23,300	23,236	64	27,644
Total	216,762	225,206	(8,444)	169,981
Special Appropriations				
	773,102	755,461	17,641	761,298
Total human services	12,685,768	11,994,425	691,343	11,362,926
Cultural and Recreational:				
Recreation:				
Salaries and employee benefits	443,396	441,848	1,548	420,422
Operating expenses	146,950	140,194	6,756	142,934
Capital outlay	4,000	2,970	1,030	11,418
Total	594,346	585,012	9,334	574,774

HOKE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
Literacy Council:				
Salaries and employee benefits	59,413	56,779	2,634	54,331
Operating expenses	890	728	162	866
Capital outlay	4,000	3,745	255	-
Total	<u>64,303</u>	<u>61,252</u>	<u>3,051</u>	<u>55,197</u>
Library:				
Salaries and employee benefits	261,579	263,991	(2,412)	254,455
Operating expenses	55,000	52,575	2,425	48,360
Total	<u>316,579</u>	<u>316,566</u>	<u>13</u>	<u>302,815</u>
Total cultural and recreational	<u>975,228</u>	<u>962,830</u>	<u>12,398</u>	<u>932,786</u>
Education:				
Public school - current	4,969,874	4,969,874	-	4,346,264
Public school - additional appropriation	-	-	-	268,512
Community colleges	482,762	482,762	-	432,762
Capital outlay	440,789	440,789	-	783,492
Total	<u>5,893,425</u>	<u>5,893,425</u>	<u>-</u>	<u>5,831,030</u>
Special Appropriations	<u>153,000</u>	<u>144,741</u>	<u>8,259</u>	<u>156,259</u>
Total education	<u>6,046,425</u>	<u>6,038,166</u>	<u>8,259</u>	<u>5,987,289</u>
Debt Service:				
Principal retirement - government	2,483,806	2,464,262	19,544	913,222
Interest and fees	1,497,333	1,655,209	(157,876)	694,302
Total debt service	<u>3,981,139</u>	<u>4,119,471</u>	<u>(138,332)</u>	<u>1,607,524</u>
Total expenditures	<u>39,374,369</u>	<u>38,921,222</u>	<u>453,147</u>	<u>33,501,619</u>
Revenues over (under) expenditures	<u>(3,973,888)</u>	<u>(2,056,748)</u>	<u>1,917,140</u>	<u>777,802</u>

HOKE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Transfers to other funds:				
Intrafund transfers	(40,212)	(40,212)	-	(25,000)
School Capital Projects	(2,436,902)	(2,436,902)	-	-
Administration Capital Projects	(135,459)	(135,459)	-	-
CDBG Capital Projects	(302,094)	(233,626)	68,468	-
Capital Reserve Fund	-	-	-	(165,000)
Special revenue funds	(15,000)	(10,000)	5,000	-
Hoke Area Transit System	(293,363)	(293,363)	-	(700,000)
Transfers from other funds:				
Capital Reserve Fund	2,976,380	486,013	(2,490,367)	-
Water and Sewer Fund	350,000	-	(350,000)	-
Solid Waste Fund	350,000	-	(350,000)	-
Appropriated fund balance	3,520,538	-	(3,520,538)	-
Total other financing sources (uses)	<u>3,973,888</u>	<u>(2,663,549)</u>	<u>(6,637,437)</u>	<u>962,000</u>
Net change in fund balance	<u>\$ -</u>	<u>(4,720,297)</u>	<u>\$ (4,720,297)</u>	1,739,802
Fund Balance:				
Beginning of year - July 1		<u>11,509,426</u>		<u>9,769,624</u>
End of year - June 30		<u>\$ 6,789,129</u>		<u>\$ 11,509,426</u>

HOKE COUNTY, NORTH CAROLINA

**REGISTER OF DEEDS AUTOMATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operating expenditures	\$ 25,000	\$ 3,572	\$ 21,428
Capital outlay	-	4,920	(4,920)
Total expenditures	<u>25,000</u>	<u>8,492</u>	<u>16,508</u>
Other Financing Sources (Uses):			
Intrafund transfers	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>16,508</u>	<u>\$ 16,508</u>
Fund Balance:			
Beginning of year - July 1		<u>172</u>	
End of year - June 30		<u>\$ 16,680</u>	

HOKE COUNTY, NORTH CAROLINA

REVALUATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operating expenditures	\$ 58,556	\$ 29,220	\$ 29,336
Capital outlay	-	207	(207)
Total expenditures	<u>58,556</u>	<u>29,427</u>	<u>29,129</u>
Other Financing Sources (Uses):			
Appropriated fund balance	58,556	-	(58,556)
Intrafund transfers	-	11,000	11,000
Total other financing sources (uses)	<u>58,556</u>	<u>11,000</u>	<u>(47,556)</u>
Net change in fund balance	<u>\$ -</u>	(18,427)	<u>\$ (18,427)</u>
Fund Balance:			
Beginning of year - July 1		<u>122,021</u>	
End of year - June 30		<u>\$ 103,594</u>	

HOKE COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICER FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operating expenditures	\$ 4,212	\$ -	\$ 4,212
Other Financing Sources (Uses):			
Intrafund transfers	<u>4,212</u>	<u>4,212</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	4,212	<u>\$ 4,212</u>
Fund Balance:			
Beginning of year - July 1		<u>2,138</u>	
End of year - June 30		<u>\$ 6,350</u>	

HOKE COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 741,399	\$ 1,768,937	\$ 2,510,336
Taxes receivable	256,642	-	256,642
Accounts receivable	24,928	220,066	244,994
Notes receivable	380,317	-	380,317
Total assets	<u>\$ 1,403,286</u>	<u>\$ 1,989,003</u>	<u>\$ 3,392,289</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 211,954	\$ -	\$ 211,954
Due to other funds	46,871	487,014	533,885
Total liabilities	<u>258,825</u>	<u>487,014</u>	<u>745,839</u>
Deferred Inflows of Resources:			
Taxes receivable	256,642	-	256,642
Notes receivable	380,317	-	380,317
Total deferred inflows of resources	<u>636,959</u>	<u>-</u>	<u>636,959</u>
Fund Balances:			
Restricted:			
Stabilization by State statute	24,928	220,066	244,994
Public safety	31,554	-	31,554
Committed	-	1,768,937	1,768,937
Assigned	501,495	-	501,495
Unassigned	(50,475)	(487,014)	(537,489)
Total fund balances	<u>507,502</u>	<u>1,501,989</u>	<u>2,009,491</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,403,286</u>	<u>\$ 1,989,003</u>	<u>\$ 3,392,289</u>

HOKE COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds	Capital Project Funds	Total
Revenues:			
Ad valorem taxes	\$ 2,186,061	\$ -	\$ 2,186,061
Other taxes and licenses	-	1,413,352	1,413,352
Restricted intergovernmental	633,315	157,689	791,004
E-911 wireless	244,502	-	244,502
Miscellaneous	70,996	12,815	83,811
Total revenues	<u>3,134,874</u>	<u>1,583,856</u>	<u>4,718,730</u>
Expenditures:			
Current:			
General government	43,354	2,928	46,282
Public safety	2,589,609	2,225	2,591,834
Economic and physical development	-	157,443	157,443
Education	209,408	120,000	329,408
Total expenditures	<u>2,842,371</u>	<u>282,596</u>	<u>3,124,967</u>
Revenues over (under) expenditures	<u>292,503</u>	<u>1,301,260</u>	<u>1,593,763</u>
Other Financing Sources (Uses):			
Transfers in	10,000	2,925,987	2,935,987
Transfers out	-	(486,013)	(486,013)
Total other financing sources (uses)	<u>10,000</u>	<u>2,439,974</u>	<u>2,449,974</u>
Net change in fund balances	302,503	3,741,234	4,043,737
Fund Balances:			
Beginning of year - July 1	<u>204,999</u>	<u>(2,239,245)</u>	<u>(2,034,246)</u>
End of year - June 30	<u>\$ 507,502</u>	<u>\$ 1,501,989</u>	<u>\$ 2,009,491</u>

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HOKE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2014

	Revolving Loan Fund	Emergency Systems Telephone Fund	Asset Forfeiture Fund
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 205,324	\$ 58,455	\$ 296,171
Taxes receivable	-	-	-
Accounts receivable	-	18,779	-
Notes receivable	380,317	-	-
Total assets	<u>\$ 585,641</u>	<u>\$ 77,234</u>	<u>\$ 296,171</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 43,182	\$ -
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>43,182</u>	<u>-</u>
Deferred Inflows of Resources:			
Taxes receivable	-	-	-
Notes receivable	380,317	-	-
Total deferred inflows of resources	<u>380,317</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted:			
Stabilization by State statute	-	18,779	-
Public safety	-	15,273	-
Assigned	205,324	-	296,171
Unassigned	-	-	-
Total fund balances	<u>205,324</u>	<u>34,052</u>	<u>296,171</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 585,641</u>	<u>\$ 77,234</u>	<u>\$ 296,171</u>

Schedule D-1

<u>Grant Projects Fund</u>	<u>Fire District Fund</u>	<u>Multi-Year Grants Fund</u>	<u>Total</u>
\$ -	\$ 181,449	\$ -	\$ 741,399
-	256,642	-	256,642
-	6,149	-	24,928
-	-	-	380,317
<u>\$ -</u>	<u>\$ 444,240</u>	<u>\$ -</u>	<u>\$ 1,403,286</u>
\$ 3,604	\$ 165,168	\$ -	\$ 211,954
45,268	-	1,603	46,871
<u>48,872</u>	<u>165,168</u>	<u>1,603</u>	<u>258,825</u>
-	256,642	-	256,642
-	-	-	380,317
<u>-</u>	<u>256,642</u>	<u>-</u>	<u>636,959</u>
-	6,149	-	24,928
-	16,281	-	31,554
-	-	-	501,495
(48,872)	-	(1,603)	(50,475)
<u>(48,872)</u>	<u>22,430</u>	<u>(1,603)</u>	<u>507,502</u>
<u>\$ -</u>	<u>\$ 444,240</u>	<u>\$ -</u>	<u>\$ 1,403,286</u>

HOKE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2014

	Revolving Loan Fund	Emergency Systems Telephone Fund	Asset Forfeiture Fund
Revenues:			
Ad valorem taxes	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	323,961
E-911 wireless	-	244,502	-
Miscellaneous	70,996	-	-
Total revenues	<u>70,996</u>	<u>244,502</u>	<u>323,961</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	333,100	27,536
Education	-	-	-
Total expenditures	<u>-</u>	<u>333,100</u>	<u>27,536</u>
Revenues over (under) expenditures	70,996	(88,598)	296,425
Other Financing Sources (Uses):			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	70,996	(88,598)	296,425
Fund Balances:			
Beginning of year - July 1	<u>134,328</u>	<u>122,650</u>	<u>(254)</u>
End of year - June 30	<u>\$ 205,324</u>	<u>\$ 34,052</u>	<u>\$ 296,171</u>

Schedule D-2

Grant Projects Fund	Fire District Fund	Multi-Year Grants Funds	Total
\$ -	\$ 2,186,061	\$ -	\$ 2,186,061
163,729	50,000	95,625	633,315
-	-	-	244,502
-	-	-	70,996
<u>163,729</u>	<u>2,236,061</u>	<u>95,625</u>	<u>3,134,874</u>
-	-	43,354	43,354
-	2,228,973	-	2,589,609
209,408	-	-	209,408
<u>209,408</u>	<u>2,228,973</u>	<u>43,354</u>	<u>2,842,371</u>
(45,679)	7,088	52,271	292,503
<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
(35,679)	7,088	52,271	302,503
<u>(13,193)</u>	<u>15,342</u>	<u>(53,874)</u>	<u>204,999</u>
<u>\$ (48,872)</u>	<u>\$ 22,430</u>	<u>\$ (1,603)</u>	<u>\$ 507,502</u>

HOKE COUNTY, NORTH CAROLINA

**SPECIAL REVENUE FUND - REVOLVING LOAN FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Miscellaneous revenue	\$ -	\$ 70,996	\$ 70,996
Net change in fund balance	<u>\$ -</u>	70,996	<u>\$ 70,996</u>
Fund Balance:			
Beginning of year - July 1		<u>134,328</u>	
End of year - June 30		<u>\$ 205,324</u>	

HOKE COUNTY, NORTH CAROLINA

**SPECIAL REVENUE FUND - EMERGENCY SYSTEMS TELEPHONE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
E-911	\$ 214,105	\$ 244,502	\$ 30,397
Expenditures:			
Implemental functions	32,144	32,144	-
Telephone	100,418	100,418	-
Software and software maintenance	76,099	76,099	-
Hardware and hardware maintenance	444	21,423	(20,979)
Training	-	1,888	(1,888)
Capital outlay	5,000	4,800	200
Other operating expenditures	-	96,328	(96,328)
Total expenditures	<u>214,105</u>	<u>333,100</u>	<u>(118,995)</u>
Net change in fund balance	<u>\$ -</u>	(88,598)	<u>\$ (88,598)</u>
Fund Balance:			
Beginning of year - July 1		<u>122,650</u>	
End of year - June 30		<u>\$ 34,052</u>	
PSAP Reconciliation:			
Amounts reported on the Emergency Telephone System Fund budget to actual are different from the PSAP Revenue - Expenditure Report because:			
Ending fund balance, reported on budget to actual		\$ 34,052	
Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning fund balance - budget to actual vs. PSAP report)		(62,720)	
Additional ineligible current-year expenditures reported in Emergency Systems Telephone Fund:			
Duplicate service maintenance	\$ 15,804		
Ineligible implemental function	<u>85,324</u>	<u>101,128</u>	
Ending balance, PSAP revenue - expenditure report		<u>\$ 72,460</u>	

HOKE COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUND - ASSET FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Drug forfeiture funds	\$ 25,254	\$ 323,961	\$ 298,707
Expenditures:			
Operating expenditures	<u>25,254</u>	<u>27,536</u>	<u>(2,282)</u>
Net change in fund balance	<u>\$ -</u>	296,425	<u>\$ 296,425</u>
Fund Balance:			
Beginning of year - July 1		<u>(254)</u>	
End of year - June 30		<u>\$ 296,171</u>	

HOKE COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUND - GRANT PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Parents as Teachers	\$ 101,770	\$ 134,028	\$ 32,258
SOS After School Grant	4,193	29,701	25,508
Total revenues	<u>105,963</u>	<u>163,729</u>	<u>57,766</u>
Expenditures:			
Operating expenditures	<u>120,963</u>	<u>209,408</u>	<u>(88,445)</u>
Revenues over (under) expenditures	(15,000)	(45,679)	(30,679)
Other Financing Sources (Uses):			
Transfer from General Fund	<u>15,000</u>	<u>10,000</u>	<u>(5,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(35,679)</u>	<u>\$ (35,679)</u>
Fund Balance:			
Beginning of year - July 1		<u>(13,193)</u>	
End of year - June 30		<u>\$ (48,872)</u>	

HOKE COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUND - FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 2,464,085	\$ 2,186,061	\$ (278,024)
Restricted intergovernmental	-	50,000	50,000
Total revenues	<u>2,464,085</u>	<u>2,236,061</u>	<u>(228,024)</u>
Expenditures:			
Public Safety:			
Fire Districts:			
North Raeford Fire Department	210,630	173,095	37,535
Antioch Fire Department	134,859	138,759	(3,900)
North Scotland Fire Department	11,711	11,383	328
Puppy Creek Fire Department	752,140	692,568	59,572
Rockfish Fire Department	441,526	361,300	80,226
Hillcrest Fire Department	412,819	398,066	14,753
West Hoke Fire Department	137,266	118,585	18,681
Pine Hill Fire Department	126,650	105,839	20,811
Tyler Town Fire Department	-	2	(2)
Stonewall Fire Department	203,539	200,390	3,149
Crestline Fire Department	32,945	28,986	3,959
Total expenditures	<u>2,464,085</u>	<u>2,228,973</u>	<u>235,112</u>
Net change in fund balance	<u>\$ -</u>	7,088	<u>\$ 7,088</u>
Fund Balance:			
Beginning of year - July 1		<u>15,342</u>	
End of year - June 30		<u>\$ 22,430</u>	

HOKE COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUND - MULTI-YEAR GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted Intergovernmental Revenues:				
Local Law Enforcement Block Grant	\$ -	\$ 21,340	\$ -	\$ 21,340
Governor's Crime Commission Grant	171,707	34,441	-	34,441
CDBG - Capacity Building Grant	150,000	72,648	-	72,648
Urgent Home Repair Grant	225,700	293,728	-	293,728
Urgent Home Repair Grant 2012	75,000	37,500	75,000	112,500
Public Access Grant	17,000	22,042	-	22,042
Emergency Management Performance Grant	49,087	154,123	20,625	174,748
Brownfields Grant	400,000	320,295	-	320,295
4H Grant	5,000	5,000	-	5,000
DOC - Community Military Support	125,000	125,000	-	125,000
Total revenues	<u>1,218,494</u>	<u>1,086,117</u>	<u>95,625</u>	<u>1,181,742</u>
Expenditures:				
Local Law Enforcement Block Grant:				
Operating expenses	<u>19,008</u>	<u>19,008</u>	<u>-</u>	<u>19,008</u>
PSJA/HIV Program:				
Operating expenses	190,707	30,640	-	30,640
Capital outlay	-	3,801	-	3,801
Total	<u>190,707</u>	<u>34,441</u>	<u>-</u>	<u>34,441</u>
Capacity Building Grant:				
Salaries and employee benefits	202,927	50,496	-	50,496
Operating expenses	-	44,206	-	44,206
Total	<u>202,927</u>	<u>94,702</u>	<u>-</u>	<u>94,702</u>
Senior Service Grant:				
Operating expenses	<u>301,400</u>	<u>289,590</u>	<u>-</u>	<u>289,590</u>
Public Access Grant:				
Operating expenses	17,000	3,298	-	3,298
Capital outlay	-	13,473	-	13,473
Total	<u>17,000</u>	<u>16,771</u>	<u>-</u>	<u>16,771</u>
Emergency Management Performance Grant:				
Operating expenses	<u>30,087</u>	<u>85,796</u>	<u>25,402</u>	<u>111,198</u>

HOKE COUNTY, NORTH CAROLINA

**SPECIAL REVENUE FUND - MULTI-YEAR GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Brownsfield Grant:				
Professional fees	<u>400,000</u>	<u>330,244</u>	<u>-</u>	<u>330,244</u>
Urgent Repair	<u>-</u>	<u>69,651</u>	<u>-</u>	<u>69,651</u>
Urgent Home Repair 2012	<u>75,000</u>	<u>63,718</u>	<u>17,952</u>	<u>81,670</u>
4H	<u>5,000</u>	<u>11,070</u>	<u>-</u>	<u>11,070</u>
Community Military Support	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>
Total expenditures	<u>1,366,129</u>	<u>1,139,991</u>	<u>43,354</u>	<u>1,183,345</u>
Revenues over (under) expenditures	<u>(147,635)</u>	<u>(53,874)</u>	<u>52,271</u>	<u>(1,603)</u>
Other Financing Sources (Uses):				
Transfers from other funds	<u>147,635</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (53,874)</u>	<u>52,271</u>	<u>\$ (1,603)</u>
Fund Balance:				
Beginning of year - July 1			<u>(53,874)</u>	
End of year - June 30			<u>\$ (1,603)</u>	

HOKE COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2014

	<u>Administrative Capital Project Fund</u>	<u>CDBG Capital Project Fund</u>	<u>Capital Reserve Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 1,768,937	\$ 1,768,937
Accounts receivable	-	-	220,066	220,066
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,989,003</u>	<u>\$ 1,989,003</u>
Liabilities and Fund Balances:				
Liabilities:				
Due to General Fund	<u>\$ 485,427</u>	<u>\$ 1,587</u>	<u>\$ -</u>	<u>\$ 487,014</u>
Fund Balances:				
Restricted:				
Stabilization by State statute	-	-	220,066	220,066
Committed	-	-	1,768,937	1,768,937
Unassigned	<u>(485,427)</u>	<u>(1,587)</u>	<u>-</u>	<u>(487,014)</u>
Total fund balances	<u>(485,427)</u>	<u>(1,587)</u>	<u>1,989,003</u>	<u>1,501,989</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,989,003</u>	<u>\$ 1,989,003</u>

HOKE COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>School Capital Project Fund</u>	<u>Administrative Capital Project Fund</u>
Revenues:		
Local option sales tax	\$ -	\$ -
Restricted intergovernmental	-	-
Miscellaneous	-	-
Total revenues	<u>-</u>	<u>-</u>
Expenditures:		
Current:		
General government	-	2,928
Public safety	-	2,225
Economic and physical development	-	-
Education	120,000	-
Total expenditures	<u>120,000</u>	<u>5,153</u>
Revenues over (under) expenditures	<u>(120,000)</u>	<u>(5,153)</u>
Other Financing Sources (Uses):		
Transfers in	2,556,902	135,459
Transfers out	-	-
Total other financing sources (uses)	<u>2,556,902</u>	<u>135,459</u>
Net change in fund balances	2,436,902	130,306
Fund Balances:		
Beginning of year - July 1	<u>(2,436,902)</u>	<u>(615,733)</u>
End of year - June 30	<u>\$ -</u>	<u>\$ (485,427)</u>

Schedule E-2

<u>CDBG Capital Project Fund</u>	<u>Capital Reserve Fund</u>	<u>Total</u>
\$ -	\$ 1,413,352	\$ 1,413,352
157,689	-	157,689
-	12,815	12,815
<u>157,689</u>	<u>1,426,167</u>	<u>1,583,856</u>
-	-	2,928
-	-	2,225
157,443	-	157,443
-	-	120,000
<u>157,443</u>	<u>-</u>	<u>282,596</u>
<u>246</u>	<u>1,426,167</u>	<u>1,301,260</u>
233,626	-	2,925,987
<u>-</u>	<u>(486,013)</u>	<u>(486,013)</u>
<u>233,626</u>	<u>(486,013)</u>	<u>2,439,974</u>
233,872	940,154	3,741,234
<u>(235,459)</u>	<u>1,048,849</u>	<u>(2,239,245)</u>
<u>\$ (1,587)</u>	<u>\$ 1,989,003</u>	<u>\$ 1,501,989</u>

HOKE COUNTY, NORTH CAROLINA

**SCHOOL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Expenditures:				
Sandy Grove Middle School 2012	\$ 18,830,000	\$ 18,781,541	\$ 120,000	\$ 18,901,541
Debt service:				
Principal	5,421,293	6,559,293	-	6,559,293
Interest	3,444,285	4,164,620	-	4,164,620
Total expenditures	<u>27,695,578</u>	<u>29,505,454</u>	<u>120,000</u>	<u>29,625,454</u>
Revenues over (under) expenditures	<u>(27,695,578)</u>	<u>(29,505,454)</u>	<u>(120,000)</u>	<u>(29,625,454)</u>
Other Financing Sources (Uses):				
Long-term debt issued	18,710,000	18,710,000	-	18,710,000
Premium on issuance of debt	-	58,564	-	58,564
Transfers in:				
Capital Reserve Fund	6,585,578	5,899,988	120,000	6,019,988
General Fund	2,400,000	2,400,000	2,436,902	4,836,902
Total other financing sources (uses)	<u>27,695,578</u>	<u>27,068,552</u>	<u>2,556,902</u>	<u>29,625,454</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (2,436,902)</u>	2,436,902	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>(2,436,902)</u>	
End of year - June 30			<u>\$ -</u>	

HOKE COUNTY, NORTH CAROLINA

**ADMINISTRATIVE CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND -
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental	\$ 865,800	\$ 865,800	\$ -	\$ 865,800
E911 Board Grant	-	299,100	-	299,100
Total revenues	<u>865,800</u>	<u>1,164,900</u>	<u>-</u>	<u>1,164,900</u>
Expenditures:				
General Government:				
Governing body project	4,162,000	4,714,082	-	4,714,082
PARTF project	865,800	865,800	-	865,800
STNWL project	65,000	64,952	728	65,680
Rockfish Community Building	-	141,702	2,200	143,902
South Hoke Community Building	75,000	75,817	-	75,817
Total general government	<u>5,167,800</u>	<u>5,862,353</u>	<u>2,928</u>	<u>5,865,281</u>
Public Safety:				
Jail roof project	247,582	254,291	-	254,291
E-911 Center	639,131	937,339	2,225	939,564
Total public safety	<u>886,713</u>	<u>1,191,630</u>	<u>2,225</u>	<u>1,193,855</u>
Total expenditures	<u>6,054,513</u>	<u>7,053,983</u>	<u>5,153</u>	<u>7,059,136</u>
Revenues over (under) expenditures	<u>(5,188,713)</u>	<u>(5,889,083)</u>	<u>(5,153)</u>	<u>(5,894,236)</u>
Other Financing Sources (Uses):				
Transfers from General Fund	4,549,582	4,947,858	135,459	5,083,317
Transfer from Special Revenue Fund	313,639	-	-	-
Long-term debt issued	325,492	325,492	-	325,492
Total other financing sources (uses)	<u>5,188,713</u>	<u>5,273,350</u>	<u>135,459</u>	<u>5,408,809</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (615,733)</u>	130,306	<u>\$ (485,427)</u>
Fund Balance:				
Beginning of year - July 1			<u>(615,733)</u>	
End of year - June 30			<u>\$ (485,427)</u>	

HOKE COUNTY, NORTH CAROLINA

CDBG CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
CDBG - Scatter Housing 2009	\$ 400,000	\$ 400,000	\$ -	\$ 400,000
CDBG - Ethanol	710,000	710,001	-	710,001
NC Rural Center - Ethanol	810,000	440,000	-	440,000
CDBG - Scatter Housing 2012	225,000	-	-	-
CDBG - Cheraw Acres	250,000	205,627	-	205,627
Single Family Rehabilitation Program 2012	160,000	-	157,689	157,689
Total revenues	<u>2,555,000</u>	<u>1,755,628</u>	<u>157,689</u>	<u>1,913,317</u>
Expenditures:				
CDBG - Single Family Rehab:				
Maintenance and repair	-	750	-	750
CDBG - Scatter Housing 2009:				
Professional services	47,000	47,143	13,044	60,187
Housing replacement	323,000	318,664	-	318,664
Clearing activities	30,000	34,194	16,200	50,394
Total CDBG Scatter Housing 2009	<u>400,000</u>	<u>400,001</u>	<u>29,244</u>	<u>429,245</u>
CDBG - Ethanol:				
Professional services	25,000	265,626	-	265,626
Construction	685,000	1,118,538	-	1,118,538
Total CDBG - Ethanol	<u>710,000</u>	<u>1,384,164</u>	<u>-</u>	<u>1,384,164</u>
NC Rural Center - Ethanol:				
Professional services	25,000	-	-	-
Construction	885,000	-	-	-
Total NC Rural Center - Ethanol	<u>910,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
CDBG - Scatter Housing 2012:				
Professional services	20,000	425	-	425
Construction	205,000	-	-	-
Total CDBG Scatter Housing 2012	<u>225,000</u>	<u>425</u>	<u>-</u>	<u>425</u>

HOKE COUNTY, NORTH CAROLINA

**CDBG CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
CDBG - Cheraw Acres:				
Administration	25,000	24,092	-	24,092
Street improvements	193,000	181,655	-	181,655
Water improvements	<u>32,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total CDBG - Cheraw Acres	<u>250,000</u>	<u>205,747</u>	<u>-</u>	<u>205,747</u>
Single Family Rehab Program 2012:				
Construction	<u>160,000</u>	<u>-</u>	<u>128,199</u>	<u>128,199</u>
Total expenditures	<u>2,655,000</u>	<u>1,991,087</u>	<u>157,443</u>	<u>2,148,530</u>
Revenues over (under) expenditures	(100,000)	(235,459)	246	(235,213)
Other Financing Sources (Uses):				
Transfers from General Fund	<u>100,000</u>	<u>-</u>	<u>233,626</u>	<u>233,626</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (235,459)</u>	233,872	<u>\$ (1,587)</u>
Fund Balance:				
Beginning of year - July 1			<u>(235,459)</u>	
End of year - June 30			<u>\$ (1,587)</u>	

HOKE COUNTY, NORTH CAROLINA

CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Local option sales tax	\$ 1,290,000	\$ 1,413,352	\$ 123,352
Federal and State grants	1,683,880	-	(1,683,880)
Investment earnings	2,500	-	(2,500)
Miscellaneous	-	12,815	12,815
Total revenues	<u>2,976,380</u>	<u>1,426,167</u>	<u>(1,550,213)</u>
Other Financing Sources (Uses):			
Transfers to General Fund	<u>(2,976,380)</u>	<u>(486,013)</u>	<u>2,490,367</u>
Net change in fund balance	<u>\$ -</u>	940,154	<u>\$ 940,154</u>
Fund Balance:			
Beginning of year - July 1		<u>1,048,849</u>	
End of year - June 30		<u>\$ 1,989,003</u>	

HOKE COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND - WATER AND SEWER DISTRICT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water and sewer charges	\$ 4,583,095	\$ 5,305,498	\$ 722,403
Tap and impact fees	895,752	1,119,698	223,946
Other operating revenues	81,805	162,943	81,138
Total operating revenues	<u>5,560,652</u>	<u>6,588,139</u>	<u>1,027,487</u>
Non-operating revenues:			
Investment earnings	<u>12,500</u>	<u>-</u>	<u>(12,500)</u>
Total revenues	<u>5,573,152</u>	<u>6,588,139</u>	<u>1,014,987</u>
Expenditures:			
Water and Sewer Operations:			
Salaries and benefits	1,081,097	1,028,023	53,074
Other operating expenses	2,838,781	2,085,100	753,681
Capital outlay	380,000	160,193	219,807
Total	<u>4,299,878</u>	<u>3,273,316</u>	<u>1,026,562</u>
Debt Service:			
Interest and fees	262,227	262,226	1
Debt principal	504,600	504,600	-
Total	<u>766,827</u>	<u>766,826</u>	<u>1</u>
Total expenditures	<u>5,066,705</u>	<u>4,040,142</u>	<u>1,026,563</u>
Revenues over (under) expenditures	<u>506,447</u>	<u>2,547,997</u>	<u>2,041,550</u>
Other Financing Sources (Uses):			
Transfer in (out):			
School Capital Projects Fund	(120,000)	(120,000)	-
Intrafund - to Water and Sewer Capital Project Fund	(1,470,496)	(736,265)	734,231
Appropriated fund balance	1,084,049	-	(1,084,049)
Total other financing sources (uses)	<u>(506,447)</u>	<u>(856,265)</u>	<u>(349,818)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,691,732</u>	<u>\$ 1,691,732</u>

HOKE COUNTY, NORTH CAROLINA

**MAJOR ENTERPRISE FUND - WATER AND SEWER DISTRICT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 1,691,732	
Reconciling items:			
Depreciation		(1,249,099)	
Debt principal		504,600	
Intrafund transfer		736,265	
Capital outlay		76,438	
Capital contributions - project		200,500	
Compensated absences		5,014	
Other post-employment benefits		(23,264)	
(Increase) decrease in accrued interest payable		<u>48,519</u>	
Change in net position		<u>\$ 1,990,705</u>	

HOKE COUNTY, NORTH CAROLINA

WATER CONSTRUCTION CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
NC Clean Water Bond Grant	\$ -	\$ 980,443	\$ -	\$ 980,443
Golden Leaf Fund	1,000,000	400,000	200,000	600,000
NC Rural Center Grant	1,000,000	-	-	-
Investment earnings	-	107,110	-	107,110
Miscellaneous	-	43,428	-	43,428
Total revenues	<u>2,000,000</u>	<u>1,530,981</u>	<u>200,000</u>	<u>1,730,981</u>
Expenditures:				
Eagle Ridge:				
Construction - water/sewer	-	161,836	-	161,836
Phase V:				
Construction cost	7,605,072	7,814,467	776,817	8,591,284
Engineering/construction management	803,180	114,949	226,412	341,361
Land and right of way	172,000	1,800	-	1,800
Legal and permitting	83,000	211,190	(172,779)	38,411
Administrative costs	10,000	-	-	-
Capitalized interest	637,500	75,196	240,152	315,348
Contingencies	1,191,855	-	-	-
Additional services, equipment, and testing	54,000	-	42,215	42,215
Total Phase V	<u>10,556,607</u>	<u>8,217,602</u>	<u>1,112,817</u>	<u>9,330,419</u>
401 Water Improvements:				
Construction of lines	330,729	428,478	493,240	921,718
Construction of tank	708,386	-	-	-
Construction of wells	708,385	-	-	-
Professional services	200,000	1,757	374,074	375,831
Construction	102,500	-	-	-
Total 401 water improvements	<u>2,050,000</u>	<u>430,235</u>	<u>867,314</u>	<u>1,297,549</u>
Vass Road Water Main Extension:				
Professional services	18,600	-	10,130	10,130
Construction cost	147,184	-	-	-
Contingencies	12,000	-	-	-
Total Vass Road Water Main Extension	<u>177,784</u>	<u>-</u>	<u>10,130</u>	<u>10,130</u>
Total expenditures	<u>12,784,391</u>	<u>8,809,673</u>	<u>1,990,261</u>	<u>10,799,934</u>
Revenues over (under) expenditures	<u>(10,784,391)</u>	<u>(7,278,692)</u>	<u>(1,790,261)</u>	<u>(9,068,953)</u>
Other Financing Sources (Uses) :				
Long-term debt issued	9,423,000	9,423,000	-	9,423,000
Transfers in:				
Water and Sewer Fund	1,361,391	589,341	-	589,341
Total other financing sources (uses)	<u>10,784,391</u>	<u>10,012,341</u>	<u>-</u>	<u>10,012,341</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,733,649</u>	<u>\$ (1,790,261)</u>	<u>\$ 943,388</u>

HOKE COUNTY, NORTH CAROLINA

**WATER RATE STABILIZATION FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Other Financing Sources (Uses) :				
Transfers in:				
Water and Sewer Fund	\$ 276,000	\$ 568,927	\$ -	\$ 568,927
Transfers out:				
Water and sewer projects	<u>(276,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>568,927</u>	<u>-</u>	<u>568,927</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 568,927</u>	<u>\$ -</u>	<u>\$ 568,927</u>

HOKE COUNTY, NORTH CAROLINA

WASTE WATER TREATMENT PLANT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
CDBG grants	\$ 510,000	\$ -	\$ -	\$ -
NC Rural Center Grant - Walmart	1,000,000	910,480	-	910,480
USDA SEDC Grant	4,500,000	-	-	-
Golden Leaf Fund - WW1A	259,900	379,000	500	379,500
NC Rural Center Grant - WW1A	810,000	730,000	-	730,000
Total revenues	<u>7,079,900</u>	<u>2,019,480</u>	<u>500</u>	<u>2,019,980</u>
Expenditures:				
Walmart and Others:				
Professional services	502,328	2,981,584	-	2,981,584
Construction	1,374,800	1,204,999	-	1,204,999
Contingencies	164,600	-	-	-
Capital outlay	-	325,563	-	325,563
Total Walmart and Others	<u>2,041,728</u>	<u>4,512,146</u>	<u>-</u>	<u>4,512,146</u>
WWTP:				
Professional services	-	5,381	-	5,381
WW1A:				
Professional services	214,400	188,308	(22,705)	165,603
Construction	1,247,000	1,248,839	-	1,248,839
Contingencies	125,000	-	-	-
Easements and appraisals	34,000	-	38,705	38,705
Total WW1A	<u>1,620,400</u>	<u>1,437,147</u>	<u>16,000</u>	<u>1,453,147</u>
WW1B:				
Professional services	1,326,011	447,920	203,545	651,465
Construction	15,522,941	-	3,381,905	3,381,905
Contingencies	776,000	-	-	-
Capitalized interest	370,000	-	-	-
Total WW1B	<u>17,994,952</u>	<u>447,920</u>	<u>3,585,450</u>	<u>4,033,370</u>
Total expenditures	<u>21,657,080</u>	<u>6,402,594</u>	<u>3,601,450</u>	<u>10,004,044</u>
Revenues over (under) expenditures	<u>(14,577,180)</u>	<u>(4,383,114)</u>	<u>(3,600,950)</u>	<u>(7,984,064)</u>
Other Financing Sources (Uses) :				
Bond anticipation note issued	12,001,000	-	12,001,000	12,001,000
LREMC loan proceeds	1,360,000	-	-	-
Transfers in:				
General Fund	1,082,228	-	-	-
Water Sewer Fund	133,952	-	736,265	736,265
Total other financing sources (uses)	<u>14,577,180</u>	<u>-</u>	<u>12,737,265</u>	<u>12,737,265</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (4,383,114)</u>	<u>\$ 9,136,315</u>	<u>\$ 4,753,201</u>

HOKE COUNTY, NORTH CAROLINA

**MAJOR ENTERPRISE FUND - SOLID WASTE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Solid waste charges	\$ 2,030,045	\$ 2,208,426	\$ 178,381
Other	120,000	137,913	17,913
Total operating revenues	<u>2,150,045</u>	<u>2,346,339</u>	<u>196,294</u>
Non-operating revenues:			
Investment earnings	<u>35,000</u>	<u>39,804</u>	<u>4,804</u>
Total revenues	<u>2,185,045</u>	<u>2,386,143</u>	<u>201,098</u>
Expenditures:			
Landfill operations:			
Salaries and benefits	605,383	594,902	10,481
Other operating expenses	1,571,662	1,163,358	408,304
Capital outlay	<u>60,000</u>	<u>20,575</u>	<u>39,425</u>
Total expenditures	<u>2,237,045</u>	<u>1,778,835</u>	<u>458,210</u>
Revenues over (under) expenditures	(52,000)	607,308	659,308
Other Financing Sources (Uses):			
Appropriated fund balance	<u>52,000</u>	<u>-</u>	<u>(52,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 607,308</u>	<u>\$ 607,308</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 607,308	
Reconciling items:			
Capital outlay		17,699	
Depreciation		(94,610)	
Compensated absences		(935)	
Other post-employment benefits		<u>(14,422)</u>	
Change in net position		<u>\$ 515,040</u>	

HOKE COUNTY, NORTH CAROLINA

CONVENIENCE SITE - NEW PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Expenditures:				
Professional services	\$ 10,150	\$ -	\$ -	\$ -
Construction	493,045	568,220	-	568,220
Contingencies	58,000	-	-	-
Capital outlay	80,000	41,885	-	41,885
Total expenditures	<u>641,195</u>	<u>610,105</u>	<u>-</u>	<u>610,105</u>
Other Financing Sources (Uses) :				
Transfers in:				
Solid Waste Fund	<u>641,195</u>	<u>568,220</u>	<u>-</u>	<u>568,220</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (41,885)</u>	<u>\$ -</u>	<u>\$ (41,885)</u>

HOKE COUNTY, NORTH CAROLINA

NONMAJOR ENTERPRISE FUND - HOKE AREA TRANSIT SYSTEM
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Transportation charges	\$ 96,789	\$ 67,835	\$ (28,954)
Grants	1,032,505	715,476	(317,029)
Other	10,000	22,956	12,956
Total operating revenues	<u>1,139,294</u>	<u>806,267</u>	<u>(333,027)</u>
Expenditures:			
Area transit operations:			
Salaries and employee benefits	847,550	683,641	163,909
Other operating expenses	340,071	285,858	54,213
Capital outlay	245,036	166,626	78,410
Total expenditures	<u>1,432,657</u>	<u>1,136,125</u>	<u>296,532</u>
Revenues over (under) expenditures	(293,363)	(329,858)	(36,495)
Other Financing Sources (Uses):			
Transfers:			
General Fund	<u>293,363</u>	<u>293,363</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (36,495)</u>	<u>\$ (36,495)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (36,495)	
Reconciling items:			
Other post-employment benefits		(16,756)	
Compensated absences		4,489	
Change in net position		<u>\$ (48,762)</u>	

HOKE COUNTY, NORTH CAROLINA

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2014</u>
Social Services Fund:				
Assets:				
Cash and cash equivalents	\$ 80,882	\$ 241,102	\$ 259,669	\$ 62,315
Liabilities:				
Accounts payable	\$ 80,882	\$ 241,102	\$ 259,669	\$ 62,315
Sheriff Execution Fund				
Assets:				
Cash and cash equivalents	\$ 98	\$ 14,834	\$ 14,164	\$ 768
Liabilities:				
Accounts payable	\$ 98	\$ 14,834	\$ 14,164	\$ 768
Jail Inmate/Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 12,278	\$ 476,975	\$ 386,326	\$ 102,927
Liabilities:				
Accounts payable	\$ 12,278	\$ 476,975	\$ 386,326	\$ 102,927
Municipal Tax Fund:				
Assets:				
Cash and cash equivalents	\$ 8,862	\$ 190,479	\$ 102,077	\$ 97,264
Accounts receivable	-	11,883	-	11,883
Total assets	<u>\$ 8,862</u>	<u>\$ 202,362</u>	<u>\$ 102,077</u>	<u>\$ 109,147</u>
Liabilities:				
Accounts payable	<u>\$ 8,862</u>	<u>\$ 202,362</u>	<u>\$ 102,077</u>	<u>\$ 109,147</u>
DMV Fines and Forfeiture Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 138	\$ 138	\$ -
Liabilities:				
Intergovernmental payable - State of North Carolina	<u>\$ -</u>	<u>\$ 138</u>	<u>\$ 138</u>	<u>\$ -</u>
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 102,120	\$ 923,528	\$ 762,374	\$ 263,274
Accounts receivable	-	11,883	-	11,883
Total assets	<u>\$ 102,120</u>	<u>\$ 935,411</u>	<u>\$ 762,374</u>	<u>\$ 275,157</u>
Liabilities:				
Accounts payable	<u>\$ 102,120</u>	<u>\$ 935,411</u>	<u>\$ 762,374</u>	<u>\$ 275,157</u>

HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2014

<u>Year Ended June 30</u>	<u>Uncollected Balance July 1, 2013</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2014</u>
2014	\$ -	\$ 21,687,290	\$ 20,578,324	\$ 1,108,966
2013	2,330,522	-	1,758,485	572,037
2012	569,588	-	183,534	386,054
2011	315,332	-	73,571	241,761
2010	229,946	-	41,483	188,463
2009	182,585	-	20,635	161,950
2008	166,587	-	15,074	151,513
2007	161,183	-	11,145	150,038
2006	144,168	-	9,382	134,786
2005	123,292	-	7,315	115,977
2004	100,961	-	100,961	-
Total	<u>\$ 4,324,164</u>	<u>\$ 21,687,290</u>	<u>\$ 22,799,909</u>	<u>3,211,545</u>
Less: allowance for uncollectible accounts				<u>(813,000)</u>
Ad valorem taxes receivable, net				<u>\$ 2,398,545</u>
Reconciliation with Revenues:				
Ad Valorem Taxes:				
General Fund				<u>\$ 22,642,218</u>
Reconciling Items:				
Interest collected				(425,776)
Discounts allowed				276,379
Taxes written off				100,961
Other				<u>206,127</u>
Total reconciling items				<u>157,691</u>
Total collections and credits				<u>\$ 22,799,909</u>

HOKE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2014

	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	\$ 3,043,608,082	\$ 0.0073	\$ 22,218,339	\$ 19,520,722	\$ 2,697,617
Property taxed at prior year's rate	58,802,603	0.0073	429,259	-	429,259
Interest and penalties	11,578,219	0.0073	84,521	54,529	29,992
Total	<u>3,113,988,904</u>		<u>22,732,119</u>	<u>19,575,251</u>	<u>3,156,868</u>
Discoveries:					
Current year's taxes	657,534		4,800	4,800	-
Prior year's taxes and rollbacks	797,945		5,825	5,825	-
Total	<u>1,455,479</u>		<u>10,625</u>	<u>10,625</u>	<u>-</u>
Abatements	<u>-</u>		<u>(1,055,454)</u>	<u>(740,093)</u>	<u>(315,361)</u>
Total property valuation	<u>\$ 3,115,444,383</u>				
Net Levy			21,687,290	18,845,783	2,841,507
Uncollected taxes at June 30, 2014			<u>1,108,966</u>	<u>745,872</u>	<u>363,094</u>
Current Year's Taxes Collected			<u>\$ 20,578,324</u>	<u>\$ 18,099,911</u>	<u>\$ 2,478,413</u>
Current Levy Collection Percentage			<u>94.89%</u>	<u>96.04%</u>	<u>87.22%</u>

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