

**HOKE COUNTY  
NORTH CAROLINA**

**ANNUAL REPORT**

**FOR YEAR ENDED JUNE 30, 2015**

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**HOKE COUNTY  
RAEFORD, NORTH CAROLINA**

**Principal Officials**

**June 30, 2015**

**Board of County Commissioners**

James Leach - Chairman

Allen Thomas - Vice Chairman

Harry Southerland

Robert Wright

Tony Hunt

**County Officials**

Letitia Edens

County Manager

Grady L. Hunt

County Attorney

Linda Revels

Clerk to the Board

Garvin Ferguson

Interim Finance Director

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# HOKE COUNTY, NORTH CAROLINA

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

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

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Hoke County  
Raeford, 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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hoke County ABC Board. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hoke County ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hoke County, North Carolina, as of June 30, 2015, 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 Employer Contributions, the Local Government Employee's Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 by us and the other auditors. In our opinion, based on our audit, the

procedures performed as described above, and the report of the other auditors, 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 February 15, 2016 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  
February 15, 2016

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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, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

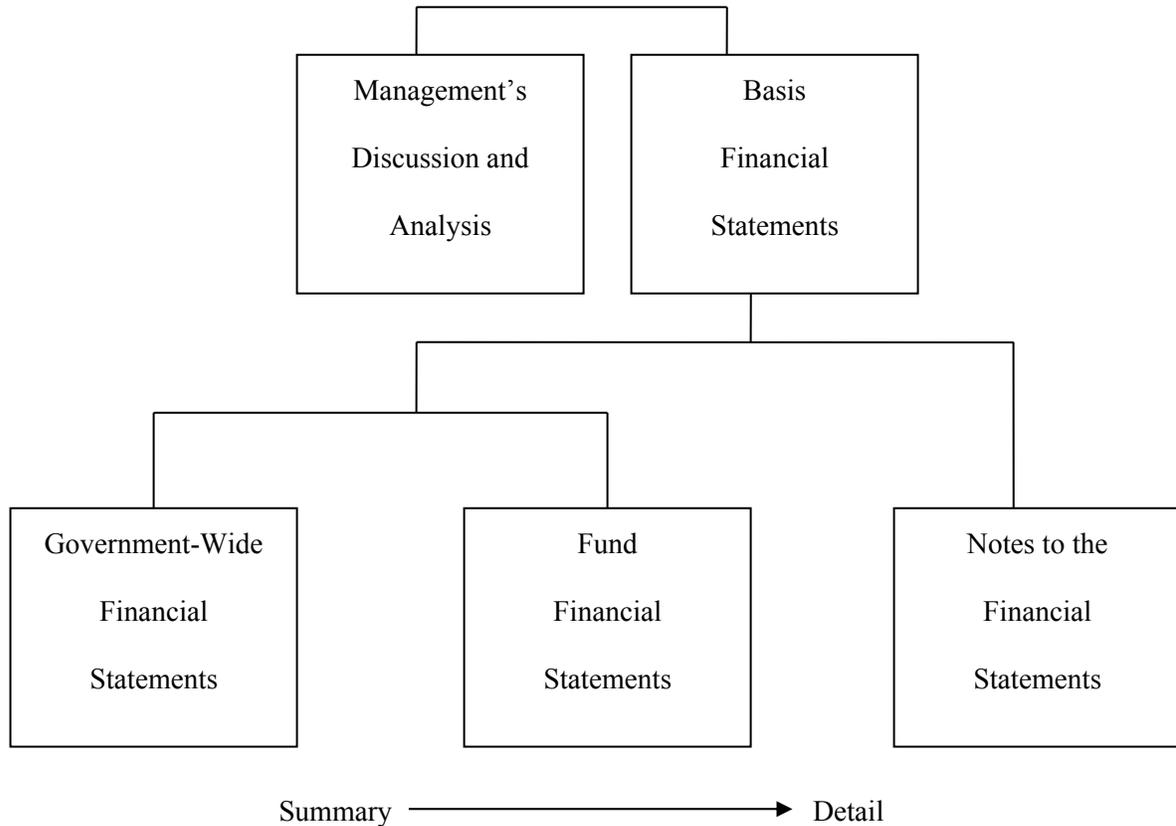
### Financial Highlights

- The assets and deferred outflows of resources of Hoke County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$39,246,087 (net position).
- The County's total net position increased by \$8,868,928, primarily due to increased net position in the governmental activities.
- As of the close of the current fiscal year, Hoke County's governmental funds reported combined ending fund balances of \$12,733,403, after a net increase in fund balance of \$3,427,842. Approximately 38.2% of this total amount, or \$4,858,251, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,077,607, or 17.7%, of total General Fund expenditures and transfers out for the fiscal year. Total fund balance of the General Fund, \$11,682,098, was 29.3% of total General Fund expenditures and transfers out for the year.
- Hoke County's total debt decreased by \$1,543,901. The County refunded water and sewer system general obligation bonds in the amount of \$5,170,000 during the current fiscal year. Debt proceeds of \$1,360,000 were also received for a Waste Water Treatment Plant project.
- 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 four 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 73 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 and deferred outflows of resources of Hoke County exceeded its liabilities and deferred inflows of resources by \$39,246,087 as of June 30, 2015. The County's net position increased by \$8,868,928 in the fiscal year ended June 30, 2015. One of the largest portions of net position, \$47,647,639, 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. An additional portion of Hoke County's net position, \$4,379,626, represents resources that are subject to external restrictions on how they may be used. The remaining deficit of \$12,781,178 is unrestricted.

### Hoke County's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets:</b>						
Current and other assets	\$ 18,547,562	\$ 13,971,647	\$ 12,663,729	\$ 20,514,527	\$ 31,211,291	\$ 34,486,174
Capital assets, net of depreciation	22,791,622	23,329,324	66,217,431	54,604,939	89,009,053	77,934,263
Total assets	<u>41,339,184</u>	<u>37,300,971</u>	<u>78,881,160</u>	<u>75,119,466</u>	<u>120,220,344</u>	<u>112,420,437</u>
<b>Deferred Outflows of Resources</b>	<u>958,283</u>	<u>-</u>	<u>129,861</u>	<u>-</u>	<u>1,088,144</u>	<u>-</u>
<b>Liabilities:</b>						
Long-term liabilities outstanding	43,223,006	45,269,079	15,542,156	26,770,087	58,765,162	72,039,166
Other liabilities	4,877,391	5,206,103	14,784,041	2,894,238	19,661,432	8,100,341
Total liabilities	<u>48,100,397</u>	<u>50,475,182</u>	<u>30,326,197</u>	<u>29,664,325</u>	<u>78,426,594</u>	<u>80,139,507</u>
<b>Deferred Inflows of Resources:</b>	<u>3,208,999</u>	<u>73,612</u>	<u>426,808</u>	<u>-</u>	<u>3,635,807</u>	<u>73,612</u>
<b>Net Position:</b>						
Net investment in capital assets	9,363,150	9,038,877	38,284,489	39,862,365	47,647,639	48,901,242
Restricted	4,379,626	3,569,363	-	-	4,379,626	3,569,363
Unrestricted	<u>(22,754,705)</u>	<u>(25,856,063)</u>	<u>9,973,527</u>	<u>5,592,776</u>	<u>(12,781,178)</u>	<u>(20,263,287)</u>
Total net position	<u>\$ (9,011,929)</u>	<u>\$ (13,247,823)</u>	<u>\$ 48,258,016</u>	<u>\$ 45,455,141</u>	<u>\$ 39,246,087</u>	<u>\$ 32,207,318</u>

## Hoke County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,160,130	\$ 2,771,900	\$ 8,543,806	\$ 9,025,269	\$ 11,703,936	\$ 11,797,169
Operating grants	9,001,216	7,975,102	905,270	-	9,906,486	7,975,102
Capital grants	1,035,556	157,689	1,736,202	915,976	2,771,758	1,073,665
General revenues:						
Property taxes	26,399,813	23,632,201	-	-	26,399,813	23,632,201
Other taxes	6,937,400	5,553,854	-	-	6,937,400	5,553,854
Unrestricted:						
Intergovernmental	339,021	208,542	-	-	339,021	208,542
Miscellaneous	1,512	-	-	-	1,512	-
Investment income	19,345	16,842	42,405	39,804	61,750	56,646
Total revenues	<u>46,893,993</u>	<u>40,316,130</u>	<u>11,227,683</u>	<u>9,981,049</u>	<u>58,121,676</u>	<u>50,297,179</u>
<b>Expenses:</b>						
General government	5,354,007	5,427,075	-	-	5,354,007	5,427,075
Public safety	13,472,161	12,863,703	-	-	13,472,161	12,863,703
Economic and physical development	758,859	619,934	-	-	758,859	619,934
Human services	12,367,394	12,122,293	-	-	12,367,394	12,122,293
Cultural and recreational	1,066,787	1,163,750	-	-	1,066,787	1,163,750
Education	6,111,645	6,367,574	-	-	6,111,645	6,367,574
Interest on long-term debt	1,619,032	1,655,209	-	-	1,619,032	1,655,209
Water Fund	-	-	5,071,137	4,677,934	5,071,137	4,677,934
Sanitation	-	-	2,169,502	1,871,103	2,169,502	1,871,103
Hoke Area Transit	-	-	1,262,224	1,148,392	1,262,224	1,148,392
Total expenses	<u>40,749,885</u>	<u>40,219,538</u>	<u>8,502,863</u>	<u>7,697,429</u>	<u>49,252,748</u>	<u>47,916,967</u>
Increase in net position before transfers	6,144,108	96,592	2,724,820	2,283,620	8,868,928	2,380,212
Transfers	(311,343)	(173,363)	311,343	173,363	-	-
Change in net position	<u>5,832,765</u>	<u>(76,771)</u>	<u>3,036,163</u>	<u>2,456,983</u>	<u>8,868,928</u>	<u>2,380,212</u>
<b>Net Position:</b>						
Beginning of year - July 1	(13,247,823)	(13,171,052)	45,455,141	42,998,158	32,207,318	29,827,106
Restatement	(1,596,871)	-	(233,288)	-	(1,830,159)	-
Beginning of year - July 1, as restated	<u>(14,844,694)</u>	<u>(13,171,052)</u>	<u>45,221,853</u>	<u>42,998,158</u>	<u>30,377,159</u>	<u>29,827,106</u>
End of year - June 30	<u>\$ (9,011,929)</u>	<u>\$ (13,247,823)</u>	<u>\$ 48,258,016</u>	<u>\$ 45,455,141</u>	<u>\$ 39,246,087</u>	<u>\$ 32,207,318</u>

**Governmental Activities.** Governmental activities increased the County's net position by \$5,832,765 mainly due to increases in property tax and other taxes and grant revenues in the current year.

**Business-Type Activities.** Business-type activities increased the County's net position by \$3,036,163 mainly due to an increase in grant revenue and decreases in expenditures in the Water and Sewer Fund and the Solid Waste Fund.

### **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 \$8,489,302, while total fund balance was \$11,682,098. The County currently has an available fund balance of 21.3% of total General Fund expenditures and transfers out, while total fund balance represents 29.3% of that same amount.

At June 30, 2015, the governmental funds of Hoke County reported a combined fund balance of \$12,733,403, a 38% increase over last year. This increase is due to an increase of fund balance in the General Fund of \$4.8 million. The Capital Reserve Fund transferred over \$1 million into the General Fund for the repayment of school debt.

**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 \$638,074 (1.6%).

**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 \$3,036,163.

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, 2015, totals \$89,009,053 (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
- Purchase of CTS software in the HATS Fund
- Purchase of pipeline cameras in the Water and Sewer Fund

### Hoke County's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 4,330,072	\$ 4,330,072	\$ 671,456	\$ 671,456	\$ 5,001,528	\$ 5,001,528
Building	16,679,557	17,115,563	33,839,894	35,036,994	50,519,451	52,152,557
Equipment	779,065	1,045,246	586,055	255,803	1,365,120	1,301,049
Vehicles	1,002,928	838,443	320,502	199,588	1,323,430	1,038,031
Construction in progress	-	-	30,799,524	18,441,098	30,799,524	18,441,098
Total	<u>\$ 22,791,622</u>	<u>\$ 23,329,324</u>	<u>\$ 66,217,431</u>	<u>\$ 54,604,939</u>	<u>\$ 89,009,053</u>	<u>\$ 77,934,263</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, 2015, Hoke County had total debt outstanding of \$70,804,335.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 9,200,000	\$ 9,900,000	\$ 4,836,000	\$ 5,170,000	\$ 14,036,000	\$ 15,070,000
Installment purchases	15,913,135	17,209,444	1,672,942	410,663	17,586,077	17,620,107
Revenue bonds	-	-	9,423,000	9,423,000	9,423,000	9,423,000
Limited obligation bonds	17,758,258	18,234,129	-	-	17,758,258	18,234,129
Bond anticipation note	-	-	12,001,000	12,001,000	12,001,000	12,001,000
Total	<u>\$ 42,871,393</u>	<u>\$ 45,343,573</u>	<u>\$ 27,932,942</u>	<u>\$ 27,004,663</u>	<u>\$ 70,804,335</u>	<u>\$ 72,348,236</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 \$222,586,000.

Additional information regarding Hoke County's long-term debt can be found in Note 3.B. beginning on page 62 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 completed construction of the 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, 2016**

**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 2016 are expected to increase to \$43,434,571 compared to an original budget of \$41,450,113 in fiscal year 2015.

**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 53.9% of the total General Fund budget of \$43.4 million.

The largest component of General Fund expenditures is expected to be employee compensation which represents 42.61% 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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hoke County ABC Board
<b>Assets:</b>				
Cash and cash equivalents	\$ 11,352,558	\$ 9,802,780	\$ 21,155,338	\$ 98,645
Receivables, net	5,100,643	1,964,067	7,064,710	-
Internal balance	536,036	(536,036)	-	-
Inventories	21,238	146,163	167,401	127,870
Prepaid expenses	32,065	-	32,065	2,068
Non-current assets:				
Restricted cash and cash equivalents	106,672	1,111,636	1,218,308	-
Net pension asset	1,398,350	175,119	1,573,469	6,546
Capital assets:				
Land, improvements, and construction in progress	4,330,072	31,470,980	35,801,052	3,000
Other capital assets, net of depreciation	18,461,550	34,746,451	53,208,001	17,265
Capital assets, net	22,791,622	66,217,431	89,009,053	20,265
Total assets	41,339,184	78,881,160	120,220,344	255,394
<b>Deferred Outflows of Resources</b>	958,283	129,861	1,088,144	231
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	1,645,325	804,378	2,449,703	98,990
Accrued interest payable	341,985	71,631	413,616	-
Due in less than one year	2,890,081	12,796,396	15,686,477	-
Payable from restricted assets	-	1,111,636	1,111,636	-
Non-current liabilities:				
Due in more than one year	43,223,006	15,542,156	58,765,162	-
Total liabilities	48,100,397	30,326,197	78,426,594	98,990
<b>Deferred Inflows of Resources</b>	3,208,999	426,808	3,635,807	15,955
<b>Net Position:</b>				
Net investment in capital assets	9,363,150	38,284,489	47,647,639	20,265
Restricted:				
Stabilization for State statute	3,187,624	-	3,187,624	-
Human services	1,076,156	-	1,076,156	-
Register of Deeds	20,171	-	20,171	-
Public safety	95,675	-	95,675	-
Working capital	-	-	-	38,434
Unrestricted	(22,754,705)	9,973,527	(12,781,178)	81,981
Total net position	\$ (9,011,929)	\$ 48,258,016	\$ 39,246,087	\$ 140,680

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 5,354,007	\$ 1,818,556	\$ 415,971	\$ -
Public safety	13,472,161	991,746	369,148	-
Economic and physical development	758,859	19,609	32,694	303,718
Human services	12,367,394	216,862	8,171,541	-
Cultural and recreational	1,066,787	113,357	50	-
Education	6,111,645	-	11,812	731,838
Interest on long-term debt	1,619,032	-	-	-
Total governmental activities	<u>40,749,885</u>	<u>3,160,130</u>	<u>9,001,216</u>	<u>1,035,556</u>
<b>Business-Type Activities:</b>				
Water and sewer	5,071,137	6,016,650	-	1,736,202
Landfill	2,169,502	2,454,458	-	-
Hoke Area Transit	1,262,224	72,698	905,270	-
Total business-type activities	<u>8,502,863</u>	<u>8,543,806</u>	<u>905,270</u>	<u>1,736,202</u>
Total primary government	<u>\$ 49,252,748</u>	<u>\$ 11,703,936</u>	<u>\$ 9,906,486</u>	<u>\$ 2,771,758</u>
<b>Component Unit:</b>				
ABC Board	<u>\$ 1,294,033</u>	<u>\$ 1,295,613</u>	<u>\$ -</u>	<u>\$ -</u>

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

HOKE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hoke County ABC Board
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ (3,119,480)	\$ -	\$ (3,119,480)	
Public safety	(12,111,267)	-	(12,111,267)	
Economic and physical development	(402,838)	-	(402,838)	
Human services	(3,978,991)	-	(3,978,991)	
Cultural and recreational	(953,380)	-	(953,380)	
Education	(5,367,995)	-	(5,367,995)	
Interest on long-term debt	(1,619,032)	-	(1,619,032)	
Total governmental activities	<u>(27,552,983)</u>	<u>-</u>	<u>(27,552,983)</u>	
<b>Business-Type Activities:</b>				
Water and sewer	-	2,681,715	2,681,715	
Landfill	-	284,956	284,956	
Hoke Area Transit	-	(284,256)	(284,256)	
Total business-type activities	<u>-</u>	<u>2,682,415</u>	<u>2,682,415</u>	
Total primary government	<u>(27,552,983)</u>	<u>2,682,415</u>	<u>(24,870,568)</u>	
<b>Component Unit:</b>				
ABC Board				\$ <u>1,580</u>
<b>General Revenues:</b>				
Taxes:				
Ad valorem taxes	26,399,813	-	26,399,813	-
Local option sales tax	6,905,835	-	6,905,835	-
Other taxes	31,565	-	31,565	-
Miscellaneous	1,512	-	1,512	-
Unrestricted intergovernmental	339,021	-	339,021	-
Investment earnings	19,345	42,405	61,750	6
Total general revenues excluding transfers	<u>33,697,091</u>	<u>42,405</u>	<u>33,739,496</u>	<u>6</u>
Transfers	(311,343)	311,343	-	-
Total general revenues and transfers	<u>33,385,748</u>	<u>353,748</u>	<u>33,739,496</u>	<u>6</u>
Change in net position	<u>5,832,765</u>	<u>3,036,163</u>	<u>8,868,928</u>	<u>1,586</u>
<b>Net Position:</b>				
Beginning of year - July 1	(13,247,823)	45,455,141	32,207,318	147,802
Restatement	(1,596,871)	(233,288)	(1,830,159)	(8,708)
Beginning of year - July 1, as restated	<u>(14,844,694)</u>	<u>45,221,853</u>	<u>30,377,159</u>	<u>139,094</u>
End of year - June 30	<u>\$ (9,011,929)</u>	<u>\$ 48,258,016</u>	<u>\$ 39,246,087</u>	<u>\$ 140,680</u>

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

HOKE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<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>
<b>Assets:</b>			
Cash and cash equivalents	\$ 9,969,025	\$ 1,383,533	\$ 11,352,558
Taxes receivable, net	2,393,524	298,504	2,692,028
Accounts receivable, net	1,935,162	48,131	1,983,293
Note receivable	-	425,322	425,322
Inventory	21,238	-	21,238
Prepays	32,065	-	32,065
Due from other funds	1,204,331	-	1,204,331
Restricted cash and cash equivalents	106,672	-	106,672
Total assets	<u>\$ 15,662,017</u>	<u>\$ 2,155,490</u>	<u>\$ 17,817,507</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 1,507,939	\$ 137,386	\$ 1,645,325
Due to other funds	-	668,295	668,295
Total liabilities	<u>1,507,939</u>	<u>805,681</u>	<u>2,313,620</u>
<b>Deferred Inflows of Resources:</b>			
Taxes receivable	2,393,524	298,504	2,692,028
Prepaid taxes	78,456	-	78,456
Total deferred inflows of resources	<u>2,471,980</u>	<u>298,504</u>	<u>2,770,484</u>
<b>Fund Balances:</b>			
Non-spendable:			
Inventories	21,238	-	21,238
Prepaid items	32,065	-	32,065
Long-term receivable	-	425,322	425,322
Restricted:			
Stabilization for State statute	3,139,493	48,131	3,187,624
Human services	1,076,156	-	1,076,156
Register of Deeds	20,171	-	20,171
Public safety	-	95,675	95,675
Committed	106,672	940,154	1,046,826
Assigned:			
Subsequent year's expenditures	201,000	-	201,000
Other	7,696	236,705	244,401
Unassigned	7,077,607	(694,682)	6,382,925
Total fund balances	<u>11,682,098</u>	<u>1,051,305</u>	<u>12,733,403</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,662,017</u>	<u>\$ 2,155,490</u>	<u>\$ 17,817,507</u>

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

HOKE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<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			\$ 12,733,403
Capital assets used in governmental activities are not financial resources and, therefore, are not reported:			
Total capital assets	\$ 32,182,556		
Less accumulated depreciation	<u>(9,390,934)</u>		
Net capital assets	<u>\$ 22,791,622</u>		22,791,622
Net pension asset			1,398,350
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.			912,179
Liabilities for deferred inflows in the fund statements but not the government-wide statements			2,692,028
Pension related deferrals			(3,084,439)
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	\$ (42,871,393)		
Accrued interest payable	(341,985)		
Compensated absences	(819,313)		
Other post-employment benefits	(1,982,418)		
Net pension obligation	<u>(439,963)</u>		
Total	<u>\$ (46,455,072)</u>		<u>(46,455,072)</u>
Net position of governmental activities			<u>\$ (9,011,929)</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, 2015

	<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>
<b>Revenues:</b>			
Ad valorem taxes	\$ 24,027,821	\$ 2,335,151	\$ 26,362,972
Local option sales taxes	6,905,835	-	6,905,835
Other taxes and licenses	31,565	-	31,565
Unrestricted intergovernmental	339,021	-	339,021
Restricted intergovernmental	8,763,544	563,207	9,326,751
E-911 wireless	-	323,932	323,932
Permits and fees	1,454,061	-	1,454,061
Sales and services	2,092,158	-	2,092,158
Investment earnings	19,345	-	19,345
Miscellaneous	621	891	1,512
Total revenues	<u>43,633,971</u>	<u>3,223,181</u>	<u>46,857,152</u>
<b>Expenditures:</b>			
Current:			
General government	5,300,507	82,161	5,382,668
Public safety	10,334,118	2,990,883	13,325,001
Economic and physical development	449,566	328,518	778,084
Human services	12,412,641	-	12,412,641
Cultural and recreational	1,016,716	-	1,016,716
Education	6,000,372	111,273	6,111,645
Debt service:			
Principal retirements	2,472,180	-	2,472,180
Interest and fees	1,619,032	-	1,619,032
Total expenditures	<u>39,605,132</u>	<u>3,512,835</u>	<u>43,117,967</u>
Revenues over (under) expenditures	<u>4,028,839</u>	<u>(289,654)</u>	<u>3,739,185</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	1,048,849	-	1,048,849
Transfers out	(311,343)	(1,048,849)	(1,360,192)
Total other financing sources (uses)	<u>737,506</u>	<u>(1,048,849)</u>	<u>(311,343)</u>
Net change in fund balances	<u>4,766,345</u>	<u>(1,338,503)</u>	<u>3,427,842</u>
<b>Fund Balances:</b>			
Beginning of year - July 1	6,915,753	2,009,491	8,925,244
Restatement	-	380,317	380,317
Beginning of year - July 1, as restated	<u>6,915,753</u>	<u>2,389,808</u>	<u>9,305,561</u>
End of year - June 30	<u>\$ 11,682,098</u>	<u>\$ 1,051,305</u>	<u>\$ 12,733,403</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, 2015**

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)	\$ 3,427,842
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	473,332
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	912,179
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not the fund statements	(1,011,034)
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.	2,472,180
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.	(478,575)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements.	<u>36,841</u>
Changes in net position of governmental activities (Exhibit B)	<u>\$ 5,832,765</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, 2015**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 21,566,727	\$ 22,711,727	\$ 24,027,821	\$ 1,316,094
Local option sales taxes	5,125,196	5,125,196	6,905,835	1,780,639
Other taxes and licenses	50,920	50,920	31,565	(19,355)
Unrestricted intergovernmental	191,300	191,300	339,021	147,721
Restricted intergovernmental	9,198,146	9,371,220	8,763,544	(607,676)
Permits and fees	1,463,945	1,463,945	1,454,061	(9,884)
Sales and services	2,491,830	1,811,830	2,092,158	280,328
Investment earnings	13,200	13,200	19,345	6,145
Total revenues	<u>40,101,264</u>	<u>40,739,338</u>	<u>43,633,350</u>	<u>2,894,012</u>
<b>Expenditures:</b>				
Current:				
General government	6,246,414	5,489,019	5,297,748	191,271
Public safety	9,527,076	10,347,426	10,334,118	13,308
Economic and physical development	608,621	608,621	449,566	159,055
Human services	13,166,399	13,324,523	12,412,641	911,882
Cultural and recreational	993,686	1,003,686	1,016,716	(13,030)
Intergovernmental - education	6,006,878	6,006,878	6,000,372	6,506
Debt service:				
Principal retirements	2,472,179	2,472,179	2,472,180	(1)
Interest and fees	<u>2,077,305</u>	<u>2,074,005</u>	<u>1,619,032</u>	<u>454,973</u>
Total expenditures	<u>41,098,558</u>	<u>41,326,337</u>	<u>39,602,373</u>	<u>1,723,964</u>
Revenues over (under) expenditures	<u>(997,294)</u>	<u>(586,999)</u>	<u>4,030,977</u>	<u>4,617,976</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(351,555)	(764,457)	(321,396)	443,061
Transfers in	1,048,849	1,048,849	1,048,849	-
Appropriated fund balance	<u>300,000</u>	<u>302,607</u>	<u>-</u>	<u>302,607</u>
Total other financing sources (uses)	<u>997,294</u>	<u>586,999</u>	<u>727,453</u>	<u>140,454</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>4,758,430</u>	<u>\$ 4,758,430</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>6,789,129</u>	
End of year - June 30			<u>\$ 11,547,559</u>	

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

## HOKE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	Major		Nonmajor	Total
	Water and Sewer District	Solid Waste	Hoke Area Transit System	
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 6,764,421	\$ 3,038,359	\$ -	\$ 9,802,780
Accounts receivable, net	1,425,837	175,167	363,063	1,964,067
Inventories	146,163	-	-	146,163
Total current assets	8,336,421	3,213,526	363,063	11,913,010
Non-current assets:				
Restricted cash and cash equivalents	1,111,636	-	-	1,111,636
Net pension asset	72,966	43,780	58,373	175,119
Land and construction in progress	31,288,328	182,652	-	31,470,980
Other capital assets, net of depreciation	33,488,861	1,156,680	100,910	34,746,451
Total non-current assets	65,961,791	1,383,112	159,283	67,504,186
Total assets	74,298,212	4,596,638	522,346	79,417,196
<b>Deferred Outflows of Resources</b>	54,109	32,465	43,287	129,861
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	610,636	135,216	58,526	804,378
Accrued interest expense	71,631	-	-	71,631
Due to other funds	-	-	536,036	536,036
Compensated absences	34,062	15,301	11,587	60,950
Current portion of long-term debt	12,735,446	-	-	12,735,446
Liabilities to be paid from restricted assets:				
Customer deposits	1,111,636	-	-	1,111,636
Total current liabilities	14,563,411	150,517	606,149	15,320,077
Non-current liabilities:				
Long-term obligations	15,358,928	98,794	84,434	15,542,156
Total liabilities	29,922,339	249,311	690,583	30,862,233
<b>Deferred Inflows of Resources</b>	177,837	106,702	142,269	426,808
<b>Net Position:</b>				
Net investment in capital assets	36,844,247	1,339,332	100,910	38,284,489
Unrestricted	7,407,898	2,933,758	(368,129)	9,973,527
Total net position	\$ 44,252,145	\$ 4,273,090	\$ (267,219)	\$ 48,258,016

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, 2015

	Major		Nonmajor	Total
	Water and Sewer District	Solid Waste	Hoke Area Transit System	
<b>Operating Revenues:</b>				
Water and sewer charges	\$ 4,989,792	\$ -	\$ -	\$ 4,989,792
Tap and impact fees	827,578	-	-	827,578
Solid waste collection fees	-	2,287,781	-	2,287,781
Transportation charges	-	-	72,698	72,698
Other operating revenues	199,280	166,677	-	365,957
Total operating revenues	<u>6,016,650</u>	<u>2,454,458</u>	<u>72,698</u>	<u>8,543,806</u>
<b>Operating Expenses:</b>				
Water administration	940,931	-	-	940,931
Water treatment	591,309	-	-	591,309
Water distribution	1,315,515	-	-	1,315,515
Sewer operations	802,257	-	-	802,257
Landfill operations	-	2,086,572	-	2,086,572
Area transit operations	-	-	1,262,224	1,262,224
Depreciation	1,257,858	82,930	-	1,340,788
Total operating expenses	<u>4,907,870</u>	<u>2,169,502</u>	<u>1,262,224</u>	<u>8,339,596</u>
Operating income (loss)	<u>1,108,780</u>	<u>284,956</u>	<u>(1,189,526)</u>	<u>204,210</u>
<b>Non-Operating Revenues (Expenses):</b>				
Investment earnings	-	42,405	-	42,405
Non-capital grants	-	-	905,270	905,270
Interest and other charges	(163,267)	-	-	(163,267)
Total non-operating revenues (expenses)	<u>(163,267)</u>	<u>42,405</u>	<u>905,270</u>	<u>784,408</u>
Income (loss) before capital contributions and transfers	945,513	327,361	(284,256)	988,618
Capital contributions	1,736,202	-	-	1,736,202
Transfers from General Fund	-	-	311,343	311,343
Change in net position	<u>2,681,715</u>	<u>327,361</u>	<u>27,087</u>	<u>3,036,163</u>
<b>Net Position:</b>				
Beginning of year - July 1	41,667,633	4,004,051	(216,543)	45,455,141
Restatement	(97,203)	(58,322)	(77,763)	(233,288)
Beginning of year, restated	<u>41,570,430</u>	<u>3,945,729</u>	<u>(294,306)</u>	<u>45,221,853</u>
End of year - June 30	<u>\$ 44,252,145</u>	<u>\$ 4,273,090</u>	<u>\$ (267,219)</u>	<u>\$ 48,258,016</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, 2015

	Major		Nonmajor	Total
	Water and Sewer District	Solid Waste	Hoke Area Transit System	
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 6,167,292	\$ 2,447,713	\$ 85,869	\$ 8,700,874
Cash paid for goods and services	(3,053,649)	(1,464,204)	(531,899)	(5,049,752)
Cash paid to employees for services	(1,105,260)	(625,960)	(727,385)	(2,458,605)
Net cash provided (used) by operating activities	<u>2,008,383</u>	<u>357,549</u>	<u>(1,173,415)</u>	<u>1,192,517</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Due to (from) other funds	-	-	230,714	230,714
Non-capital grants	-	-	732,268	732,268
Operating transfers - in (out)	-	-	311,343	311,343
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>1,274,325</u>	<u>1,274,325</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Proceeds from debt	6,530,000	-	-	6,530,000
Principal payments on long-term debt	(5,601,721)	-	-	(5,601,721)
Interest paid on debt	(91,633)	-	-	(91,633)
Capital contribution - grants	1,736,202	-	-	1,736,202
Acquisition and construction of capital assets	(12,697,972)	(154,398)	(100,910)	(12,953,280)
Net cash provided (used) by capital and related financing activities	<u>(10,125,124)</u>	<u>(154,398)</u>	<u>(100,910)</u>	<u>(10,380,432)</u>
<b>Cash Flows from Investing Activities:</b>				
Interest on investments	-	42,405	-	42,405
Net increase (decrease) in cash and cash equivalents	(8,116,741)	245,556	-	(7,871,185)
<b>Cash and Cash Equivalents:</b>				
Beginning of year - July 1	<u>15,992,798</u>	<u>2,792,803</u>	<u>-</u>	<u>18,785,601</u>
End of year - June 30	<u>\$ 7,876,057</u>	<u>\$ 3,038,359</u>	<u>\$ -</u>	<u>\$ 10,914,416</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 1,108,780	\$ 284,956	\$ (1,189,526)	\$ 204,210
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,257,858	82,930	-	1,340,788
Pension expense	5,195	3,116	4,155	12,466
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	109,908	(6,745)	13,171	116,334
(Increase) decrease in inventory	(19,314)	-	-	(19,314)
(Increase) decrease in deferred outflows of resources for pensions	(51,636)	(30,981)	(41,309)	(123,926)
Increase (decrease) in accounts payable	(479,320)	13,254	20,070	(445,996)
Increase (decrease) in customer deposits	40,734	-	-	40,734
Increase (decrease) in OPEB payable	24,554	14,509	16,742	55,805
Increase (decrease) in accrued vacation pay	11,624	(3,490)	3,282	11,416
Total adjustments	<u>899,603</u>	<u>72,593</u>	<u>16,111</u>	<u>988,307</u>
Net cash provided (used) by operating activities	<u>\$ 2,008,383</u>	<u>\$ 357,549</u>	<u>\$ (1,173,415)</u>	<u>\$ 1,192,517</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, 2015**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 155,994
Accounts receivable	<u>57,355</u>
Total assets	<u>\$ 213,349</u>
 <b>Liabilities:</b>	
Accounts payable and other liabilities	<u>\$ 213,349</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, 2015

### 1. Summary of Significant Accounting Policies

The accounting policies of Hoke County, North Carolina (the “County”) and its discretely presented component unit conform to generally accepted accounting principles 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 generally accepted accounting principles, 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, 2015

### **B. Basis of Presentation, Measurement Focus – Basis of Accounting**

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

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, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental fund:

**General Fund.** The General Fund is the primary operating fund of the County. The General Fund accounts for all financial resources of the general government, except those that are required to be accounted for in another fund. 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, 2015

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; and 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.

*Nonmajor Funds.* The County maintains nine 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 Administrative Capital Project Fund, the CDBG Capital Project Fund, and the Capital Reserve Fund are reported as nonmajor capital projects funds. The Hoke Area Transit System Fund is reported as a nonmajor enterprise fund.

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

### **C. 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 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.

### **D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, 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.

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, a 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.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 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.

### Restricted Assets

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, 2015:

#### Governmental Activities:

##### General Fund:

Restricted for revaluation	<u>\$ 106,672</u>
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##### Business-Type Activities

##### Water and Sewer District Fund:

Customer deposits	<u>1,111,636</u>
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Total restricted cash	<u>\$ 1,218,308</u>
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### 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, 2014. 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.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### **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 inventories of the County is valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are 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 installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education 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, 2015

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. The County has two items that meet this criterion – pension related deferrals and contributions made to the pension plan in the current fiscal year.

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 three items that meet the criterion for this category – prepaid taxes, taxes receivable, and other pension related deferrals.

### **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 on the Statements of Net Position.

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### **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.

#### **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.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

*Long-Term Receivable* – portion of fund balance that is not an available resource because it represents the amount not expected to be converted to cash during the subsequent fiscal year.

**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	20,171	-	20,171
Public safety	-	95,675	95,675
Total	<u>\$ 1,096,327</u>	<u>\$ 95,675</u>	<u>\$ 1,192,002</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

**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.

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental</b>	<b>Total</b>
Tax revaluation	\$ 106,672	\$ -	\$ 106,672
Capital projects	-	940,154	940,154
<b>Total</b>	<b>\$ 106,672</b>	<b>\$ 940,154</b>	<b>\$ 1,046,826</b>

**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.

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental</b>	<b>Total</b>
Public safety	\$ 7,696	\$ 76,386	\$ 84,082
Economic development	-	160,319	160,319
Subsequent year's expenditures	201,000	-	201,000
<b>Total</b>	<b>\$ 208,696</b>	<b>\$ 236,705</b>	<b>\$ 445,401</b>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

**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	\$ 11,682,098
<b>Less:</b>	
Inventories	21,238
Prepays	32,065
Stabilization for State statute	<u>3,139,493</u>
Total available fund balance	<u>\$ 8,489,302</u>

### Defined Benefit Pension Plans

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 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>\$ 11,547,559</u>
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#### Register of Deeds Automation Fund:

Expenditures:

General government	2,759
Transfers in	6,250

Fund balance, beginning	<u>16,680</u>
Fund balance, ending	<u>20,171</u>

#### Revaluation Fund:

Revenues:

Miscellaneous	328
Transfers in	2,750

Fund balance, beginning	<u>103,594</u>
Fund balance, ending	<u>106,672</u>

#### Law Enforcement Officer:

Revenues:

Miscellaneous	293
Transfers in	1,053

Fund balance, beginning	<u>6,350</u>
Fund balance, ending	<u>7,696</u>

Total ending fund balance (Exhibit D)	<u><u>\$ 11,682,098</u></u>
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**HOKE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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, 2015, are as follows:

**General Fund:**

Cultural and recreational	\$	13,030
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**Special Revenue Fund:**

Grant Projects Fund	\$	360
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**Capital Projects Fund:**

Administrative Capital Project Fund	\$	1,004,623
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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	\$	267,219
Grant Projects Fund		71,498
Multi-Year Grant Special Revenue Fund		112,261
Administrative Capital Project Fund		484,536
CDBG Capital Project Fund		<u>26,387</u>
Total	\$	<u>961,901</u>

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

**C. Non-Compliance with North Carolina General Statutes**

The County had disbursements during the current fiscal year that were not pre-audited according to State statutes. Proper documentation and approval were not obtained prior to goods being ordered. Internal controls over purchase orders were not properly implemented.

The County Finance Department will continue to work with the County departments to ensure proper procedures are followed.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

An original budget ordinance was not adopted for an annual special revenue fund prior to the beginning of the fiscal year. Furthermore, a budget was not adopted until after monies were already spent during the fiscal year. This was a violation of G.S. 159-28(a) and the fund this occurred in remains over-expended and resulted in a deficit fund balance at year end.

The County is in the process of evaluating the budget process to ensure all funds and all budgets are properly accounted for during the budget process. A checklist has been established to make sure each fund of the budget is included in the annual adoption process.

### 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.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

At June 30, 2015, the County's deposits had a carrying amount of \$11,302,132 and a bank balance of \$12,543,029. Of the bank balance, \$513,749 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

At June 30, 2015, Hoke County had \$4,303 cash on hand.

### Investments

At June 30, 2015, the County's investments consisted of \$11,223,205 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>
2012	\$ 620,273	\$ -	\$ 620,273
2013	621,051	-	621,051
2014	623,219	-	623,219
2015	908,576	-	908,576
Total	<u>\$ 2,773,119</u>	<u>\$ -</u>	<u>\$ 2,773,119</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### Receivables

Receivables at the government-wide level at June 30, 2015, were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Other Governments</u>	<u>Note Receivable</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$ 67,064	\$ 3,174,524	\$ 1,868,098	\$ -	\$ 5,109,686
Other governmental	-	370,504	48,131	425,322	843,957
Allowance for doubtful accounts	-	(853,000)	-	-	(853,000)
Total receivables	\$ 67,064	\$ 2,692,028	\$ 1,916,229	\$ 425,322	\$ 5,100,643
<b>Business-Type Activities:</b>					
Water and Sewer District	\$ 1,236,321	\$ -	\$ 730,000	\$ -	\$ 1,966,321
Solid waste	475,167	-	24,000	-	499,167
HATS	1,279	-	361,784	-	363,063
Allowance for doubtful accounts	(864,484)	-	-	-	(864,484)
Total business-type activities	\$ 848,283	\$ -	\$ 1,115,784	\$ -	\$ 1,964,067

Due from other governments consists of the following:

<b>Governmental Activities:</b>	
Local option sales tax	\$ 951,961
Refundable sales tax	418,722
MV taxes, State	216,129
Others	329,417
Total	\$ 1,916,229
<b>Business-Type Activities:</b>	
Grants receivable	\$ 1,091,784
Others	24,000
Total	\$ 1,115,784

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### Capital Assets

#### Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2015, was as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Governmental Activities:</b>				
<b>Non-Depreciable Assets:</b>				
Land	\$ 4,330,072	\$ -	\$ -	\$ 4,330,072
Total non-depreciable capital assets	<u>4,330,072</u>	<u>-</u>	<u>-</u>	<u>4,330,072</u>
<b>Depreciable Assets:</b>				
Buildings	20,442,462	-	-	20,442,462
Equipment	3,618,276	29,485	-	3,647,761
Vehicles and motor equipment	3,780,146	443,847	461,732	3,762,261
Total depreciable capital assets	<u>27,840,884</u>	<u>473,332</u>	<u>461,732</u>	<u>27,852,484</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	3,326,899	436,006	-	3,762,905
Equipment	2,573,030	295,666	-	2,868,696
Vehicles and motor equipment	2,941,703	279,362	461,732	2,759,333
Total accumulated depreciation	<u>8,841,632</u>	<u>\$ 1,011,034</u>	<u>\$ 461,732</u>	<u>9,390,934</u>
Total depreciable capital assets, net	<u>18,999,252</u>			<u>18,461,550</u>
Governmental activity capital assets, net	<u>\$ 23,329,324</u>			<u>\$ 22,791,622</u>

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

General government	\$ 95,353
Public safety	724,508
Economic and physical development	9,083
Human services	108,192
Cultural and recreational	<u>73,898</u>
Total	<u>\$ 1,011,034</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2015</u>
<b>Business-Type Activities:</b>				
<b>Water and Sewer District:</b>				
<b>Non-Depreciable Assets:</b>				
Land	\$ 488,804	\$ -	\$ -	\$ 488,804
Construction in progress	18,441,098	12,358,426	-	30,799,524
Total non-depreciable capital assets	<u>18,929,902</u>	<u>12,358,426</u>	<u>-</u>	<u>31,288,328</u>
<b>Depreciable Assets:</b>				
Plant and distribution system	43,880,731	-	-	43,880,731
Furniture and maintenance equipment	906,556	285,071	2,672	1,188,955
Buildings	124,620	-	-	124,620
Vehicles	597,180	54,475	27,770	623,885
Total depreciable capital assets	<u>45,509,087</u>	<u>339,546</u>	<u>30,442</u>	<u>45,818,191</u>
<b>Less Accumulated Depreciation:</b>				
Plant and distribution system	9,856,220	1,173,098	-	11,029,318
Furniture and maintenance equipment	759,334	33,299	2,672	789,961
Buildings	13,293	2,492	-	15,785
Vehicles	473,067	48,969	27,770	494,266
Total accumulated depreciation	<u>11,101,914</u>	<u>\$ 1,257,858</u>	<u>\$ 30,442</u>	<u>12,329,330</u>
Total depreciable capital assets, net	<u>34,407,173</u>			<u>33,488,861</u>
Water and Sewer capital assets, net	<u>53,337,075</u>			<u>64,777,189</u>
<b>Solid Waste:</b>				
<b>Non-Depreciable Assets:</b>				
Land	182,652	\$ -	\$ -	182,652
<b>Depreciable Assets:</b>				
Plant and distribution system	1,075,504	-	-	1,075,504
Furniture and maintenance equipment	696,513	-	-	696,513
Vehicles	279,173	154,398	-	433,571
Total depreciable capital assets	<u>2,051,190</u>	<u>154,398</u>	<u>-</u>	<u>2,205,588</u>
<b>Less Accumulated Depreciation:</b>				
Plant and distribution system	174,348	21,510	-	195,858
Furniture and maintenance equipment	587,932	22,430	-	610,362
Vehicles	203,698	38,990	-	242,688
Total accumulated depreciation	<u>965,978</u>	<u>\$ 82,930</u>	<u>\$ -</u>	<u>1,048,908</u>
Total depreciable capital assets, net	<u>1,085,212</u>			<u>1,156,680</u>
Solid waste capital assets, net	<u>1,267,864</u>			<u>1,339,332</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Hoke Area Transit System:</b>				
<b>Depreciable Assets:</b>				
Equipment	17,394	\$ 100,910	\$ -	118,304
Vehicles	29,713	-	-	29,713
Total depreciable capital assets	<u>47,107</u>	<u>100,910</u>	<u>-</u>	<u>148,017</u>
<b>Less Accumulated Depreciation:</b>				
Equipment	17,394	-	-	17,394
Vehicles	29,713	-	-	29,713
Total accumulated depreciation	<u>47,107</u>	<u>\$ -</u>	<u>\$ -</u>	<u>47,107</u>
Total depreciable capital assets, net	<u>-</u>			<u>100,910</u>
Transit capital assets, net	<u>-</u>			<u>100,910</u>
Business-type activities, net	<u>\$ 54,604,939</u>			<u>\$ 66,217,431</u>

### Net Investment in Capital Assets

The total net investment in capital assets, at June 30, 2015, is composed of the following elements:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Capital assets	<u>\$ 22,791,622</u>	<u>\$ 66,217,431</u>
Long-term debt	42,871,393	27,932,942
<b>Less:</b>		
School debt to which County does not hold title	<u>29,442,921</u>	<u>-</u>
Total capital debt	<u>13,428,472</u>	<u>27,932,942</u>
Net investment in capital assets	<u>\$ 9,363,150</u>	<u>\$ 38,284,489</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### Construction Commitments

At June 30, 2015, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
<b>Water and Sewer Fund:</b>		
Phase V Water Project	\$ 10,007,314	\$ 549,293
Hwy 401 water improvements	1,422,449	627,551
Vass Road Water Main Extension	175,033	2,751
Vass Road Production Wells	18,748	624,142
Gillis Hill Water Improvements	5,401	277,720
Sandy Grove Pump Station	331,378	836,338
Sewer Project Phase 1A	1,455,147	165,253
Sewer Project Phase 1B	15,067,571	2,927,429
Total	<u>\$ 28,483,041</u>	<u>\$ 6,010,477</u>

### B. Liabilities

#### Payables

Payables at the government-wide level at June 30, 2015, were as follows:

	<u>Accounts Payable</u>	<u>Salaries and Benefits</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General	\$ 924,802	\$ 583,137	\$ 1,507,939
Other governmental	126,743	10,643	137,386
Total governmental activities	<u>\$ 1,051,545</u>	<u>\$ 593,780</u>	<u>\$ 1,645,325</u>
<b>Business-Type Activities:</b>			
Water and Sewer District	\$ 582,766	\$ 27,870	\$ 610,636
Solid waste	116,549	18,667	135,216
Hoke Area Transit	40,073	18,453	58,526
Total business-type activities	<u>\$ 739,388</u>	<u>\$ 64,990</u>	<u>\$ 804,378</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### Pension Plan Obligations

#### Local Government Employees' Retirement System

**Plan Description.** The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,032,713 for the year ended June 30, 2015.

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

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

At June 30, 2015, the County reported an asset of \$1,459,327 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was .247%, which was an increase of .004% from its proportion measured as of June 30, 2013.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

For the year ended June 30, 2015, the County recognized pension expense of \$103,888. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 159,456
Net difference between projected and actual earnings on pension plan investments	-	3,397,281
Changes in proportion and differences between County contributions and proportionate share of contributions	49,459	-
County contributions subsequent to the measurement date	1,032,713	-
Total	\$ 1,082,172	\$ 3,556,737

\$1,032,713 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2016	\$ (876,888)
2017	(876,888)
2018	(876,888)
2019	(876,614)
Total	\$ (3,507,278)

**Actuarial Assumptions.** The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8%, and Inflation Protection 3.4%.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 4,953,587	\$ (1,459,327)	\$ (6,858,794)

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

### **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.

For reporting purposes, the Separation allowance is presented as a pension trust fund; however, it does not meet the criteria for trust funds outlined in GASB Statement 68.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>68</u>
Total	<u>68</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, 2013, 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, 2013, was 17 years.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

**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	\$ 73,079
Interest on net pension obligation	18,999
Adjustment to annual required contribution	<u>(32,099)</u>
Annual pension cost	59,979
Employer contributions made	<u>-</u>
Increase in net pension obligation	59,979
Net pension obligation:	
Beginning of year - July 1	<u>379,984</u>
End of year - June 30	<u><u>\$ 439,963</u></u>

### Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	\$ 54,408	0.00%	\$ 324,731
2014	55,253	0.00%	379,984
2015	59,979	0.00%	439,963

**Funding Status and Funding Progress.** As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$436,287. The covered payroll (annual payroll of active employees covered by the plan) was \$2,845,294, and the ratio of the UAAL to the covered payroll was 15.33%.

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.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### **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 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, 2015, were \$161,137, which consisted of \$128,446 from the County and \$32,691 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 (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds’ Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes financial statements and required supplementary information for the Registers of Deeds’ Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

**Contributions.** Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,392 for the year ended June 30, 2015.

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

At June 30, 2015, the County reported an asset of \$114,142 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was .504%, which was a decrease of .010% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(2,204). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,047	\$ -
Net difference between projected and actual earnings on pension plan investments	-	614
Changes in proportion and differences between County contributions and proportionate share of contributions	1,533	-
County contributions subsequent to the measurement date	3,392	-
Total	\$ 5,972	\$ 614

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

\$3,392 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2016	\$ 1,019
2017	1,019
2018	81
2019	(153)
Total	<u>\$ 1,966</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(4.75%)</b>	<b>(5.75%)</b>	<b>(6.75%)</b>
County's proportionate share of the net pension liability (asset)	\$ (102,491)	\$ (114,142)	\$ (124,150)

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

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 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).

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.

<b>County Contributions Based on Years of Creditable Service</b>	
<b>Years of Creditable Service with County</b>	<b>County Pays</b>
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, 2014:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	5	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	347	68
Total	352	68

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

**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.

The current ARC rate is 3.1% of annual covered payroll. For the current year, the County contributed \$45,530, or .30%, 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:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Annual required contribution	\$ 406,333	\$ 55,409	\$ 461,742
Interest on net OPEB obligation	65,001	8,864	73,865
Adjustments to annual required contribution	<u>(62,096)</u>	<u>(8,468)</u>	<u>(70,564)</u>
Annual OPEB cost (expense)	409,238	55,805	465,043
Contributions made	<u>(45,530)</u>	-	<u>(45,530)</u>
Increase (decrease) in net OPEB obligation	363,708	55,805	419,513
Net OPEB obligation:			
Beginning of year - July 1	<u>1,618,710</u>	<u>227,905</u>	<u>1,846,615</u>
End of year - June 30	<u>\$ 1,982,418</u>	<u>\$ 283,710</u>	<u>\$ 2,266,128</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

<b>Three Year Trend Information</b>			
<b>Year Ended June 30</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2013	\$ 409,696	8.82%	\$ 1,421,272
2014	450,834	5.65%	1,846,615
2015	465,043	9.79%	2,266,128

**Funding Status and Funding Progress.** As of December 31, 2014, 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 \$3,639,993. The covered payroll (annual payroll of active employees covered by the plan) was \$15,037,213, and the ratio of the UAAL to the covered payroll was 24.2%. 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, 2014, 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 7.5% to 5.0% annually. Both

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

rates included a 3.0% inflation assumption. The actuarial value of assets, if any, was 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, 2014, was 30 years.

As of June 30, 2015, 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.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 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.

### Deferred Outflows and Inflows of Resources

Deferred outflows of resources are comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 1,036,105
Pension deferrals	52,039
Total	<u>\$ 1,088,144</u>

Deferred inflows of resources are comprised of the following:

<u>Source</u>	<u>Amount</u>
General Fund taxes receivable, net	\$ 2,393,524
Special Revenue Fund taxes receivable, net	298,504
Prepaid taxes	78,456
Pension deferrals	3,557,351
Total	<u>\$ 6,327,835</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.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

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, 2015, 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, 2015, 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, 2015

The County's general long-term debt at June 30, 2015, 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%, maturing in 2027 \$ 9,200,000

**Water and Sewer Fund:**

\$400,000 2014A Refunding Series, due in semi-annual payments, including interest at a rate of 1.02%, maturing in 2018 \$ 300,000

\$4,770,000 2014B Refunding Series, due in semi-annual payments, including interest at a rate of 2.39%, maturing in 2026 4,536,000

Total Water and Sewer Fund \$ 4,836,000

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
2016	\$ 700,000	\$ 390,000	\$ 469,000	\$ 111,470
2017	700,000	348,000	480,000	101,631
2018	700,000	320,000	491,000	91,529
2019	700,000	292,000	395,000	81,164
2020	700,000	264,000	405,000	71,724
2021-2025	4,300,000	848,625	2,143,000	209,651
2026-2027	1,400,000	80,750	453,000	10,827
Total	<u>\$ 9,200,000</u>	<u>\$ 2,543,375</u>	<u>\$ 4,836,000</u>	<u>\$ 677,996</u>

**Refundings**

On July 22, 2014, the County refunded the 1998 Water Series and the 2004 Water Refunding Series bonds with the 2014A and 2014B Refunding Series general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities column of the Statement of Net Position. The reacquisition price equaled the net carrying amount of the old debt. The refunding was undertaken to achieve debt service savings and the refunding does not involve a device to obtain a material financial advantage other than to achieve debt service savings due to lower interest rates. The net present value savings is \$528,951 for both bonds.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The County's notes payable debt at June 30, 2015 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	\$ 1,787,333
\$2,585,000 note, payable in semi-annual installments of \$85,667, including interest at 2.12%, maturing in 2022	1,199,333
\$626,165 note, payable in annual installments of \$48,167, including interest at 3.73%, maturing in 2016	48,167
\$5,000,000 note, payable in annual installments of \$333,333, including interest at 2.65%, maturing in 2021	2,000,000
\$525,000 note, payable in annual installments of \$35,000, including interest at 4.64%, maturing in 2018	140,000
\$3,865,000 note, payable in semi-annual installments of \$128,833, including interest at 3.79%, maturing in 2023	2,061,333
\$2,790,450 USDA note, payable in annual installments of \$168,823, including interest at 4.375%, maturing in 2035	2,098,710
\$7,034,000 USDA note, payable in annual installments of \$362,040, including interest at the rate of 4.125%, maturing in 2045	6,131,401
\$700,000 USDA note, payable in annual installments of \$36,029, including interest at 4.125%, maturing in 2034	<u>446,858</u>
Total notes payable - General Fund	<u>15,913,135</u>

### 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	312,942
\$1,360,000 note, payable in monthly installments of \$14,167, at zero interest, maturing in 2024	<u>1,360,000</u>
Total notes payable - Water and Sewer Fund	<u>1,672,942</u>
Total notes payable	<u>\$ 17,586,077</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Year Ending June 30	General Fund		Water and Sewer	
	Principal	Interest	Principal	Interest
2016	\$ 1,304,553	\$ 578,266	\$ 143,446	\$ 10,327
2017	1,264,982	537,078	274,277	6,996
2018	1,273,942	495,323	277,719	3,555
2019	1,283,280	454,189	170,000	-
2020	1,258,012	412,662	170,000	-
2021-2025	3,322,373	1,560,788	637,500	-
2026-2030	1,675,612	1,158,848	-	-
2031-2035	1,690,828	781,213	-	-
2036-2040	1,329,820	480,380	-	-
2041-2045	1,509,733	182,524	-	-
Total	<u>\$ 15,913,135</u>	<u>\$ 6,641,271</u>	<u>\$ 1,672,942</u>	<u>\$ 20,878</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

\$ 17,758,258

Year Ending June 30	General Fund	
	Principal	Interest
2016	\$ 475,871	\$ 919,409
2017	475,871	919,409
2018	475,871	919,409
2019	475,871	919,409
2020	475,871	919,409
2021-2025	4,140,646	4,597,047
2026-2030	7,766,361	4,597,047
2031-2032	3,471,896	1,838,821
Total	<u>\$ 17,758,258</u>	<u>\$ 15,629,960</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

**Revenue Bonds Payable - Water and Sewer Fund:**

\$9,423,000 USDA Water & 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%, maturing in 2053.

\$ 9,423,000

Year Ending June 30	Water and Sewer	
	Principal	Interest
2016	\$ 122,000	\$ 329,805
2017	127,000	325,535
2017	131,000	321,090
2019	136,000	316,505
2020	140,000	311,745
2021-2025	779,000	1,481,620
2026-2030	926,000	1,335,250
2031-2035	1,099,000	1,161,545
2036-2040	1,305,000	955,325
2041-2045	1,551,000	710,360
2046-2050	1,841,000	419,335
2051-2053	1,266,000	89,600
Total	\$ 9,423,000	\$ 7,757,715

**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
2016	\$ 12,001,000	\$ 116,956

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2015, is as follows:

Operating revenues	\$ 6,016,650
Operating expenses*	<u>3,650,012</u>
Net revenues	<u>\$ 2,366,638</u>

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

	None
Current year debt service	\$ 514,089
Current year debt service percent coverage	460%

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

Debt service on subordinated indebtedness	\$ 523,354
Debt service on subordinated indebtedness percent coverage	452%

Net revenues may not be less than 100% of the amount necessary to meet annual debt service obligations coming due with respect to general obligation bonds and installment financing obligations

Debt service	\$ 734,243
Debt services on debt coming due in next fiscal year percent of coverage	322%

\*Per revenue bond covenant, this does not include depreciation expense of \$1,257,858.

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 \$17,180,715. Principal and interest paid for the current year and total customer net revenues were \$514,089 and \$2,366,638, respectively.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2015:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Current</u> <u>Portion</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 9,900,000	\$ -	\$ 700,000	\$ 9,200,000	\$ 700,000
Limited obligation bonds	18,234,129	-	475,871	17,758,258	475,871
Installment purchases	17,209,444	-	1,296,309	15,913,135	1,304,553
Compensated absences	797,974	1,479,474	1,458,135	819,313	409,657
Other post-employment benefits	1,618,710	409,238	45,530	1,982,418	-
Net pension liability (LGERS)	2,579,714	-	2,579,714	-	-
Net pension obligation	379,984	59,979	-	439,963	-
Total governmental activities	<u>\$ 50,719,955</u>	<u>\$ 1,948,691</u>	<u>\$ 6,555,559</u>	<u>\$ 46,113,087</u>	<u>\$ 2,890,081</u>
<b>Business-Type Activities:</b>					
<b>Water and Sewer District:</b>					
General obligation bonds	\$ 5,170,000	\$ 5,170,000	\$ 5,504,000	\$ 4,836,000	\$ 469,000
Revenue bond	9,423,000	-	-	9,423,000	122,000
Bond anticipation note	12,001,000	-	-	12,001,000	12,001,000
Installment purchases	410,663	1,360,000	97,721	1,672,942	143,446
Compensated absences	56,500	96,227	84,603	68,124	34,062
Other post-employment benefits	102,816	24,554	-	127,370	-
Net pension liability (LGERS)	146,575	-	146,575	-	-
Total water and sewer	<u>27,310,554</u>	<u>6,650,781</u>	<u>5,832,899</u>	<u>28,128,436</u>	<u>12,769,508</u>
<b>Solid Waste:</b>					
Compensated absences	34,092	45,247	48,737	30,602	15,301
Other post-employment benefits	68,984	14,509	-	83,493	-
Net pension liability (LGERS)	87,945	-	87,945	-	-
Total solid waste	<u>191,021</u>	<u>59,756</u>	<u>136,682</u>	<u>114,095</u>	<u>15,301</u>
<b>Hoke Area Transit System:</b>					
Compensated absences	19,892	56,253	52,971	23,174	11,587
Other post-employment benefits	56,105	16,742	-	72,847	-
Net pension liability (LGERS)	117,260	-	117,260	-	-
Total transit	<u>193,257</u>	<u>72,995</u>	<u>170,231</u>	<u>96,021</u>	<u>11,587</u>
Total business-type activities	<u>\$ 27,694,832</u>	<u>\$ 6,783,532</u>	<u>\$ 6,139,812</u>	<u>\$ 28,338,552</u>	<u>\$ 12,796,396</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

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, 2015, the County had a legal debt margin of approximately \$222,586,000.

### **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, 2015, 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, 2015 consist of the following:

	From	To	Purpose
<b>Special Revenue Funds:</b>			
Grant projects	\$ 71,498	\$ -	Fund project
Multi-year grants	112,261	-	Fund project
<b>Capital Project Funds:</b>			
Administrative Capital Project Fund	484,536	-	Fund administrative project
<b>Enterprise Funds:</b>			
Hoke Area Transit System Fund	536,036	-	Fund program
General Fund	-	1,204,331	
Total	\$ 1,204,331	\$ 1,204,331	

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Transfers to/from other funds consist of the following:

	From	To	Purpose
General Fund	\$ 311,343	\$ -	
Hoke Area Transit System	-	311,343	Fund operations in Transportation Fund
Capital Reserve Fund	1,048,849	-	
General Fund	-	1,048,849	Fund school debt
Total	\$ 1,360,192	\$ 1,360,192	

#### 4. 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 \$4,226 during the year and received no financial benefit or responsibility from or for the Commission.

##### **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.

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 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	\$ 271,702	\$ 16
Medical Assistance Program	913,800	740
Independent Living Grant	500	-
Supplemental Nutrition for WIC	1,051,996	-
Adoption/Foster Care - Payments and Penalties	(58)	(16)
IV-E Adoption Subsidy and Vendors	148,269	38,712
Title IV-E - Foster Care	73,150	21,168
State Children's Insurance Program - N.C. Health Choice	452,527	142,050
SFHF Maximization	-	6,254
CWS - Adoption Subsidy and Vendors	-	151,037
SC/SA Domiciliary Care	-	278,950
State Foster Home	-	32,998
Total	<u>\$ 2,911,886</u>	<u>\$ 671,909</u>

# HOKE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 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.

### 7. Change in Accounting Principles

#### Restatement of Pension Liability

The County implemented Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$1,596,871 and \$233,288, respectively.

#### Restatement of Revolving Loans Receivable

The County restated fund balance in the Special Revenue Fund Revolving Loan Fund during the current year to adjust for long-term loans receivable that have previously been reported as deferred inflows of resources. The restatement increased fund balance for governmental activities by \$380,317.

### 8. Significant Effects of Subsequent Events

The County Board of Commissioners approved the closing of the HATS Fund on June 30, 2015. The HATS Fund was absorbed into the General Fund on July 1, 2015 as the fiscal year 2016 budget was adopted. The new HATS department in the General Fund was budgeted with an expenditure budget of \$1,007,499. This fund was added to the General Fund due to over expenditure in past budgets and the fund was established to be self-supporting and never generated the revenue to support itself.

## HOKE COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015

## 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 of Covered Payroll ((b-a)/c)
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%
12/31/2014	-	436,287	436,287	0.00%	2,845,294	15.33%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
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%
2015	73,079	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	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.0%
Projected salary increases*	4.25% to 7.85%
*Includes inflation at	3.0%
Cost of living adjustments	N/A

## HOKE COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015

## 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 C	UAAL as a Percentage Covered Payroll (B - A)/C
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%
12/31/2014	-	3,639,993	3,639,993	0.00%	15,037,213	24.21%

## 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%
2015	461,742	9.86%

## 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	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return *	4.0%
Medical trend assumptions	
Pre-medicare trend rate	7.50% - 5.00%
Year of ultimate trend rate	2020

\*Included inflation at 3.0%

**HOKE COUNTY, NORTH CAROLINA****COUNTY'S PROPORTIONATE SHARE OF NET  
PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS\***

<b>Local Government Employees' Retirement System</b>		
	<u>2015</u>	<u>2014</u>
Hoke County's proportion of the net pension liability (asset) (%)	0.24745%	0.24320%
Hoke County's proportion of the net pension liability (asset) (\$)	\$ (1,459,327)	\$ 2,931,494
Hoke County's covered-employee payroll	\$ 13,843,764	\$ 12,040,294
Hoke County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-10.54%	24.35%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

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

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

**HOKE COUNTY, NORTH CAROLINA****COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS****Local Government Employees' Retirement System**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,032,713	\$ 987,199
Contributions in relation to the contractually required contribution	<u>1,032,713</u>	<u>987,199</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Hoke's covered-employee payroll	\$ 14,477,764	\$ 13,843,764
Contributions as a percentage of covered-employee payroll	7.13%	7.13%

**HOKE COUNTY, NORTH CAROLINA****COUNTY'S PROPORTIONATE SHARE OF NET  
PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS\*****Register of Deeds' Supplemental Pension Fund**

	<u>2015</u>	<u>2014</u>
Hoke County's proportion of the net pension liability (asset) (%)	0.50357%	0.51401%
Hoke County's proportion of the net pension liability (asset) (\$)	\$ (114,142)	\$ (109,793)
Hoke County's covered-employee payroll	\$ 46,805	\$ 55,480
Hoke County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-243.87%	-197.90%
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%

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

**HOKE COUNTY, NORTH CAROLINA****COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS****Register of Deeds' Supplemental Pension Fund**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,392	\$ 3,309
Contributions in relation to the contractually required contribution	<u>3,392</u>	<u>3,309</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Hoke's covered-employee payroll	\$ 47,971	\$ 46,805
Contributions as a percentage of covered-employee payroll	7.07%	7.07%

## HOKE COUNTY, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GENERAL FUND CONSOLIDATED  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>General Fund</b>	<b>Register of Deeds Automation Fund</b>	<b>Revaluation Fund</b>	<b>Law Enforcement Officer Fund</b>	<b>Total</b>
<b>Revenues:</b>					
Ad valorem taxes	\$ 24,027,821	\$ -	\$ -	\$ -	\$ 24,027,821
Local option sales taxes	6,905,835	-	-	-	6,905,835
Other taxes and licenses	31,565	-	-	-	31,565
Unrestricted intergovernmental	339,021	-	-	-	339,021
Restricted intergovernmental	8,763,544	-	-	-	8,763,544
Permits and fees	1,454,061	-	-	-	1,454,061
Sales and services	2,092,158	-	-	-	2,092,158
Investment earnings	19,345	-	-	-	19,345
Miscellaneous	-	-	328	293	621
Total revenues	<u>43,633,350</u>	<u>-</u>	<u>328</u>	<u>293</u>	<u>43,633,971</u>
<b>Expenditures:</b>					
Current:					
General government	5,297,748	2,759	-	-	5,300,507
Public safety	10,334,118	-	-	-	10,334,118
Economic and physical development	449,566	-	-	-	449,566
Human services	12,412,641	-	-	-	12,412,641
Cultural and recreational	1,016,716	-	-	-	1,016,716
Intergovernmental - education	6,000,372	-	-	-	6,000,372
Debt service:					
Principal retirements	2,472,180	-	-	-	2,472,180
Interest and fees	1,619,032	-	-	-	1,619,032
Total expenditures	<u>39,602,373</u>	<u>2,759</u>	<u>-</u>	<u>-</u>	<u>39,605,132</u>
Revenues over (under) expenditures	<u>4,030,977</u>	<u>(2,759)</u>	<u>328</u>	<u>293</u>	<u>4,028,839</u>
<b>Other Financing Sources (Uses):</b>					
Intrafund transfers	(10,053)	6,250	2,750	1,053	-
Transfers out	(311,343)	-	-	-	(311,343)
Transfers in	1,048,849	-	-	-	1,048,849
Total other financing sources (uses)	<u>727,453</u>	<u>6,250</u>	<u>2,750</u>	<u>1,053</u>	<u>737,506</u>
Net change in fund balance	4,758,430	3,491	3,078	1,346	4,766,345
<b>Fund Balance:</b>					
Beginning of year - July 1	<u>6,789,129</u>	<u>16,680</u>	<u>103,594</u>	<u>6,350</u>	<u>6,915,753</u>
End of year - June 30	<u>\$ 11,547,559</u>	<u>\$ 20,171</u>	<u>\$ 106,672</u>	<u>\$ 7,696</u>	<u>\$ 11,682,098</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, 2015

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 22,455,302	\$ 23,766,075	\$ 1,310,773	\$ 22,492,821
Interest	256,425	261,746	5,321	149,397
Total	<u>22,711,727</u>	<u>24,027,821</u>	<u>1,316,094</u>	<u>22,642,218</u>
<b>Local Option Sales Tax:</b>				
Article 39 - one percent	1,614,375	1,739,814	125,439	1,368,284
Article 40 - 1/2 of a percent	2,238,442	2,915,573	677,131	1,823,132
Article 42 - 1/2 of a percent	1,021,879	1,215,998	194,119	421,339
Article 44 - 1/2 of a percent	500	3,963	3,463	596
Medicaid Hold Harmless	250,000	1,030,487	780,487	477,643
Total	<u>5,125,196</u>	<u>6,905,835</u>	<u>1,780,639</u>	<u>4,090,994</u>
<b>Other Taxes and Licenses:</b>				
Privilege licenses	2,980	2,185	(795)	5,830
Cable TV franchise tax	47,940	29,380	(18,560)	43,678
Total	<u>50,920</u>	<u>31,565</u>	<u>(19,355)</u>	<u>49,508</u>
<b>Unrestricted Intergovernmental:</b>				
Payments in lieu of taxes	11,300	120,655	109,355	11,152
Beer and wine tax	180,000	218,366	38,366	197,390
Total	<u>191,300</u>	<u>339,021</u>	<u>147,721</u>	<u>208,542</u>
<b>Restricted Intergovernmental:</b>				
Social services	5,812,612	6,121,179	308,567	4,706,339
Health Department	1,938,161	1,758,526	(179,635)	1,824,205
Law enforcement grants	210,000	231,000	21,000	200,614
Juvenile justice	131,279	120,529	(10,750)	124,054
Veteran services	811,400	-	(811,400)	1,452
Emergency Management Grant	-	-	-	4,589
Senior Services grants	367,968	325,515	(42,453)	268,776
ABC profits for law enforcement	99,800	206,795	106,995	127,899
Total	<u>9,371,220</u>	<u>8,763,544</u>	<u>(607,676)</u>	<u>7,257,928</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, 2015

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Permits and Fees:</b>				
Inspection fees	811,500	647,988	(163,512)	954,081
Sheriff fees	142,856	261,479	118,623	218,513
Court facility fees	51,000	55,167	4,167	43,453
Register of Deeds fees	364,589	364,211	(378)	383,076
Tax administration	94,000	125,216	31,216	106,592
Total	<u>1,463,945</u>	<u>1,454,061</u>	<u>(9,884)</u>	<u>1,705,715</u>
<b>Sales and Services:</b>				
Health Department fees	220,182	139,443	(80,739)	130,937
Jail fees	350,400	406,261	55,861	266,462
Corporative extensions	-	-	-	(433)
Economic development	16,000	19,609	3,609	16,736
Library	8,000	8,637	637	6,790
Parks and recreation	83,875	76,689	(7,186)	72,509
Elections	200	365	165	2,867
Planning and zoning	136,860	133,540	(3,320)	139,261
Miscellaneous revenue	996,313	1,307,614	311,301	257,598
Total	<u>1,811,830</u>	<u>2,092,158</u>	<u>280,328</u>	<u>892,727</u>
<b>Investment Earnings</b>	<u>13,200</u>	<u>19,345</u>	<u>6,145</u>	<u>16,842</u>
Total revenues	<u>40,739,338</u>	<u>43,633,350</u>	<u>2,894,012</u>	<u>36,864,474</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits	209,193	197,884	11,309	192,431
Operating expenses	58,410	56,508	1,902	48,666
Charges for services	(24,997)	(24,997)	-	-
Total	<u>242,606</u>	<u>229,395</u>	<u>13,211</u>	<u>241,097</u>
<b>Administration:</b>				
Salaries and employee benefits	215,541	224,019	(8,478)	203,667
Operating expenses	1,733,805	1,867,005	(133,200)	1,395,739
Charges for services	(288,912)	(288,912)	-	-
Total	<u>1,660,434</u>	<u>1,802,112</u>	<u>(141,678)</u>	<u>1,599,406</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, 2015

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Human Resources:</b>				
Salaries and employee benefits	247,788	259,915	(12,127)	216,983
Operating expenses	31,350	16,947	14,403	13,175
Charges for services	(46,710)	(46,710)	-	-
Total	<u>232,428</u>	<u>230,152</u>	<u>2,276</u>	<u>230,158</u>
<b>Elections:</b>				
Salaries and employee benefits	154,673	146,666	8,007	147,076
Operating expenses	92,200	82,269	9,931	47,351
Capital outlay	8,000	6,134	1,866	499
Total	<u>254,873</u>	<u>235,069</u>	<u>19,804</u>	<u>194,926</u>
<b>Finance:</b>				
Salaries and employee benefits	497,445	505,753	(8,308)	442,567
Operating expenses	146,553	129,595	16,958	179,059
Charges for services	(211,112)	(211,112)	-	-
Total	<u>432,886</u>	<u>424,236</u>	<u>8,650</u>	<u>621,626</u>
<b>Tax Administration:</b>				
Salaries and employee benefits	396,756	386,957	9,799	380,841
Operating expenses	53,935	40,028	13,907	45,769
Total	<u>450,691</u>	<u>426,985</u>	<u>23,706</u>	<u>426,610</u>
<b>Tax Collections:</b>				
Salaries and employee benefits	340,529	310,287	30,242	298,171
Operating expenses	57,220	65,517	(8,297)	39,965
Total	<u>397,749</u>	<u>375,804</u>	<u>21,945</u>	<u>338,136</u>
<b>DMV:</b>				
Operating expenses	<u>130</u>	<u>35</u>	<u>95</u>	<u>30</u>
<b>Legal:</b>				
Special legal services	<u>99,000</u>	<u>85,651</u>	<u>13,349</u>	<u>91,515</u>
<b>Register of Deeds:</b>				
Salaries and employee benefits	161,148	155,651	5,497	154,174
Operating expenses	59,634	50,953	8,681	52,171
Total	<u>220,782</u>	<u>206,604</u>	<u>14,178</u>	<u>206,345</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, 2015

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Central Garage:</b>				
Salaries and employee benefits	99,649	102,527	(2,878)	92,872
Operating expenses	8,400	2,075	6,325	3,992
Charges for services	(31,736)	(31,736)	-	-
Total	<u>76,313</u>	<u>72,866</u>	<u>3,447</u>	<u>96,864</u>
<b>Public Buildings:</b>				
Salaries and employee benefits	382,970	379,072	3,898	376,162
Operating expenses	388,060	372,857	15,203	389,887
Capital outlay	95,170	84,635	10,535	127,915
Charges for services	(39,862)	(39,862)	-	-
Total	<u>826,338</u>	<u>796,702</u>	<u>29,636</u>	<u>893,964</u>
<b>Groundskeeping:</b>				
Salaries and employee benefits	44,978	44,821	157	41,800
Operating expenses	24,069	23,359	710	28,434
Capital outlay	6,000	5,929	71	3,000
Total	<u>75,047</u>	<u>74,109</u>	<u>938</u>	<u>73,234</u>
<b>Information Technology:</b>				
Salaries and employee benefits	247,113	222,197	24,916	219,988
Operating expenses	329,300	172,502	156,798	291,330
Capital outlay	-	-	-	21,053
Charges for services	(56,671)	(56,671)	-	-
Total	<u>519,742</u>	<u>338,028</u>	<u>181,714</u>	<u>532,371</u>
Total general government	<u>5,489,019</u>	<u>5,297,748</u>	<u>191,271</u>	<u>5,546,282</u>
<b>Public Safety:</b>				
<b>Sheriff:</b>				
Salaries and employee benefits	3,890,968	3,905,369	(14,401)	3,699,596
Operating expenses	662,200	654,667	7,533	707,054
Capital outlay	350,000	349,851	149	526,206
Total	<u>4,903,168</u>	<u>4,909,887</u>	<u>(6,719)</u>	<u>4,932,856</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, 2015

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Court Facilities:</b>				
Operating expenses	78,500	78,174	326	77,258
Capital outlay	19,000	18,812	188	30,259
Total	97,500	96,986	514	107,517
<b>Jail:</b>				
Salaries and employee benefits	2,680,231	2,397,791	282,440	2,337,145
Operating expenses	902,184	1,245,814	(343,630)	935,157
Total	3,582,415	3,643,605	(61,190)	3,272,302
<b>Communications:</b>				
Salaries and employee benefits	698,554	722,372	(23,818)	557,951
Operating expenses	153,067	131,096	21,971	125,695
Capital outlay	30,100	-	30,100	12,680
Total	881,721	853,468	28,253	696,326
<b>Emergency Management:</b>				
Salaries and employee benefits	131,883	127,211	4,672	83,484
Operating expenses	23,350	16,410	6,940	25,663
Capital outlay	11,500	6,784	4,716	12,192
Total	166,733	150,405	16,328	121,339
<b>Animal Control:</b>				
Salaries and employee benefits	210,025	204,736	5,289	194,352
Operating expenses	54,150	45,635	8,515	48,505
Capital outlay	-	-	-	18,933
Total	264,175	250,371	13,804	261,790
<b>Juvenile Justice:</b>				
Operating expenses	131,279	128,981	2,298	133,464
<b>Inspections:</b>				
Salaries and employee benefits	189,760	192,632	(2,872)	187,474
Operating expenses	36,675	20,258	16,417	14,777
Capital outlay	29,000	21,625	7,375	27,306
Total	255,435	234,515	20,920	229,557

## HOKE COUNTY, NORTH CAROLINA

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2015

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Medical Examiner:</b>				
Contracted services	65,000	65,900	(900)	59,550
Total public safety	10,347,426	10,334,118	13,308	9,814,701
<b>Economic and Physical Development:</b>				
<b>Planning and Zoning:</b>				
Salaries and employee benefits	118,107	120,048	(1,941)	114,811
Operating expenses	10,900	6,321	4,579	5,382
Total	129,007	126,369	2,638	120,193
<b>Economic Development:</b>				
Operating expenditures	77,645	72,554	5,091	73,361
<b>Cooperative Extension:</b>				
Salaries and employee benefits	302,768	157,209	145,559	161,403
Operating expenses	34,610	31,301	3,309	29,615
Capital outlay	2,240	2,002	238	1,796
Total	339,618	190,512	149,106	192,814
<b>Conservation:</b>				
Salaries and employee benefits	51,775	53,286	(1,511)	51,531
Operating expenses	9,176	6,231	2,945	5,198
Capital outlay	1,400	614	786	2,250
Total	62,351	60,131	2,220	58,979
Total economic and physical development	608,621	449,566	159,055	445,347
<b>Human Services:</b>				
<b>Environmental Health:</b>				
Salaries and employee benefits	-	-	-	210,641
Operating expenses	23,413	19,174	4,239	12,205
Total	23,413	19,174	4,239	222,846
<b>Client Services:</b>				
Salaries and employee benefits	-	-	-	199,743
Operating expenses	39,245	30,040	9,205	30,432
Total	39,245	30,040	9,205	230,175

## HOKE COUNTY, NORTH CAROLINA

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2015

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
<b>Child Health:</b>				
Salaries and employee benefits	-	-	-	258,768
Operating expenses	68,360	38,864	29,496	57,295
Total	68,360	38,864	29,496	316,063
<b>Child Services Coordinator:</b>				
Salaries and employee benefits	-	-	-	106,567
Operating expenses	15,012	7,036	7,976	4,589
Total	15,012	7,036	7,976	111,156
<b>Pregnancy Care Management:</b>				
Salaries and employee benefits	-	-	-	115,924
Operating expenses	8,000	6,214	1,786	7,368
Total	8,000	6,214	1,786	123,292
<b>Ed/Risk Reduction:</b>				
Salaries and employee benefits	-	-	-	67,867
Operating expenses	27,531	5,092	22,439	4,546
Total	27,531	5,092	22,439	72,413
<b>WIC - Nutrition:</b>				
Salaries and employee benefits	-	-	-	68,904
Operating expenses	2,500	1,434	1,066	1,264
Total	2,500	1,434	1,066	70,168
<b>WIC - Administration:</b>				
Salaries and employee benefits	-	-	-	(15,382)
Operating expenses	300	-	300	-
Total	300	-	300	(15,382)
<b>NC Partnership for Children:</b>				
Operating expenses	2,000	2,000	-	2,000
<b>WIC - Breastfeeding:</b>				
Salaries and employee benefits	-	-	-	32,391
Operating expenses	14,450	7,241	7,209	1,524
Total	14,450	7,241	7,209	33,915

## HOKE COUNTY, NORTH CAROLINA

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2015

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
<b>WorkFirst Block Grant:</b>				
Operating expenses	52,060	35,000	17,060	38,740
<b>Program Integrity:</b>				
Salaries and employee benefits	50,678	52,151	(1,473)	50,337
Operating expenses	500	489	11	604
Total	51,178	52,640	(1,462)	50,941
<b>Public Assistance:</b>				
Operating expenses	1,214,695	1,069,109	145,586	975,825
<b>DSS - IV-D:</b>				
Salaries and employee benefits	422,753	436,159	(13,406)	407,323
Operating expenses	82,102	54,514	27,588	110,527
Total	504,855	490,673	14,182	517,850
<b>Title XX:</b>				
Salaries and employee benefits	1,397,172	1,398,159	(987)	1,367,980
Operating expenses	2,984,383	2,884,497	99,886	2,536,533
Total	4,381,555	4,282,656	98,899	3,904,513
<b>DSS - Eligibility:</b>				
Salaries and employee benefits	910,692	920,154	(9,462)	862,018
Operating expenses	2,000	1,077	923	2,177
Total	912,692	921,231	(8,539)	864,195
<b>DSS-Food Stamps:</b>				
Salaries and employee benefits	610,859	582,418	28,441	580,645
Operating expenses	18,900	14,360	4,540	13,817
Total	629,759	596,778	32,981	594,462
<b>Veterans Service:</b>				
Salaries and employee benefits	29,982	21,863	8,119	16,718
Operating expenses	5,890	1,596	4,294	3,114
Capital outlay	5,100	675	4,425	-
Total	40,972	24,134	16,838	19,832

## HOKE COUNTY, NORTH CAROLINA

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2015

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Health Administration:</b>				
Salaries and employee benefits	2,090,022	1,930,817	159,205	114,867
Operating expenses	354,000	303,679	50,321	528,014
Capital outlay	130,000	95,968	34,032	-
Total	<u>2,574,022</u>	<u>2,330,464</u>	<u>243,558</u>	<u>642,881</u>
<b>Communicable Diseases:</b>				
Salaries and employee benefits	-	-	-	190,050
Operating expenses	<u>25,150</u>	<u>17,554</u>	<u>7,596</u>	<u>19,373</u>
Total	<u>25,150</u>	<u>17,554</u>	<u>7,596</u>	<u>209,423</u>
<b>Health Hoke Task Force:</b>				
Salaries and employee benefits	-	-	-	26,593
<b>Bioterrorism Grant:</b>				
Salaries and employee benefits	-	-	-	29,665
Operating expenses	<u>5,960</u>	<u>5,358</u>	<u>602</u>	<u>3,410</u>
Total	<u>5,960</u>	<u>5,358</u>	<u>602</u>	<u>33,075</u>
<b>Breast and Cervical Cancer Program:</b>				
Salaries and employee benefits	-	-	-	7,034
Operating expenses	<u>8,200</u>	<u>7,689</u>	<u>511</u>	<u>9,794</u>
Total	<u>8,200</u>	<u>7,689</u>	<u>511</u>	<u>16,828</u>
<b>Women's Preventive Health:</b>				
Salaries and employee benefits	-	-	-	201,900
Operating expenses	<u>61,395</u>	<u>46,232</u>	<u>15,163</u>	<u>56,737</u>
Total	<u>61,395</u>	<u>46,232</u>	<u>15,163</u>	<u>258,637</u>
<b>Maternal Care:</b>				
Salaries and employee benefits	13,000	10,921	2,079	127,827
Operating expenses	<u>31,000</u>	<u>21,397</u>	<u>9,603</u>	<u>22,671</u>
Total	<u>44,000</u>	<u>32,318</u>	<u>11,682</u>	<u>150,498</u>
<b>Activities Routes to School:</b>				
Salaries and employee benefits	-	-	-	34,556
Operating expenses	<u>71,474</u>	<u>60,348</u>	<u>11,126</u>	<u>28,090</u>
Total	<u>71,474</u>	<u>60,348</u>	<u>11,126</u>	<u>62,646</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, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>DSS - Administration:</b>				
Salaries and employee benefits	331,167	332,645	(1,478)	333,072
Operating expenses	524,120	502,834	21,286	351,627
Capital outlay	37,625	36,160	1,465	82,682
Total	<u>892,912</u>	<u>871,639</u>	<u>21,273</u>	<u>767,381</u>
<b>Senior Services:</b>				
Salaries and employee benefits	332,942	260,065	72,877	274,446
Operating expenses	529,841	443,228	86,613	438,346
Total	<u>862,783</u>	<u>703,293</u>	<u>159,490</u>	<u>712,792</u>
<b>Health Primary Care:</b>				
Salaries and employee benefits	-	-	-	201,970
Operating expenses	38,054	30,430	7,624	23,236
Total	<u>38,054</u>	<u>30,430</u>	<u>7,624</u>	<u>225,206</u>
<b>Special Appropriations</b>				
	<u>751,996</u>	<u>718,000</u>	<u>33,996</u>	<u>755,461</u>
Total human services	<u>13,324,523</u>	<u>12,412,641</u>	<u>911,882</u>	<u>11,994,425</u>
<b>Cultural and Recreational:</b>				
<b>Recreation:</b>				
Salaries and employee benefits	457,555	491,885	(34,330)	441,848
Operating expenses	146,850	138,658	8,192	140,194
Capital outlay	8,800	-	8,800	2,970
Total	<u>613,205</u>	<u>630,543</u>	<u>(17,338)</u>	<u>585,012</u>
<b>Literacy Council:</b>				
Salaries and employee benefits	57,346	58,933	(1,587)	56,779
Operating expenses	1,670	1,275	395	728
Capital outlay	1,800	-	1,800	3,745
Total	<u>60,816</u>	<u>60,208</u>	<u>608</u>	<u>61,252</u>
<b>Library:</b>				
Salaries and employee benefits	271,705	273,620	(1,915)	263,991
Operating expenses	57,960	52,345	5,615	52,575
Total	<u>329,665</u>	<u>325,965</u>	<u>3,700</u>	<u>316,566</u>
Total cultural and recreational	<u>1,003,686</u>	<u>1,016,716</u>	<u>(13,030)</u>	<u>962,830</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, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Education:</b>				
Public school - current	4,470,416	4,470,416	-	4,969,874
Community colleges	472,762	472,762	-	482,762
Capital outlay	910,700	910,700	-	440,789
Total	<u>5,853,878</u>	<u>5,853,878</u>	-	<u>5,893,425</u>
<b>Special Appropriations</b>	<u>153,000</u>	<u>146,494</u>	<u>6,506</u>	<u>144,741</u>
Total education	<u>6,006,878</u>	<u>6,000,372</u>	<u>6,506</u>	<u>6,038,166</u>
<b>Debt Service:</b>				
Principal retirement - government	2,472,179	2,472,180	(1)	2,464,262
Interest and fees	<u>2,074,005</u>	<u>1,619,032</u>	<u>454,973</u>	<u>1,655,209</u>
Total debt service	<u>4,546,184</u>	<u>4,091,212</u>	<u>454,972</u>	<u>4,119,471</u>
Total expenditures	<u>41,326,337</u>	<u>39,602,373</u>	<u>1,723,964</u>	<u>38,921,222</u>
Revenues over (under) expenditures	<u>(586,999)</u>	<u>4,030,977</u>	<u>4,617,976</u>	<u>(2,056,748)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds:				
Intrafund transfers	(40,212)	(10,053)	30,159	(40,212)
Capital project funds	-	-	-	(2,805,987)
Special revenue funds	(12,902)	-	12,902	(10,000)
Hoke Area Transit System	(711,343)	(311,343)	400,000	(293,363)
Transfers from other funds:				
Capital project funds	1,048,849	1,048,849	-	486,013
Appropriated fund balance	<u>302,607</u>	<u>-</u>	<u>(302,607)</u>	<u>-</u>
Total other financing sources (uses)	<u>586,999</u>	<u>727,453</u>	<u>140,454</u>	<u>(2,663,549)</u>
Net change in fund balance	<u>\$ -</u>	<u>4,758,430</u>	<u>\$ 4,758,430</u>	<u>(4,720,297)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>6,789,129</u>		<u>11,509,426</u>
End of year - June 30		<u>\$ 11,547,559</u>		<u>\$ 6,789,129</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Operating expenditures	\$ 25,000	\$ 2,759	\$ 22,241
<b>Other Financing Sources (Uses):</b>			
Intrafund transfers	<u>25,000</u>	<u>6,250</u>	<u>(18,750)</u>
Net change in fund balance	<u>\$ -</u>	3,491	<u>\$ 3,491</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>16,680</u>	
End of year - June 30		<u>\$ 20,171</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Miscellaneous income	\$ -	\$ 328	\$ 328
<b>Expenditures:</b>			
Operating expenditures	11,000	-	11,000
Revenues over (under) expenditures	(11,000)	328	11,328
<b>Other Financing Sources (Uses):</b>			
Intrafund transfers	11,000	2,750	(8,250)
Net change in fund balance	<u>\$ -</u>	3,078	<u>\$ 3,078</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>103,594</u>	
End of year - June 30		<u>\$ 106,672</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Miscellaneous income	\$ -	\$ 293	\$ 293
<b>Expenditures:</b>			
Operating expenditures	4,212	-	4,212
Revenues over (under) expenditures	(4,212)	293	4,505
<b>Other Financing Sources (Uses):</b>			
Intrafund transfers	4,212	1,053	(3,159)
Net change in fund balance	<u>\$ -</u>	1,346	<u>\$ 1,346</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>6,350</u>	
End of year - June 30		<u>\$ 7,696</u>	

## HOKE COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2015

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 365,566	\$ 1,017,967	\$ 1,383,533
Taxes receivable	298,504	-	298,504
Accounts receivable	48,131	-	48,131
Notes receivable	425,322	-	425,322
Total assets	<u>\$ 1,137,523</u>	<u>\$ 1,017,967</u>	<u>\$ 2,155,490</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 33,186	\$ 104,200	\$ 137,386
Due to other funds	183,759	484,536	668,295
Total liabilities	<u>216,945</u>	<u>588,736</u>	<u>805,681</u>
<b>Deferred Inflows of Resources:</b>			
Taxes receivable	298,504	-	298,504
<b>Fund Balances:</b>			
Non-spendable:			
Long-term receivable	425,322	-	425,322
Restricted:			
Stabilization by State statute	48,131	-	48,131
Public safety	95,675	-	95,675
Committed	-	940,154	940,154
Assigned	236,705	-	236,705
Unassigned	(183,759)	(510,923)	(694,682)
Total fund balances	<u>622,074</u>	<u>429,231</u>	<u>1,051,305</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,137,523</u>	<u>\$ 1,017,967</u>	<u>\$ 2,155,490</u>

## HOKE COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 2,335,151	\$ -	\$ 2,335,151
Restricted intergovernmental	259,489	303,718	563,207
E-911 wireless	323,932	-	323,932
Miscellaneous	-	891	891
Total revenues	<u>2,918,572</u>	<u>304,609</u>	<u>3,223,181</u>
<b>Expenditures:</b>			
Current:			
General government	82,161	-	82,161
Public safety	2,990,883	-	2,990,883
Economic and physical development	-	328,518	328,518
Education	<u>111,273</u>	<u>-</u>	<u>111,273</u>
Total expenditures	<u>3,184,317</u>	<u>328,518</u>	<u>3,512,835</u>
Revenues over (under) expenditures	<u>(265,745)</u>	<u>(23,909)</u>	<u>(289,654)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers out	<u>-</u>	<u>(1,048,849)</u>	<u>(1,048,849)</u>
Net change in fund balances	<u>(265,745)</u>	<u>(1,072,758)</u>	<u>(1,338,503)</u>
<b>Fund Balances:</b>			
Beginning of year - July 1	507,502	1,501,989	2,009,491
Restatement	<u>380,317</u>	<u>-</u>	<u>380,317</u>
Beginning of year - July 1, as restated	<u>887,819</u>	<u>1,501,989</u>	<u>2,389,808</u>
End of year - June 30	<u>\$ 622,074</u>	<u>\$ 429,231</u>	<u>\$ 1,051,305</u>

HOKE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2015

	<u>Revolving Loan Fund</u>	<u>Emergency Systems Telephone Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Grant Projects Fund</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 160,319	\$ 59,158	\$ 76,387	\$ -
Taxes receivable	-	-	-	-
Accounts receivable	-	26,994	-	-
Notes receivable	425,322	-	-	-
Total assets	<u>\$ 585,641</u>	<u>\$ 86,152</u>	<u>\$ 76,387</u>	<u>\$ -</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ 52	\$ 1	\$ -
Due to other funds	-	-	-	71,498
Total liabilities	<u>-</u>	<u>52</u>	<u>1</u>	<u>71,498</u>
<b>Deferred Inflows of Resources:</b>				
Taxes receivable	-	-	-	-
<b>Fund Balances:</b>				
Non-spendable:				
Long-term receivable	425,322	-	-	-
Restricted:				
Stabilization by State statute	-	26,994	-	-
Public safety	-	59,106	-	-
Assigned	160,319	-	76,386	-
Unassigned	-	-	-	(71,498)
Total fund balances	<u>585,641</u>	<u>86,100</u>	<u>76,386</u>	<u>(71,498)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 585,641</u>	<u>\$ 86,152</u>	<u>\$ 76,387</u>	<u>\$ -</u>

HOKE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2015

	<b>Fire District Fund</b>	<b>Multi-Year Grants Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 69,702	\$ -	\$ 365,566
Taxes receivable	298,504	-	298,504
Accounts receivable	21,137	-	48,131
Notes receivable	-	-	425,322
Total assets	<u>\$ 389,343</u>	<u>\$ -</u>	<u>\$ 1,137,523</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 33,133	\$ -	\$ 33,186
Due to other funds	-	112,261	183,759
Total liabilities	<u>33,133</u>	<u>112,261</u>	<u>216,945</u>
<b>Deferred Inflows of Resources:</b>			
Taxes receivable	<u>298,504</u>	<u>-</u>	<u>298,504</u>
<b>Fund Balances:</b>			
Non-spendable:			
Long-term receivable	-	-	425,322
Restricted:			
Stabilization by State statute	21,137	-	48,131
Public safety	36,569	-	95,675
Assigned	-	-	236,705
Unassigned	-	(112,261)	(183,759)
Total fund balances	<u>57,706</u>	<u>(112,261)</u>	<u>622,074</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 389,343</u>	<u>\$ -</u>	<u>\$ 1,137,523</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, 2015**

	<u>Revolving Loan Fund</u>	<u>Emergency Systems Telephone Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Grant Projects Fund</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	138,148	88,647
E-911 wireless	-	323,932	-	-
Total revenues	<u>-</u>	<u>323,932</u>	<u>138,148</u>	<u>88,647</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	271,884	357,933	-
Education	-	-	-	111,273
Total expenditures	<u>-</u>	<u>271,884</u>	<u>357,933</u>	<u>111,273</u>
Net change in fund balances	<u>-</u>	<u>52,048</u>	<u>(219,785)</u>	<u>(22,626)</u>
<b>Fund Balances:</b>				
Beginning of year - July 1	205,324	34,052	296,171	(48,872)
Restatement	380,317	-	-	-
Beginning of year - July 1, as restated	<u>585,641</u>	<u>34,052</u>	<u>296,171</u>	<u>(48,872)</u>
End of year - June 30	<u>\$ 585,641</u>	<u>\$ 86,100</u>	<u>\$ 76,386</u>	<u>\$ (71,498)</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, 2015**

	<b>Fire District Fund</b>	<b>Multi-Year Grants Funds</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 2,335,151	\$ -	\$ 2,335,151
Restricted intergovernmental	-	32,694	259,489
E-911 wireless	-	-	323,932
Total revenues	<u>2,335,151</u>	<u>32,694</u>	<u>2,918,572</u>
<b>Expenditures:</b>			
Current:			
General government	-	82,161	82,161
Public safety	2,299,875	61,191	2,990,883
Education	-	-	111,273
Total expenditures	<u>2,299,875</u>	<u>143,352</u>	<u>3,184,317</u>
Net change in fund balances	<u>35,276</u>	<u>(110,658)</u>	<u>(265,745)</u>
<b>Fund Balances:</b>			
Beginning of year - July 1	22,430	(1,603)	507,502
Restatement	-	-	380,317
Beginning of year - July 1, as restated	<u>22,430</u>	<u>(1,603)</u>	<u>887,819</u>
End of year - June 30	<u>\$ 57,706</u>	<u>\$ (112,261)</u>	<u>\$ 622,074</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Miscellaneous revenue	\$ 120,000	\$ 74,994	\$ (45,006)
<b>Expenditures:</b>			
Economic incentive	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>(45,006)</u>	<u>\$ (45,006)</u>
<b>Reconciliation from Budgetary Basis to Modified Accrual Basis:</b>			
Current year loan repayments		(74,994)	
Current year loan funds issued		<u>120,000</u>	
Net change in fund balance		<u>-</u>	
<b>Fund Balance:</b>			
Beginning of year - July 1		205,324	
Restatement		<u>380,317</u>	
Beginning of year - July 1, as restated		<u>585,641</u>	
End of year - June 30		<u>\$ 585,641</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
E-911	\$ 323,932	\$ 323,932	\$ -
<b>Expenditures:</b>			
Implemental functions	12,077	4,582	7,495
Telephone & furniture	138,807	138,807	-
Software and software maintenance	75,923	75,923	-
Hardware and hardware maintenance	49,391	49,391	-
Training	3,181	3,181	-
Capital outlay	44,553	-	44,553
Total expenditures	<u>323,932</u>	<u>271,884</u>	<u>52,048</u>
Net change in fund balance	<u>\$ -</u>	52,048	<u>\$ 52,048</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>34,052</u>	
End of year - June 30		<u>\$ 86,100</u>	
<b>PSAP Reconciliation:</b>			
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		\$ 86,100	
Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning fund balance - budget to actual vs. PSAP report)		13,256	
Additional ineligible current-year expenditures reported in Emergency Systems Telephone Fund:			
Ineligible implemental function from prior years		<u>(27,561)</u>	
Ending balance, PSAP revenue - expenditure report		<u>\$ 71,795</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Drug forfeiture funds	\$ 94,150	\$ 138,148	\$ 43,998
<b>Expenditures:</b>			
Operating expenditures	375,651	357,933	17,718
Revenues over (under) expenditures	(281,501)	(219,785)	61,716
Appropriated fund balance	281,501	-	(281,501)
Net change in fund balance	<u>\$ -</u>	(219,785)	<u>\$ (219,785)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		296,171	
End of year - June 30		<u>\$ 76,386</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Parents as Teachers	\$ 110,913	\$ 88,647	\$ (22,266)
<b>Expenditures:</b>			
Operating expenditures	<u>110,913</u>	<u>111,273</u>	<u>(360)</u>
Net change in fund balance	<u>\$ -</u>	<u>(22,626)</u>	<u>\$ (22,626)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>(48,872)</u>	
End of year - June 30		<u>\$ (71,498)</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 2,372,897	\$ 2,335,151	\$ (37,746)
<b>Expenditures:</b>			
<b>Public Safety:</b>			
<b>Fire Districts:</b>			
North Raeford Fire Department	186,756	181,251	5,505
Antioch Fire Department	134,264	127,010	7,254
North Scotland Fire Department	12,211	11,219	992
Puppy Creek Fire Department	815,508	813,454	2,054
Rockfish Fire Department	401,586	394,516	7,070
Hillcrest Fire Department	421,578	417,225	4,353
West Hoke Fire Department	132,201	126,177	6,024
Pine Hill Fire Department	115,348	110,291	5,057
Stonewall Fire Department	120,121	88,272	31,849
Crestline Fire Department	33,324	30,460	2,864
Total expenditures	<u>2,372,897</u>	<u>2,299,875</u>	<u>73,022</u>
Net change in fund balance	<u>\$ -</u>	35,276	<u>\$ 35,276</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>22,430</u>	
End of year - June 30		<u>\$ 57,706</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, 2015

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
<b>Restricted Intergovernmental Revenues:</b>				
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	75,000	-	75,000
Urgent Home Repair Grant 2013	75,000	37,500	-	37,500
Public Access Grant	17,000	22,042	-	22,042
Emergency Management Performance Grant	49,087	174,748	32,694	207,442
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>1,293,494</u>	<u>1,181,742</u>	<u>32,694</u>	<u>1,214,436</u>
<b>Expenditures:</b>				
<b>Local Law Enforcement Block Grant:</b>				
Operating expenses	<u>19,008</u>	<u>19,008</u>	<u>-</u>	<u>19,008</u>
<b>PSJA/HIV Program:</b>				
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>
<b>Capacity Building Grant:</b>				
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>
<b>Senior Service Grant:</b>				
Operating expenses	<u>301,400</u>	<u>289,590</u>	<u>-</u>	<u>289,590</u>
<b>Public Access Grant:</b>				
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>

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, 2015

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Emergency Management Performance Grant:</b>				
Operating expenses	30,087	111,198	61,191	172,389
<b>Brownsfield Grant:</b>				
Professional fees	400,000	330,244	-	330,244
<b>Urgent Repair</b>	-	69,651	-	69,651
<b>Urgent Home Repair 2012</b>	75,000	81,670	-	81,670
<b>Urgent Home Repair 2013</b>	82,500	-	82,161	82,161
<b>4H</b>	5,000	11,070	-	11,070
<b>Community Military Support</b>	125,000	125,000	-	125,000
Total expenditures	1,448,629	1,183,345	143,352	1,326,697
Revenues over (under) expenditures	(155,135)	(1,603)	(110,658)	(112,261)
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	155,135	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,603)</u>	(110,658)	<u>\$ (112,261)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			(1,603)	
End of year - June 30			<u>\$ (112,261)</u>	

## HOKE COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2015

	<u>Administrative Capital Project Fund</u>	<u>CDBG Capital Project Fund</u>	<u>Capital Reserve Fund</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ -	\$ 77,813	\$ 940,154	\$ 1,017,967
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ 104,200	\$ -	\$ 104,200
Due to General Fund	484,536	-	-	484,536
Total liabilities	<u>484,536</u>	<u>104,200</u>	<u>-</u>	<u>588,736</u>
<b>Fund Balances:</b>				
Committed	-	-	940,154	940,154
Unassigned	(484,536)	(26,387)	-	(510,923)
Total fund balances	<u>(484,536)</u>	<u>(26,387)</u>	<u>940,154</u>	<u>429,231</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 77,813</u>	<u>\$ 940,154</u>	<u>\$ 1,017,967</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, 2015**

	<u>Administrative Capital Project Fund</u>	<u>CDBG Capital Project Fund</u>	<u>Capital Reserve Fund</u>	<u>Total</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ 303,718	\$ -	\$ 303,718
Miscellaneous	891	-	-	891
Total revenues	<u>891</u>	<u>303,718</u>	<u>-</u>	<u>304,609</u>
<b>Expenditures:</b>				
Current:				
Economic and physical development	-	328,518	-	328,518
Revenues over (under) expenditures	891	(24,800)	-	(23,909)
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	(1,048,849)	(1,048,849)
Net change in fund balances	891	(24,800)	(1,048,849)	(1,072,758)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>(485,427)</u>	<u>(1,587)</u>	<u>1,989,003</u>	<u>1,501,989</u>
End of year - June 30	<u>\$ (484,536)</u>	<u>\$ (26,387)</u>	<u>\$ 940,154</u>	<u>\$ 429,231</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, 2015**

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
<b>Revenues:</b>				
Restricted intergovernmental	\$ 865,800	\$ 865,800	\$ -	\$ 865,800
E911 Board Grant	-	299,100	-	299,100
Miscellaneous	-	-	891	891
Total revenues	<u>865,800</u>	<u>1,164,900</u>	<u>891</u>	<u>1,165,791</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
Governing body project	4,162,000	4,714,082	-	4,714,082
PARTF project	865,800	865,800	-	865,800
STNWL project	65,000	65,680	-	65,680
Rockfish Community Building	-	143,902	-	143,902
South Hoke Community Building	75,000	75,817	-	75,817
Total general government	<u>5,167,800</u>	<u>5,865,281</u>	<u>-</u>	<u>5,865,281</u>
<b>Public Safety:</b>				
Jail roof project	247,582	254,291	-	254,291
E-911 Center	639,131	939,564	-	939,564
Total public safety	<u>886,713</u>	<u>1,193,855</u>	<u>-</u>	<u>1,193,855</u>
Total expenditures	<u>6,054,513</u>	<u>7,059,136</u>	<u>-</u>	<u>7,059,136</u>
Revenues over (under) expenditures	<u>(5,188,713)</u>	<u>(5,894,236)</u>	<u>891</u>	<u>(5,893,345)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from General Fund	4,549,582	5,083,317	-	5,083,317
Transfers 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>5,408,809</u>	<u>-</u>	<u>5,408,809</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (485,427)</u>	<u>891</u>	<u>\$ (484,536)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>(485,427)</u>	
End of year - June 30			<u>\$ (484,536)</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, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
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	-	111,818	111,818
CDBG - Cheraw Acres	250,000	205,627	-	205,627
Single Family Rehabilitation Program 2012	160,000	157,689	191,900	349,589
Total revenues	<u>2,555,000</u>	<u>1,913,317</u>	<u>303,718</u>	<u>2,217,035</u>
<b>Expenditures:</b>				
<b>CDBG - Single Family Rehab:</b>				
Maintenance and repair	-	750	-	750
<b>CDBG - Scatter Housing 2009:</b>				
Professional services	47,000	60,187	-	60,187
Housing replacement	323,000	318,664	-	318,664
Clearing activities	30,000	50,394	-	50,394
Total CDBG Scatter Housing 2009	<u>400,000</u>	<u>429,245</u>	<u>-</u>	<u>429,245</u>
<b>Ethanol:</b>				
Professional services	50,000	265,626	-	265,626
Construction	1,570,000	1,118,538	-	1,118,538
Total CDBG - Ethanol	<u>1,620,000</u>	<u>1,384,164</u>	<u>-</u>	<u>1,384,164</u>
<b>CDBG - Scatter Housing 2012:</b>				
Professional services	20,000	425	7,618	8,043
Construction	205,000	-	-	-
Clearing activities	-	-	104,200	104,200
Total CDBG Scatter Housing 2012	<u>225,000</u>	<u>425</u>	<u>111,818</u>	<u>112,243</u>
<b>CDBG - Cheraw Acres:</b>				
Administration	25,000	24,092	-	24,092
Street improvements	193,000	181,655	-	181,655
Water improvements	32,000	-	-	-
Total CDBG - Cheraw Acres	<u>250,000</u>	<u>205,747</u>	<u>-</u>	<u>205,747</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, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Single Family Rehab Program 2012:</b>				
Construction	<u>160,000</u>	<u>128,199</u>	<u>216,700</u>	<u>344,899</u>
Total expenditures	<u>2,655,000</u>	<u>2,148,530</u>	<u>328,518</u>	<u>2,477,048</u>
Revenues over (under) expenditures	(100,000)	(235,213)	(24,800)	(260,013)
<b>Other Financing Sources (Uses):</b>				
Transfers from General Fund	<u>100,000</u>	<u>233,626</u>	<u>-</u>	<u>233,626</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,587)</u>	(24,800)	<u>\$ (26,387)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>(1,587)</u>	
End of year - June 30			<u>\$ (26,387)</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Local option sales tax	\$ 14,969	\$ -	\$ (14,969)
<b>Other Financing Sources (Uses):</b>			
Transfers to General Fund	(1,048,849)	(1,048,849)	-
Appropriated fund balance	1,033,880	-	(1,033,880)
Net change in fund balance	<u>\$ -</u>	(1,048,849)	<u>\$ (1,048,849)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>1,989,003</u>	
End of year - June 30		<u>\$ 940,154</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Water and sewer charges	\$ 4,709,000	\$ 4,989,792	\$ 280,792
Tap and impact fees	1,488,858	827,578	(661,280)
Other operating revenues	72,305	199,277	126,972
Total operating revenues	<u>6,270,163</u>	<u>6,016,647</u>	<u>(253,516)</u>
Non-operating revenues:			
Investment earnings	<u>12,500</u>	<u>-</u>	<u>(12,500)</u>
Total revenues	<u>6,282,663</u>	<u>6,016,647</u>	<u>(266,016)</u>
<b>Expenditures:</b>			
<b>Water and Sewer Operations:</b>			
Salaries and benefits	1,102,162	1,094,997	7,165
Other operating expenses	2,553,531	2,158,942	394,589
Capital outlay	505,051	395,882	109,169
Charges for services	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Total	<u>4,510,744</u>	<u>3,999,821</u>	<u>510,923</u>
<b>Debt Service:</b>			
Interest and fees	702,441	91,633	610,808
Debt principal	<u>5,674,600</u>	<u>5,601,721</u>	<u>72,879</u>
Total	<u>6,377,041</u>	<u>5,693,354</u>	<u>683,687</u>
Total expenditures	<u>10,887,785</u>	<u>9,693,175</u>	<u>1,194,610</u>
Revenues over (under) expenditures	<u>(4,605,122)</u>	<u>(3,676,528)</u>	<u>928,594</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in (out):			
Intrafund - to Water and Sewer Capital Project Fund	(3,986,188)	(3,166,330)	819,858
Long-term debt issued	<u>5,170,000</u>	<u>5,170,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,183,812</u>	<u>2,003,670</u>	<u>819,858</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Appropriated fund balance</b>	3,421,310	-	(3,421,310)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (1,672,858)	\$ (1,672,858)
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (1,672,858)	
Reconciling items:			
Depreciation		(1,257,858)	
Debt principal		5,601,721	
Intrafund transfer		3,166,330	
Capital outlay		339,546	
Capital contributions - project		1,736,202	
Compensated absences		(11,624)	
Other post-employment benefits		(24,554)	
Contributions made to the pension plan in the current fiscal year		51,636	
Pension expense		(5,195)	
Debt proceeds		(5,170,000)	
(Increase) decrease in accrued interest payable		<u>(71,631)</u>	
Change in net position		<u>\$ 2,681,715</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, 2015

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
<b>Revenues:</b>				
NC Clean Water Bond Grant	\$ -	\$ 980,443	\$ -	\$ 980,443
Golden Leaf Fund	1,000,000	600,000	-	600,000
NC Rural Center Grant	1,000,000	-	-	-
NC DOT Reimbursement	56,600	-	-	-
Investment earnings	-	107,110	-	107,110
Miscellaneous	43,428	43,428	-	43,428
Total revenues	<u>2,100,028</u>	<u>1,730,981</u>	<u>-</u>	<u>1,730,981</u>
<b>Expenditures:</b>				
<b>Eagle Ridge:</b>				
Construction - water/sewer	<u>161,836</u>	<u>161,836</u>	<u>-</u>	<u>161,836</u>
<b>Phase V:</b>				
Construction cost	7,605,072	8,591,284	131,186	8,722,470
Engineering/construction management	803,180	341,361	31,620	372,981
Land and right of way	172,000	1,800	-	1,800
Legal and permitting	83,000	38,411	-	38,411
Administrative costs	10,000	-	-	-
Capitalized interest	637,500	315,348	514,089	829,437
Contingencies	1,191,855	-	-	-
Additional services, equipment, and testing	54,000	42,215	-	42,215
Total Phase V	<u>10,556,607</u>	<u>9,330,419</u>	<u>676,895</u>	<u>10,007,314</u>
<b>401 Water Improvements:</b>				
Construction of lines	330,729	1,185,074	103,777	1,288,851
Construction of tank	708,386	-	-	-
Construction of wells	708,385	-	-	-
Professional services	200,000	112,475	21,123	133,598
Construction	102,500	-	-	-
Total 401 Water Improvements	<u>2,050,000</u>	<u>1,297,549</u>	<u>124,900</u>	<u>1,422,449</u>
<b>Vass Road Water Main Extension:</b>				
Professional services	18,600	10,130	8,600	18,730
Construction cost	147,184	-	156,303	156,303
Contingencies	12,000	-	-	-
Total Vass Road Water Main Extension	<u>177,784</u>	<u>10,130</u>	<u>164,903</u>	<u>175,033</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, 2015

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
<b>NC211 / B-5127 Water Main Replacement:</b>				
Professional services	11,300	-	-	-
Construction cost	45,300	-	-	-
Total NC211 / B-5127 Water Main Replacement	56,600	-	-	-
<b>Best Rd and Trudeau Avenue Drainage Repair:</b>				
Professional services	10,000	-	-	-
Construction cost	188,000	-	-	-
Contingencies	19,000	-	-	-
Total Best Rd and Trudeau Avenue Drainage Repair	217,000	-	-	-
<b>Vass Rd Production Wells:</b>				
Professional services	72,000	-	2,200	2,200
Construction cost	522,890	-	16,548	16,548
Contingencies	48,000	-	-	-
Total Vass Rd Production Wells	642,890	-	18,748	18,748
<b>Gillis Hill Water Improvements</b>				
Professional services	32,042	-	5,401	5,401
Construction cost	228,254	-	-	-
Contingencies	22,825	-	-	-
Total Gillis Hill Water Improvements	283,121	-	5,401	5,401
Total expenditures	14,145,838	10,799,934	990,847	11,790,781
Revenues over (under) expenditures	(12,045,810)	(9,068,953)	(990,847)	(10,059,800)
<b>Other Financing Sources (Uses) :</b>				
Long-term debt issued	9,423,000	9,423,000	-	9,423,000
Transfers in:				
Water and Sewer Fund	2,622,810	548,607	1,143,011	1,691,618
General Fund	-	40,734	-	40,734
Total other financing sources (uses)	12,045,810	10,012,341	1,143,011	11,155,352
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 943,388	\$ 152,164	\$ 1,095,552

## 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, 2015

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Other Financing Sources (Uses) :</b>				
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, 2015

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
<b>Revenues:</b>				
CDBG grants	\$ 510,000	\$ -	\$ -	\$ -
NC Rural Center Grant - Walmart	1,000,000	910,480	-	910,480
USDA SEDC Grant - WW1B	4,500,000	-	1,507,202	1,507,202
Golden Leaf Fund - WW1A	379,500	379,500	-	379,500
NC Rural Center Grant - WW1A	730,000	730,000	-	730,000
Facility investment fees - SGPS	583,858	-	229,000	229,000
Hoke County Schools Participation - SGES	27,982	-	-	-
Total revenues	<u>7,731,340</u>	<u>2,019,980</u>	<u>1,736,202</u>	<u>3,756,182</u>
<b>Expenditures:</b>				
<b>Walmart and Others:</b>				
Professional services	502,328	730,809	-	730,809
Construction	1,374,800	1,584,228	-	1,584,228
Contingencies	164,600	-	-	-
Total Walmart and others	<u>2,041,728</u>	<u>2,315,037</u>	<u>-</u>	<u>2,315,037</u>
<b>SGPS:</b>				
Professional services	122,000	-	40,242	40,242
Construction	984,716	-	291,136	291,136
Contingencies	61,000	-	-	-
Total SGPS	<u>1,167,716</u>	<u>-</u>	<u>331,378</u>	<u>331,378</u>
<b>SGES:</b>				
Professional services	4,200	-	-	-
Construction	80,611	-	-	-
Total SGES	<u>84,811</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>WWTP:</b>				
Professional services	<u>2,202,490</u>	<u>2,202,490</u>	<u>-</u>	<u>2,202,490</u>
<b>WW1A:</b>				
Professional services	214,400	201,623	2,000	203,623
Construction	1,247,000	1,212,819	-	1,212,819
Contingencies	125,000	-	-	-
Easements and appraisals	34,000	38,705	-	38,705
Total WW1A	<u>1,620,400</u>	<u>1,453,147</u>	<u>2,000</u>	<u>1,455,147</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, 2015**

	<b>Project Authorization</b>	<b>Actual</b>		<b>Total to Date</b>
		<b>Prior Years</b>	<b>Current Year</b>	
<b>WW1B:</b>				
Professional services	1,326,000	651,465	533,749	1,185,214
Construction	15,523,000	3,381,905	10,382,842	13,764,747
Contingencies	776,000	-	-	-
Capitalized interest	370,000	-	117,610	117,610
Total WW1B	<u>17,995,000</u>	<u>4,033,370</u>	<u>11,034,201</u>	<u>15,067,571</u>
Total expenditures	<u>25,112,145</u>	<u>10,004,044</u>	<u>11,367,579</u>	<u>21,371,623</u>
Revenues over (under) expenditures	<u>(17,380,805)</u>	<u>(7,984,064)</u>	<u>(9,631,377)</u>	<u>(17,615,441)</u>
<b>Other Financing Sources (Uses) :</b>				
Bond anticipation note issued	12,001,000	12,001,000	-	12,001,000
LREMC loan proceeds	1,360,000	-	1,360,000	1,360,000
Transfers in:				
General Fund	1,042,628	-	-	-
Water Sewer Fund	2,977,177	736,265	2,393,319	3,129,584
Transfers out:				
Water Sewer Fund	-	-	(370,000)	(370,000)
Total other financing sources (uses)	<u>17,380,805</u>	<u>12,737,265</u>	<u>3,383,319</u>	<u>16,120,584</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 4,753,201</u>	<u>\$ (6,248,058)</u>	<u>\$ (1,494,857)</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Solid waste charges	\$ 2,020,000	\$ 2,287,781	\$ 267,781
Other	120,000	166,677	46,677
Total operating revenues	<u>2,140,000</u>	<u>2,454,458</u>	<u>314,458</u>
Non-operating revenues:			
Investment earnings	<u>35,000</u>	<u>42,405</u>	<u>7,405</u>
Total revenues	<u>2,175,000</u>	<u>2,496,863</u>	<u>321,863</u>
<b>Expenditures:</b>			
Landfill operations:			
Salaries and benefits	615,363	625,960	(10,597)
Other operating expenses	1,222,500	1,123,346	99,154
Capital outlay	177,000	158,510	18,490
Charges for services	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Total expenditures	<u>2,364,863</u>	<u>2,257,816</u>	<u>107,047</u>
Revenues over (under) expenditures	(189,863)	239,047	428,910
<b>Appropriated fund balance</b>	<u>189,863</u>	<u>-</u>	<u>(189,863)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 239,047</u>	<u>\$ 239,047</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 239,047	
Reconciling items:			
Capital outlay		154,398	
Depreciation		(82,930)	
Compensated absences		3,490	
Other post-employment benefits		(14,509)	
Contributions made to the pension plan in the current fiscal year		30,981	
Pension expense		<u>(3,116)</u>	
Change in net position		<u>\$ 327,361</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, 2015

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Expenditures:</b>				
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>
<b>Other Financing Sources (Uses) :</b>				
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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Transportation charges	\$ 72,817	\$ 72,698	\$ (119)
Non-operating revenues:			
Non-capital grants	1,173,960	905,270	(268,690)
Total revenues	<u>1,246,777</u>	<u>977,968</u>	<u>(268,809)</u>
<b>Expenditures:</b>			
Area transit operations:			
Salaries and employee benefits	718,086	727,385	(9,299)
Other operating expenses	313,992	298,674	15,318
Capital outlay	431,110	354,205	76,905
Total expenditures	<u>1,463,188</u>	<u>1,380,264</u>	<u>82,924</u>
Revenues over (under) expenditures	(216,411)	(402,296)	(185,885)
<b>Other Financing Sources (Uses):</b>			
Transfers from General Fund	216,411	311,343	94,932
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (90,953)</u>	<u>\$ (90,953)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (90,953)	
Reconciling items:			
Capital outlay		100,910	
Other post-employment benefits		(16,742)	
Compensated absences		(3,282)	
Contributions made to the pension plan in the current fiscal year		41,309	
Pension expense		<u>(4,155)</u>	
Change in net position		<u>\$ 27,087</u>	

## HOKE COUNTY, NORTH CAROLINA

**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2015</u>
<b>Social Services Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 62,315	\$ 208,154	\$ 192,233	\$ 78,236
<b>Liabilities:</b>				
Accounts payable	\$ 62,315	\$ 208,154	\$ 192,233	\$ 78,236
<b>Sheriff Execution Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 768	\$ 69,705	\$ 70,375	\$ 98
<b>Liabilities:</b>				
Accounts payable	\$ 768	\$ 69,705	\$ 70,375	\$ 98
<b>Jail Inmate/Welfare Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 102,927	\$ 185,679	\$ 210,946	\$ 77,660
<b>Liabilities:</b>				
Accounts payable	\$ 102,927	\$ 185,679	\$ 210,946	\$ 77,660
<b>Municipal Tax Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 97,264	\$ 177,582	\$ 274,846	\$ -
Accounts receivable	11,883	64,407	18,935	57,355
Total assets	\$ 109,147	\$ 241,989	\$ 293,781	\$ 57,355
<b>Liabilities:</b>				
Accounts payable	\$ 109,147	\$ 195,559	\$ 293,781	\$ 10,925
Other liabilities	-	46,430	-	46,430
Total liabilities	\$ 109,147	\$ 195,559	\$ 293,781	\$ 57,355
<b>Total - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 263,274	\$ 641,120	\$ 748,400	\$ 155,994
Accounts receivable	11,883	64,407	18,935	57,355
Total assets	\$ 275,157	\$ 705,527	\$ 767,335	\$ 213,349
<b>Liabilities:</b>				
Accounts payable	\$ 275,157	\$ 659,097	\$ 767,335	\$ 166,919
Other liabilities	-	46,430	-	46,430
Total liabilities	\$ 275,157	\$ 705,527	\$ 767,335	\$ 213,349

## HOKE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2015

<u>Year Ended June 30</u>	<u>Uncollected Balance July 1, 2014</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2015	\$ -	\$ 24,183,682	\$ 22,977,474	\$ 1,206,208
2014	1,108,966	-	665,425	443,541
2013	572,037	-	205,199	366,838
2012	386,054	-	121,758	264,296
2011	241,761	-	53,756	188,005
2010	188,463	-	35,473	152,990
2009	161,950	-	17,515	144,435
2008	151,513	-	11,435	140,078
2007	150,038	-	6,484	143,554
2006	134,786	-	10,207	124,579
2005	115,977	-	115,977	-
Total	<u>\$ 3,211,545</u>	<u>\$ 24,183,682</u>	<u>\$ 24,220,703</u>	<u>3,174,524</u>
Less: allowance for uncollectible accounts				<u>(781,000)</u>
Ad valorem taxes receivable, net				<u>\$ 2,393,524</u>
<b>Reconciliation with Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
General Fund				<u>\$ 24,027,821</u>
<b>Reconciling Items:</b>				
Interest collected				(261,746)
Discounts allowed				313,923
Taxes written off				115,977
Other				24,728
Total reconciling items				<u>192,882</u>
Total collections and credits				<u>\$ 24,220,703</u>

## HOKE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
FOR THE YEAR ENDED JUNE 30, 2015

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 3,304,582,192	\$ 0.0073	\$ 24,123,450	\$ 21,786,235	\$ 2,337,215
Interest and penalties	10,590,685	0.0073	77,312	54,387	22,925
Total	<u>3,315,172,877</u>		<u>24,200,762</u>	<u>21,840,622</u>	<u>2,360,140</u>
<b>Discoveries:</b>					
Current year's taxes	1,264,521		9,231	5,373	3,858
Prior year's taxes and rollbacks	1,775,205		12,959	12,959	-
Total	<u>3,039,726</u>		<u>22,190</u>	<u>18,332</u>	<u>3,858</u>
<b>Abatements</b>	<u>-</u>		<u>(39,270)</u>	<u>(38,460)</u>	<u>(810)</u>
Total property valuation	<u>\$ 3,318,212,603</u>				
<b>Net Levy</b>			24,183,682	21,820,494	2,363,188
Uncollected taxes at June 30, 2015			<u>1,206,208</u>	<u>1,027,329</u>	<u>178,879</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 22,977,474</u>	<u>\$ 20,793,165</u>	<u>\$ 2,184,309</u>
<b>Current Levy Collection Percentage</b>			<u>95.01%</u>	<u>95.29%</u>	<u>92.43%</u>

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