STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

BETH A. WOOD, CPA

NORTH CAROLINA GLOBAL TRANSPARK AUTHORITY

KINSTON, NORTH CAROLINA

FINANCIAL STATEMENT AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2015

NCOSA

The Taxpayers' Watchdog

STATE OF NORTH CAROLINA
Office of the State Auditor

Beth A. Wood, CPA
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0600
Telephone: (919) 807-7500
Fax: (919) 807-7647
http://www.ncauditor.net

AUDITOR'S TRANSMITTAL

The Honorable Pat McCrory, Governor
The General Assembly of North Carolina
Board of Directors, North Carolina Global TransPark Authority

We have completed a financial statement audit of the North Carolina Global TransPark Authority for the year ended June 30, 2015, and our audit results are included in this report. You will note from the independent auditor's report that we determined that the financial statements are presented fairly in all material respects.

The results of our tests disclosed no deficiencies in internal control over financial reporting that we consider to be material weaknesses in relation to our audit scope or any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

North Carolina General Statutes require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

Beth A. Wood, CPA
State Auditor

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INDEPENDENT AUDITOR’S REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
North Carolina Global TransPark Authority
Kinston, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the North Carolina Global TransPark Authority, a component unit of the State of North Carolina, and its discretely presented component unit, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority'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 Global TransPark Foundation, Inc., the Authority's discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Global TransPark Foundation, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Global TransPark Foundation, Inc. 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 Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the North Carolina Global TransPark Authority, and its discretely presented component unit, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, during the year ended June 30, 2015, the North Carolina Global TransPark Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68. – *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters – Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Authority's internal control over financial reporting and compliance.

Beth A. Wood

Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

November 16, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

Management's Discussion and Analysis (MD&A) provides an overview of the North Carolina Global TransPark Authority's (Authority) activities during the fiscal year ended June 30, 2015. In addition to Management's Discussion and Analysis, management has prepared the accompanying Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows.

Although the Global TransPark Foundation, Inc. (Foundation) is included in the financial statements as a component unit to comply with the accounting rules that are generally accepted in the United States of America, the accompanying statements in the overview are of the Authority only. The Foundation's and the Authority's financial information are shown separately. The Foundation organizes and raises funds from private individuals and corporations for the sole purpose of increasing business and jobs at the Global TransPark (GTP).

The MD&A is intended to aid the reader in interpreting the Authority's relative financial position as of the above referenced date, as well as gauging performance from one period to the next. Condensed key financial, as well as nonfinancial information will be highlighted for the reader.

Required Supplementary Information (RSI) follows the basic financial statements and notes to the financial statements. The RSI is mandated by the Governmental Accounting Standards Board (GASB) and includes information related to the Authority's participation in the Teachers' and State Employees' Retirement System.

Financial Highlights and Analysis

The Governmental Accounting Standards Board (GASB), established as an independent nonprofit organization in 1984, is charged with establishing and maintaining accounting policy, procedure, and disclosure standards as they pertain to state and local governments. These standards are most commonly referred to as generally accepted accounting principles (GAAP). Governmental GAAP accounting requires the application of the GASB Statement No. 34 reporting model whose intent is to make financial statements more useful to and easier to understand by oversight bodies, investors, creditors, and citizens. This improvement in utility value is accomplished principally through the introduction of the MD&A and a reformatting and consolidation of the basic financial statements for the main type of governmental reporting fund types, general government and proprietary units. The Authority is classified as a discretely presented component unit and is reported as a non-major component unit in the State's *Comprehensive Annual Financial Report*.

The accompanying basic financial statements have been prepared on an accrual basis of accounting, meaning that revenues are recognized when earned and expenses when incurred. Please refer to Note 1 in the Notes to the Financial Statements for additional details relating to accounting policy. Taken in whole, the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows are one measure of an organization's overall financial health and value. Individually, the Statement of Net Position is a static view of financial value while the other two depict the movement of key elements from one period to the next, with a specific focus on the Authority's net position and cash and cash equivalents.

The fiscal year that ended June 30, 2015, continued to be another year in transition for the Authority. Some of the significant activities are described below.

Statement of Net Position

As summarized in the following table by major category, a comparison of net position as of June 30, 2015 to that of the prior year yields significant changes.

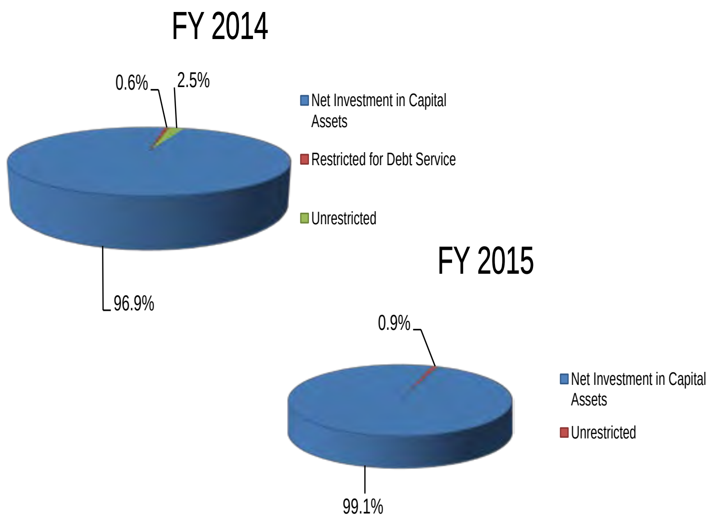
Condensed Statement of Net Position

	June 30, 2015	(as restated) June 30, 2014	Change	% Change
Current Assets	$ 1,773,404	$ 4,566,690	$ (2,793,286)	-61%
Other Noncurrent Assets		895,479	(895,479)	-100%
Capital Assets	159,747,502	166,041,560	(6,294,058)	-4%
Total Assets	161,520,906	171,503,729	(9,982,823)	-6%
Deferred Outflows of Resources	61,171	61,435	(264)	-0.4%
Current Liabilities	685,060	4,703,481	(4,018,421)	-85%
Long-Term Debt Outstanding	6,155,827	6,458,322	(302,495)	-5%
Other Noncurrent Liabilities	72,210	340,154	(267,944)	-79%
Total Liabilities	6,913,097	11,501,957	(4,588,860)	-40%
Deferred Inflows of Resources	203,832		203,832	100%
Net Position:				
Net Investment in Capital Assets	153,108,488	155,142,297	(2,033,809)	-1%
Restricted for Debt Service		895,479	(895,479)	-100%
Unrestricted	1,356,660	4,025,431	(2,668,771)	-66%
Total Net Position	$ 154,465,148	$ 160,063,207	$ (5,598,059)	-3%

Total assets decreased 6%, largely due to the use of cash for the retirement of debt and routine depreciation of capital assets. Current assets decreased 61% due to the use of cash for retirement of debt, while capital assets decreased 4% due to annual depreciation. Total liabilities decreased by 40% due to the payment in full of five notes payable. Current liabilities also decreased 85% due to the payoff of these notes payable. At June 30, 2015, the Authority's only remaining debt obligations were amounts due to Southern Bank and the NC Department of Transportation.

Total net position of the Authority decreased 3% from the prior year. The first category, net investment in capital assets, represents the Authority's equity position, net of related debt, with regards to land, facilities, and equipment. The 1% decrease from the prior year was due to the net effect of, depreciation expense and repayment of capital debt. The second category, restricted for debt service, was reduced to zero as a result of the payment-in-full of loans due to the United States Department of Agriculture (USDA) and First Citizens Bank, and the refinancing of a loan with Southern Bank. The new terms of the Southern Bank loan do not place restrictions on Authority assets. The final category, unrestricted, is available for any lawful purpose of the Authority. Unrestricted net position decreased 66% as a result of the payment of loans described above.

Net Position



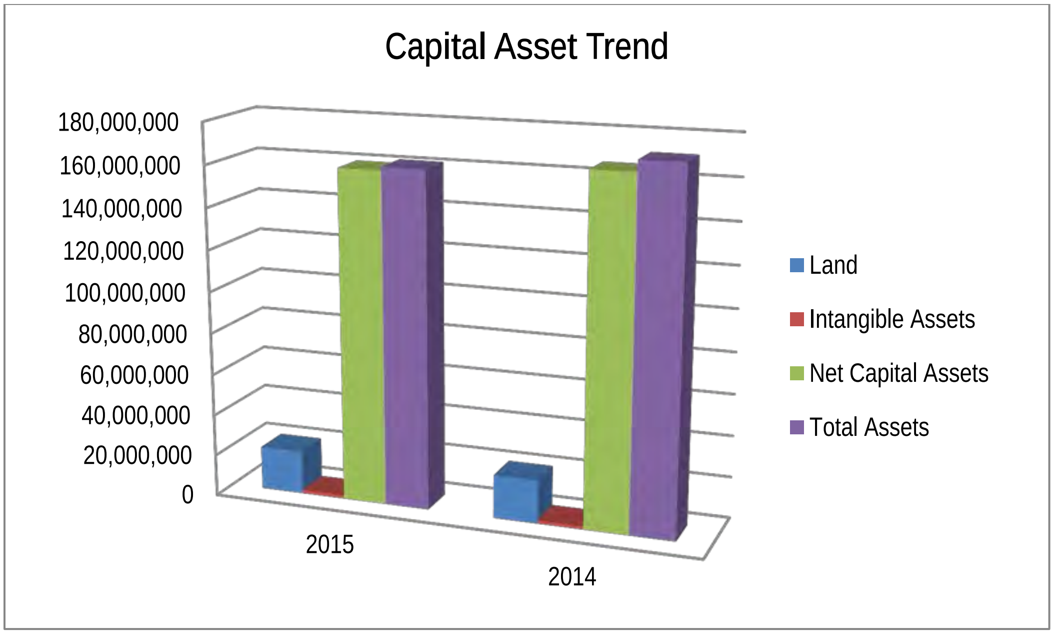
		(as restated) 2014
Net Investment in Capital Assets	$	155,142,297
Restricted for Debt Service		895,479
Unrestricted		4,025,431
Total Net Position	$	160,063,207

		2015
Net Investment in Capital Assets	$	153,108,488
Unrestricted		1,356,660
Total Net Position	$	154,465,148

Capital Assets

The following graph depicts the trend in capital assets. Total net capital assets include land, intangible assets, and depreciable capital assets. Net capital assets represent depreciable capital assets less depreciation. There was no significant capital asset activity during the period.

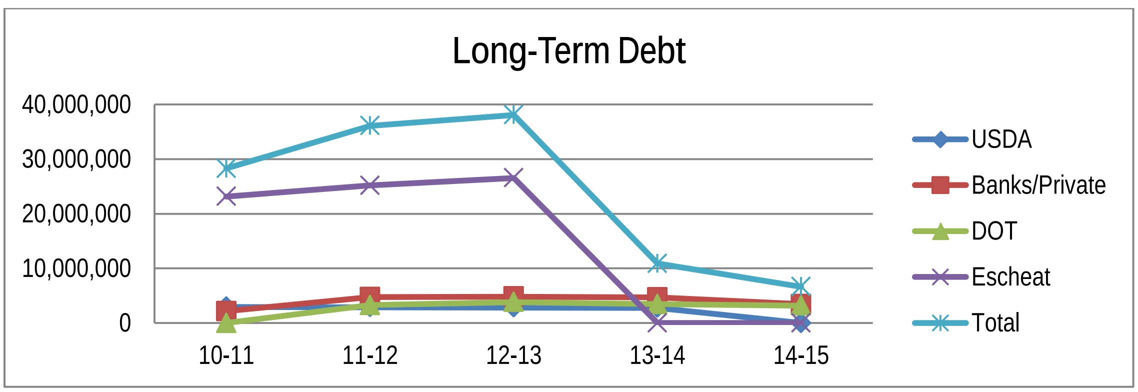
Additionally, as of June 30, 2015, Spirit AeroSystems reported total capital improvements to date of $93,604,365 and $1,145,048 to the GTP-6 and GTP-1 facilities, respectively. These capital improvements are a required element of the grant agreement between Spirit Aerosystems and the Golden Leaf Foundation, and are not recorded on the Authority's financial statements.



Long-Term Debt

Long-term debt activity during the period consisted primarily of reductions in notes payable for principal payments. The Authority pursued an aggressive program in fiscal year 2015 to retire debt, reduce interest rates, and improve terms on remaining debt. The graph below depicts the makeup of debt at June 30, 2015, as compared to prior years.

The repayment and refinancing of remaining debt has resulted in annual reduction in debt service expense of $382,702 and a total savings of interest in the amount of $4,462,943. The remaining years of debt service has been reduced from 32 years to 13 years. Satisfaction of debt covenants has also released $895,479 from restricted assets to unrestricted giving the NCGTP greater flexibility in managing expenses.



Revenues, Expenses and Changes in Net Position

The Authority's financial condition, overall, compared to the prior fiscal year declined by 3%. Operating revenues decreased by 8% due primarily to a decrease in fuel sales. This decrease was caused by the Authority's new fixed-base-operator taking over fuel sales in August 2014. State operating aid decreased by 26% due to two reductions by the NC legislature, the first as a result of the approved state budget and the second being the result of an adjustment to the highway gas tax.

Working to improve the bottom line, the Authority's operating expenses decreased 5%. Professional services decreased 78% due to in house staff fulfilling work previously done by outside consultants and discontinuing an oversight consultant contract. Salaries and benefits decreased 22% due to a reduction in staff to accommodate reductions in revenue.

The 59% reduction in interest and fees on debt and decrease of 80% in investment earnings were due to the payoff of notes payable described above.

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	June 30, 2015	*June 30, 2014	Change	% Change
Operating Revenues:				
Rental Revenues	$ 1,221,093	$ 1,225,210	$ (4,117)	-0.3%
Fuel Sales	132,596	228,837	(96,241)	-42%
Miscellaneous Revenues	142,803	174,499	(31,696)	-18%
Total Operating Revenues	1,496,492	1,628,546	(132,054)	-8%
Operating Expenses:				
Salaries and Benefits	733,211	941,119	(207,908)	-22%
Professional Services	83,709	374,927	(291,218)	-78%
Depreciation	6,294,058	6,290,292	3,766	0.10%
Other Operating Expenses	900,318	802,178	98,140	12%
Total Operating Expenses	8,011,296	8,408,516	(397,220)	-5%
Operating Loss	(6,514,804)	(6,779,970)	265,166	4%
Nonoperating Revenues (Expenses):				
State Operating Aid	739,500	1,000,000	(260,500)	-26%
Noncapital Contributions	356,701		356,701	
Investment Earnings	3,839	19,257	(15,418)	-80%
Interest and Fees on Debt	(183,295)	(444,146)	(260,851)	-59%
Other Nonoperating Revenues		954,254	(954,254)	-100%
Net Nonoperating Revenues	916,745	1,529,365	(612,620)	-40%
Other Revenues:				
State Capital Appropriations		26,572,610	(26,572,610)	-100%
Capital Contributions		8,400	(8,400)	-100%
Total Revenues	2,596,532	30,183,067	(27,586,535)	-91%
Total Expenses	(8,194,591)	(8,852,662)	(658,071)	-7%
Increase (Decrease) in Net Position	(5,598,059)	21,330,405	(26,928,464)	-126%
Net Position, Beginning of Period	160,392,037	139,061,632	21,330,405	
Restatement	(328,830)			
Net Position, End of Period	$ 154,465,148	$ 160,392,037	$ (5,926,889)	

** Note: The year ended June 30, 2014 column is not presented "as restated" above because actuarial calculations performed relative to the implementation of GASB 68 do not provide sufficient information to restate these amounts.*

Highlights and Economic Outlook

The Authority continued to move forward regarding the commitment to achieve annual goals and objectives established in early 2014. The Authority made significant strides in reducing expenditures, reducing commercial debt, and refinancing outstanding loans while adding additional tenants. These efforts included:

- Adding LGM Enterprises, Executive Jets and Cyprus Creek as new tenants.
- Paying off $3.86M in outstanding debt prior to maturity.
- Reducing total expenditures by $658,071.
- Refinancing two remaining loans by reducing the interest rates from 5.75% to 3.75% and 4.25% to 3%, and reducing the remaining term of the loans from 32 years to 13 years.
- The Authority continued to support tenant growth at the GTP by assisting Spirit AeroSystems during its installation of a second autoclave for A350 component production and construction of a 60,000 square foot storage facility adjacent to the manufacturing facility.
- The Authority also provided significant support to Spirit as it sought to expand production at the North Carolina Business Unit in Kinston. This effort included an in-depth assessment of logistics options along the Highway 70 and North Carolina Railroad corridors between Morehead City and Kinston.
- Senate Bill 402 Infrastructure Study for the Global TransPark was presented to the General Assembly during the period. Authority staff identified projects suitable for GTP and is currently analyzing funding structures for these identified projects.
- The Authority is continuing to work with the U.S. Army Corps of Engineers (USACE) to include 158 acres of GTP property currently outside of the USACE administered 404 permit area. This change would ensure that all of GTP's developable land is available to meet short-notice development opportunities.
- As further measures to contain expenses, three part-time staff positions have been eliminated, the marketing position has been defunded, and the legal position is no longer being charged to the GTP in order to present a budget with minimal fund balance appropriation to the Authority Finance Committee and Board Chairman.

Marketing activities for the year were focused on establishing new partnerships and fostering existing relationships. Moving forward the Authority will rely on these partners to help expand the sales capacity of the Authority's small staff in order to reach a wider audience. Marketing activities included:

- Completed a video of fully built GTP facilities and concept building designs for potential tenants.
- Completed a brochure for rental of facilities at the Spirit Composite Center.
- Hosted economic development meetings, as well as an annual tenant luncheon.
- Worked with the North Carolina Airport Association by hosting various meetings, working on statewide aviation legislative issues and attending the annual airports conference.

- Coordinated participation with Foreign Trade Zone #214 for advertising in Eastern NC Economic Development Guide, Southern Business & Development and Expansion Solutions.

The Authority facilitated a seamless transition between the previous temporary FBO management company and LGM Enterprises. LGM Enterprises commenced operations on August 1, 2014 and has expanded operations to include Executive Jets, a charter company.

Other activities included:

- Supporting the development and aerodynamic testing of unmanned aerial vehicle (UAV) air frames with Windlift, an engineering company based in Raleigh, NC. Windlift is developing the next generation of Airborne Wind Energy Systems.

Despite many challenges and opportunities, GTP has continued to implement initiatives and projects, as listed below:

- Working with the Institution for Transportation Research and Education and the North Carolina Division of Aviation on UAV research projects and safety of flight issues resulting in a statewide UAV program and supported Lenoir Community College in achieving a certified UAV curriculum.
- Foreign Trade Zone (FTZ) #214 continued to be an economic driver for the state economy with between $200 million - $500 million in goods shipped into the Zone during calendar year 2014. During 2015, FTZ activities included:
    - Following consolidation of Foreign Trade Zones #66, #67, #214 the Authority has begun a draft application to the US FTZ Board, requesting that the operation of FTZ #214 be redesignated under the Alternative Site Framework, a new and more streamlined framework established by the FTZ Board.
- Increased coordination among the Authority, the NC State Ports Authority, and DOT personnel including the Rail division and logistics team to spur economic development activity.
- Completion of environmental reporting required for certified sites documentation, parcel development estimates, and the actual site certification process on 877 acres of land at the GTP.
- The TransPark maintained steady job growth in fiscal year 2015. Private sector employment at the TransPark increased 9% over the prior year, with a total of 498 employees. These numbers do not reflect the public agencies who are also tenants at the TransPark.
- The average annual $46,841 salary for private sector jobs at the TransPark was slightly less than the previous fiscal year. These salaries are 1% higher than the average annual private sector salary for the State and 2.7% higher than the average annual private sector salary for the County. Compared to the $739,500 in state operating aid the Authority received in fiscal year 2015, the total payroll for private sector companies at the TransPark was more than $23.3 million.
- With 75% of facilities currently leased, the Authority continues to receive interest from prospects in several targeted industries, including Tier 1 and Tier 2 aerospace

suppliers, technical service firms, federal government contractors, aviation maintenance, repair and overhaul (MRO) companies, as well as manufacturers in paper, metal, and building products.

The Authority continued to work with a potential client and ultimately signed a lease with the new tenant in September of 2015. The Authority is very excited to add North State Aviation. The company is forecasting 109 new jobs at the Global TransPark and $900,000 in capital investment. The addition of another aerospace related business helps fulfill the goals and ambitions of the North Carolina Global TransPark.

Contacting the Authority's Management

If you have questions about these financial statements or need additional information, contact the Authority's Executive Director, 3800 Hwy 58, Kinston, NC 28504, or at (252)523-1351 x309.

FINANCIAL STATEMENTS

North Carolina Global TransPark Authority
Statement of Net Position
June 30, 2015 — *Exhibit A-1*

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	1,748,734
Receivables (Note 3)		24,670
Total Current Assets		1,773,404
Noncurrent Assets:		
Capital Assets - Nondepreciable (Note 4)		22,564,150
Capital Assets - Depreciable, Net (Note 4)		137,183,352
Total Noncurrent Assets		159,747,502
Total Assets		161,520,906
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions		61,171
Total Deferred Outflows of Resources		61,171
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 5)		35,733
Due to Primary Government		21,863
Unearned Revenue		87,400
Accrued Interest Payable		16,512
Compensated Absences (Note 6)		40,365
Note Payable - Southern Bank (Note 6)		233,187
Note Payable - Due to NC DOT (Note 6)		250,000
Total Current Liabilities		685,060
Noncurrent Liabilities:		
Compensated Absences (Note 6)		15,774
Net Pension Liability (Note 6)		56,436
Note Payable - Southern Bank (Note 6)		3,215,212
Note Payable - Due to NC DOT (Note 6)		2,940,615
Total Noncurrent Liabilities		6,228,037
Total Liabilities		6,913,097
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions		203,832
Total Deferred Inflows of Resources		203,832
NET POSITION		
Net Investment in Capital Assets		153,108,488
Unrestricted		1,356,660
Total Net Position	$	154,465,148

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

North Carolina Global TransPark Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2015 *Exhibit A-2*

REVENUES		
Operating Revenues:		
Rental Revenues	$	1,221,093
Fuel Sales		132,596
Miscellaneous Revenues		142,803
Total Operating Revenues		1,496,492
EXPENSES		
Operating Expenses:		
Salaries and Benefits		733,211
Professional Services		83,709
Legal and Accounting		25,588
Depreciation		6,294,058
Rent		10,594
Repairs and Maintenance		59,425
Supplies and Materials		50,253
Equipment		4,528
Insurance		56,224
Telephone		28,277
Utilities		238,144
Travel and Subsistence		11,870
Advertising		3,253
Projects		361,037
Other		51,125
Total Operating Expenses		8,011,296
Operating Loss		(6,514,804)
NONOPERATING REVENUES (EXPENSES)		
State Operating Aid		739,500
Investment Earnings		3,839
Noncapital Contributions		356,701
Interest and Fees on Debt		(183,295)
Net Nonoperating Revenues		916,745
Decrease in Net Position		(5,598,059)
NET POSITION		
Net Position - July 1, 2014, as Restated (Note 14)		160,063,207
Net Position - June 30, 2015	$	154,465,148

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

North Carolina Global TransPark Authority
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015 ***Exhibit A-3***

CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Customers	$	1,573,762
Payments to Employees and Fringe Benefits		(829,553)
Payments to Vendors and Suppliers		(1,015,824)
Net Cash Used by Operating Activities		(271,615)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Operating Aid		739,500
Noncapital Contributions		356,701
Cash Provided by Noncapital Financing Activities		1,096,201
CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES		
Principal Paid on Capital Debt		(4,260,249)
Interest and Fees Paid on Capital Debt		(256,447)
Cash Used by Capital Financing and Related Financing Activities		(4,516,696)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received		3,839
Net Cash Provided by Investing Activities		3,839
Net Decrease in Cash and Cash Equivalents		(3,688,271)
Cash and Cash Equivalents - July 1, 2014		5,437,005
Cash and Cash Equivalents - June 30, 2015	$	1,748,734
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$	(6,514,804)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense		6,294,058
Pension Expense		25,876
Changes in Assets, Liabilities, and Deferred Outflows of Resources:		
Receivables		494
Accounts Payable and Accrued Liabilities		(41,744)
Due to Primary Government		(12,077)
Unearned Revenue		76,778
Deferred Outflows for Contributions Subsequent to the Measurement Date		(54,660)
Compensated Absences		(45,536)
Net Cash Used by Operating Activities	$	(271,615)
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Current Assets:		
Cash and Cash Equivalents	$	1,748,734
Total Cash and Cash Equivalents - June 30, 2015	$	1,748,734

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

Global TransPark Foundation, Inc.
Statement of Financial Position
June 30, 2015 — *Exhibit B-1*

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	4,682,847
Total Current Assets		4,682,847
Noncurrent Assets:		
Property and Equipment, net of Accumulated Depreciation of $4,017,104		4,480,960
Total Assets	$	9,163,807
LIABILITIES		
Current Liabilities:		
Accounts Payable	$	17,995
Total Liabilities		17,995
NET ASSETS		
Unrestricted		9,145,812
Total Net Assets		9,145,812
Total Liabilities and Net Assets	$	9,163,807

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

Global TransPark Foundation, Inc.
Statement of Activities
For the Fiscal Year Ended June 30, 2015 *Exhibit B-2*

	Unrestricted	Temporarily Restricted	Total June 30, 2015
SUPPORT AND REVENUE			
Rent Income	$ 314,694	$ 0	$ 314,694
Interest Income	12,680		12,680
Total Support and Revenue	327,374		327,374
EXPENSES			
Program Services	212,452		212,452
Management and General Expenses	29,024		29,024
Total Expenses	241,476		241,476
Increase in Net Assets	85,898		85,898
Net Assets at Beginning of Year	9,059,914		9,059,914
Net Assets at End of Year	$ 9,145,812	$ 0	$ 9,145,812

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity - The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The North Carolina Global TransPark Authority (Authority) is a component unit of the State of North Carolina and an integral part of the State's *Comprehensive Annual Financial Report*.

The accompanying financial statements present all funds belonging to the Authority and its component unit. The Authority's component unit is discretely presented in the Authority's financial statements. See below for further discussion of the Authority's component unit.

Discretely Presented Component Unit - The Global TransPark Foundation, Inc. (Foundation) is a legally separate nonprofit corporation and is reported as a discretely presented component unit based on the nature and significance of its relationship to the Authority.

The Foundation was established in 1992 as a nonprofit corporation. The purpose of the Foundation is to engage in major fund-raising activities and to assist the North Carolina Global TransPark Authority with the development of the Global TransPark. The Foundation is a nonprofit organization exempt from income taxation under Section 501 (c)(3) of the Internal Revenue Code.

The Foundation is a private nonprofit organization that reports its financial results under the Financial Accounting Standards Board (FASB) Codification. As such, certain revenue recognition criteria and presentation features are different from the Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the Authority's financial reporting entity for these differences.

During the year ended June 30, 2015, there were no significant transactions between the Authority and Foundation. The Foundation has no remaining commitments with the Authority to provide financial incentives.

Complete financial statements for the Foundation may be obtained from the North Carolina Global TransPark, P.O. Box 1476, Kinston, NC 28503 1476, or by calling (252) 522-4929.

B. Basis of Presentation - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB.

Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the full scope of the Authority's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

C. **Basis of Accounting** - The financial statements of the Authority have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

Nonexchange transactions, in which the Authority receives (or gives) value without directly giving (or receiving) equal value in exchange, include state operating aid, certain contributions, and interest income. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

D. **Cash and Cash Equivalents** - This classification includes undeposited receipts, petty cash, cash on deposit with private bank accounts, and deposits held by the State Treasurer in the Short-Term Investment Fund (STIF). The STIF maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.

E. **Receivables** - Receivables consist of charges to customers for services, leases on facilities, and miscellaneous revenues. Receivables also include amounts due from the Foundation. Receivables are considered fully collectible; accordingly, no allowance for doubtful accounts has recorded.

F. **Capital Assets** - Capital assets are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. The value of assets constructed includes all material direct and indirect construction costs. Interest costs incurred are capitalized during the period of construction.

The Authority capitalizes assets that have a value or cost of $5,000 or greater at the date of acquisition and an estimated useful life of more than one year. The Authority capitalizes intangible assets under these same provisions.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets in the following manner:

Asset Class	Estimated Useful Life
Buildings	10-50 years
Machinery & Equipment	5-25 years
Landing Fields and Grounds	20-40 years

G. Noncurrent Long-Term Liabilities - Noncurrent long-term liabilities include principal amounts of notes payable, net pension liability, and compensated absences that will not be paid within the next fiscal year.

The net pension liability represents the Authority's proportionate share of the collective net pension liability reported in the State of North Carolina's 2014 *Comprehensive Annual Financial Report.* This liability represents the Authority's portion of the collective total pension liability less the fiduciary net position of the Teachers' and State Employees' Retirement System. See Note 9 for further information regarding the Authority's policies for recognizing liabilities, expenses, and deferred outflows and inflows related to pensions.

H. Compensated Absences - The Authority's policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each January 1 or for which an employee can be paid upon termination of employment. When classifying compensated absences into current and noncurrent, leave is considered taken using a last-in, first-out (LIFO) method. Also, any accumulated vacation leave in excess of 30 days at year-end is converted to sick leave. Under this policy, the accumulated vacation leave for each employee at June 30 equals the leave carried forward at the previous December 31 plus the leave earned, less the leave taken between January 1 and June 30.

In addition to the vacation leave described above, compensated absences include the accumulated unused portion of the special annual leave bonuses awarded by the North Carolina General Assembly. The bonus leave balance on December 31 is retained by employees and transferred into the next calendar year. It is not subject to the limitation on annual leave carried forward described above and is not subject to conversion to sick leave.

The Authority has the policy of recording the cost of sick leave when taken and paid rather than when the leave is earned. There is no liability for unpaid accumulated sick leave because the Authority has no obligation to pay sick leave upon termination or retirement. The policy provides for unlimited accumulation of sick leave. However, additional service credit for retirement pension benefits is given for accumulated sick leave upon retirement.

I. Net Position - The Authority's net position is classified as follows:

Net Investment in Capital Assets - This represents the Authority's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of Net Investment in Capital Assets. Additionally, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of capital assets or related debt are also included in this component of net position.

Unrestricted Net Position - Unrestricted net position includes resources derived from state operating aid, rental revenues, contributions, and interest income.

Restricted and unrestricted resources are tracked separately. When both restricted and unrestricted funds are available for expenditure, the decision for funding is determined by management on a case-by-case basis. Both restricted and unrestricted net position include consideration of deferred outflows and inflows of resources.

J. Revenue and Expense Recognition - The Authority classifies its revenues and expenses as operating or nonoperating in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services and collecting rents in connection with the Authority's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions, such as (1) building space rents, (2) land rents, (3) janitorial services, and (4) computer networking. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions. Revenues from nonexchange transactions that represent subsidies or gifts to the Authority, as well as investment income, are considered nonoperating since these are either investing, capital, or noncapital financing activities. Capital contributions are presented separately after nonoperating revenues and expenses.

NOTE 2 - DEPOSITS

Authority - Unless specifically exempt, the Authority is required by *North Carolina General Statute* 147-77 to deposit moneys received with the State Treasurer or with a depository institution in the name of the State Treasurer.

At June 30, 2015, the amount shown on the Statement of Net Position as cash and cash equivalents includes $240,204 which represents the Authority's equity position in the State Treasurer's Short-Term Investment Fund (STIF). The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission and does not have a credit rating) had a weighted average maturity of 1.5 years as of June 30, 2015. Assets and shares of the STIF are valued at amortized cost, which approximates fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) are included in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page http://www.osc.nc.gov/ and clicking on "Reports," or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

Cash on hand at June 30, 2015 was $200. The carrying amount of the Authority's deposits not with the State Treasurer was $1,508,330 and the bank balance was $1,511,508. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2015, the Authority's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$	775,690

Component Unit - The Global TransPark Foundation, Inc. (Foundation) maintains its cash balances in several financial institutions located in Kinston, NC. The carrying amount of the Foundation's deposits and the bank balances were $4,682,847. The Foundation does not have a deposit policy for custodial credit risk. As of June 30, 2015, the Foundation's bank balance was exposed to custodial credit risk, as follows:

Uninsured and Uncollateralized	$	3,682,850

NOTE 3 - RECEIVABLES

Receivables at June 30, 2015, were as follows:

		Amount
Accounts Receivable:		
Due from Customers	$	22,755
Due from Global TransPark Foundation, Inc.		1,915
Total Accounts Receivable	$	24,670

NOTE 4 - CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2015, is presented as follows:

	Balance July 1, 2014 (as restated)	Increases	Decreases	Balance June 30, 2015
Capital Assets, Nondepreciable:				
Land	$ 21,017,780	$ 0	$ 0	$ 21,017,780
Intangible Assets	1,546,370			1,546,370
Total Capital Assets, Nondepreciable	22,564,150	0	0	22,564,150
Capital Assets, Depreciable:				
Landing Fields and Grounds	49,034,063			49,034,063
Buildings	139,391,808			139,391,808
Equipment	4,141,880		413,045	3,728,835
Total Capital Assets, Depreciable	192,567,751	0	413,045	192,154,706
Less Accumulated Depreciation for:				
Landing Fields and Grounds	21,939,909	1,694,915		23,634,824
Buildings	23,437,305	4,543,356		27,980,661
Equipment	3,713,127	55,787	413,045	3,355,869
Total Accumulated Depreciation	49,090,341	6,294,058	413,045	54,971,354
Total Capital Assets, Depreciable, Net	143,477,410	(6,294,058)	0	137,183,352
Capital Assets, Net	$ 166,041,560	$ (6,294,058)	$ 0	$ 159,747,502

During the year ended June 30, 2015, the Authority incurred $183,295 in interest expense related to the acquisition and construction of capital assets.

Component Unit - A summary of changes in the Foundation's capital assets for the year ended June 30, 2015, is presented as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets, Depreciable:				
Buildings	$ 8,498,064	$ 0	$ 0	$ 8,498,064
Less Accumulated Depreciation for:				
Buildings	3,804,652	212,452		4,017,104
Total Capital Assets, Net	$ 4,693,412	$ (212,452)	$ 0	$ 4,480,960

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2015, were as follows:

	Amount
Accounts Payable and Accrued Liabilities	
Accounts Payable	$ 15,591
Accrued Payroll	20,142
Total Accounts Payable and Accrued Liabilities	$ 35,733

NOTE 6 - LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities - A summary of changes in the long-term liabilities for the year ended June 30, 2015, is presented as follows:

	Balance July 1, 2014 (as restated)	Additions	Reductions	Balance June 30, 2015	Current Portion
Net Pension Liability	$ 289,317	$ 0	$ 232,881	$ 56,436	$
Notes Payable	10,899,259	453,738	4,713,983	6,639,014	483,187
Compensated Absences	101,674	56,139	101,674	56,139	40,365
Total Long-Term Liabilities	$ 11,290,250	$ 509,877	$ 5,048,538	$ 6,751,589	$ 523,552

Additional information regarding the net pension liability is included in Note 9.

B. Notes Payable Summary

Notes Payable - United States Department of Agriculture (USDA) – During the year ended June 30, 2015 the Authority paid in full the outstanding principal related to the four USDA loans below. The Authority paid off these loans prior to maturity in order to reduce future interest costs. One USDA loan was for the construction of Fixed Base Operator (FBO) hangars at the Global TransPark at an interest rate of 4.75%. Another USDA loan was for the construction of an Administration Building at an interest rate of 4.63%. The third loan was for the Airport Rescue and Fire Fighting Facility (ARFF) that has approximately 20,000 square feet of leased space at an interest rate of 4.13%. The fourth loan was for an expansion of the FBO hangars at an interest rate of 4.25%. These loans are collateralized by the assets acquired with the loan proceeds. The loan information on the USDA notes payable is shown in the following table:

Interest Rate	Final Maturity Date	Original Amount of Issue	Principal Paid Through June 30, 2015	Principal Outstanding June 30, 2015
4.75%	6/21/2041	$ 666,500	$ 666,500	$ 0
4.63%	10/25/2032	673,350	673,350	
4.13%	8/18/2046	1,345,000	1,345,000	
4.25%	11/7/2046	500,000	500,000	

Notes Payable - Bank and Private Loans - During the year-ended June 30, 2015, the Authority paid in full the outstanding principal related to the First Citizens loan below. The Authority paid this loan off prior to maturity in order to reduce future interest costs. The Authority secured the first loan to finance the construction of a 20,000 square foot facility for a tenant. Principal and interest on the first loan are payable monthly. The Authority secured a second loan to finance the installation of an 8" gas line for a tenant. Principal and interest payments on this loan were paid annually, and the Authority made the final payment on this loan during fiscal year 2015. The Authority secured a third loan to construct GTP-7, a 100,000 square foot shell building. The Authority borrowed $3,159,207 of the maximum of $4,000,000, with the first two years of the loan payments being interest only. During the year-ended June 30, 2015, the Authority secured a fourth loan to refinance the outstanding balance of a USDA note payable originally issued to facilitate the expansion of the fixed-base operator building. The loan proceeds were transferred directly from the lending institution to the USDA for payment of the outstanding principal balance. These loans are collateralized by the assets acquired with the loan proceeds, as well as the land on which the assets are located. Information on the loans at June 30, 2015 is shown in the following table:

Purpose	Financial Lender	Issue Date	Interest Rate	Final Maturity Date	Original Amount of Issue	Principal Paid Through June 30, 2015	Principal Outstanding June 30, 2015
Facility Construction	First Citizens	11/8/2006	7.00%	11/8/2030	$ 1,606,750	$ 1,606,750	$ 0
Gas Line Construction	PNG Gas Co.	10/6/2009	7.00%	8/4/2014	488,055	488,055	
Facility Construction	Southern Bank	5/24/2012	5.75%	9/24/2026	3,159,207	164,546	2,994,661
Refinance USDA FBO Expansion Note	Southern Bank	5/28/2015	3.00%	5/28/2027	453,738		453,738

The annual requirements to pay principal and interest on the private notes at June 30, 2015 are presented as follows:

Fiscal Year	Principal	Interest
2016	233,187	128,010
2017	242,162	119,037
2018	251,118	110,080
2019	260,408	100,790
2020	269,794	91,404
2021-2025	1,507,583	298,408
2026-2027	684,147	38,252
Total Requirements	$ 3,448,399	$ 885,981

Notes Payable - North Carolina Department of Transportation (DOT) Loan - On September 29, 2011, the Authority signed an agreement with DOT to draw down a maximum of $5,000,000 for the renovation of GTP-1, a 120,000 square foot facility to be converted from warehousing to industrial fabrication for a tenant. On April 17, 2012, the agreement was amended to require the Authority to repay DOT $400,000 annually at 0% interest until the loan is paid in full by reducing quarterly appropriations to the Authority by $100,000. On August 26, 2015 the Authority and DOT amended the annual payment on the DOT note payable from $400,000 to $250,000, and extended the repayment terms by 5 years. This was to help mitigate the impact of the reduction in appropriations from the state legislature to the Authority from $1,000,000 to $750,000. As repayment for the note the Authority's quarterly appropriation will be reduced by $62,500, resulting in an annual payment of $250,000 and a new maturity date of July 1, 2028. The total amount borrowed was $4,440,615, and the final maturity date is July 1, 2028. Information on the loan at June 30, 2015 is shown in the following table:

Interest Rate	Final Maturity Date	Original Amount of Issue	Principal Paid Through June 30, 2015	Principal Outstanding June 30, 2015
0.00%	7/1/2028	$ 4,440,615	$ 1,250,000	$ 3,190,615

The annual requirements to pay principal on the note at June 30, 2015 are presented as follows:

Fiscal Year	Principal
2016	250,000
2017	250,000
2018	250,000
2019	250,000
2020	250,000
2021-2026	1,250,000
2027-2028	690,615
Total Requirements	$ 3,190,615

NOTE 7 - OPERATING LEASE OBLIGATIONS

The Authority entered into operating leases for facilities and equipment. Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2015:

Fiscal Year	Amount
2016	$ 9,360
2017	8,018
Total Minimum Lease Payments	$ 17,378

Rental expense for all operating leases during the year was $9,360.

NOTE 8 - FUTURE RENTAL REVENUES

Authority - The Authority has entered into several long-term lease agreements for facilities. Expected income from leasing arrangements over the next five years is as follows:

Fiscal Year	Amount
2016	1,042,136
2017	953,267
2018	826,200
2019	602,264
2020	530,021
Total	$ 3,953,888

The various buildings leased were acquired at a cost of $133,670,553 and have accumulated depreciation totaling $25,077,133.

Component Unit - The Foundation has entered into a lease agreement with Mountain Air Cargo, Inc. to lease a building owned by the Foundation. The term of the lease is 21 years and 6 months after the date of beneficial occupancy by the lessee.

Under the terms of the agreement, Mountain Air Cargo, Inc. paid no lease payments for the first 18 months. At the end of eighteen months, lease payments are $2.25, $3.50, $4.50, and $5.90 per square foot for each five-year period until the lease terminates. The leased square footage is approximately 53,338 square feet. Mountain Air Cargo, Inc. may terminate the lease early with ninety (90) days' notice if certain conditions relating to their business are not met. These conditions relate to the termination of a contract with Federal Express Corporation or a reduction by 50% of Mountain Air Cargo, Inc.'s F-27 aircraft operations.

Expected income from leasing arrangements over the next five years is as follows:

Fiscal Year	Amount
2016	314,694
2017	314,694
2018	183,572
Total	$ 812,960

The building leased was constructed in 1995 at a cost of $8,498,064 and has accumulated depreciation totaling $4,017,104.

NOTE 9 - PENSION PLANS

Defined Benefit Plan

Plan Administration: The State of North Carolina administers the Teachers' and State Employees' Retirement System (TSERS) plan. This plan is a cost-sharing, multiple-employer, defined benefit pension plan established by the State to provide pension benefits for general employees and law enforcement officers (LEOs) of the State, general employees and LEOs of its component units, and employees of Local Education Agencies (LEAs) and charter schools not in the reporting entity. Membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the LEAs and charter schools. Benefit provisions are established by General Statute 135-5 and may be amended only by the North Carolina General Assembly.

Benefits Provided: TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% 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. General employee 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. General employee 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. Survivor benefits are available to eligible beneficiaries of general 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 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.

Contributions: Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Employees are required to contribute 6% of their compensation. The contribution rate for employers is set each year by the NC General Assembly in the Appropriations Act based on the actuarially-determined rate recommended by the actuary. The Authority's contractually-required contribution rate for the year ended June 30, 2015 was 9.15% of covered payroll. The Authority's contributions to the pension plan were $54,660, and employee contributions were $35,842 for the year ended June 30, 2015.

The TSERS Plan's financial information, including all information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2014 *Comprehensive Annual Financial Report*. An electronic version of this report is available by accessing the North Carolina

Office of the State Controller's Internet home page http://www.osc.nc.gov/ and clicking on "Reports" or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

TSERS Basis of Accounting: The financial statements of the TSERS plan were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The plan's fiduciary net position was determined on the same basis used by the pension plan.

Methods Used to Value TSERS Investment: Pursuant to *North Carolina General Statutes*, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its Investment Pool. The pension trust funds are the primary participants in the Long-term Investment portfolio and the sole participants in the External Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Credit Investment, and Inflation Protection Investment portfolios. The investment balance of each pension trust fund represents its share of the fair market value of the net position of the various portfolios within the pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2014 *Comprehensive Annual Financial Report*.

Net Pension Liability: At June 30, 2015, the Authority reported a liability of $56,436 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013, and update procedures were used to roll forward the total pension liability to June 30, 2014. The Authority's proportion of the net pension liability was based on the present value of future salaries for the Authority relative to the present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2014, the Authority's proportion was 0.00481363%, which was an increase of .00004809% from its proportion measured as of June 30, 2013.

Actuarial Assumptions: The following table presents the actuarial assumptions used to determine the total pension liability for the TSERS plan at the actuarial valuation date:

Valuation Date	12/31/2013
Inflation	3%
Salary Increases*	4.25% - 9.10%
Investment Rate of Return**	7.25%

* Salary increases include 3.5% inflation and productivity factor.
** Investment rate of return is net of pension plan investment expense, including inflation.

TSERS currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, 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 valuations were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc Cost of Living Adjustment (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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (the valuation date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	2.5%
Global Equity	6.1%
Real Estate	5.7%
Alternatives	10.5%
Credit	6.8%
Inflation Protection	3.7%

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. 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 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 those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the plan calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	Net Pension Liability (Asset)	
1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
$405,136	$56,436	($237,991)

Deferred Inflows of Resources and Deferred Outflows of Resources Related to Pensions: For the year ended June 30, 2015, the Authority recognized pension expense of $25,876. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Employer Balances of Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions by Classification:

	Deferred Outflows of Resources	Deferred Inflows of Resources
DifferenceBbetween Actual and Expected Experience	$ 0	$ 13,155
Changes of Assumptions		
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		190,677
Change in Proportion and Differences Between Agency's Contributions and Proportionate Share of Contributions	6,511	
Contributions Subsequent to the Measurement Date	54,660	
Total	$ 61,171	$ 203,832

$54,660 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Schedule of the Net Amount of the Employer's Balances of Deferred Outflows of Resources and Deferred Inflows of Resources That will be Recognized in Pension Expense:

Year ended June 30:	Amount
2016	$ (49,422)
2017	(49,422)
2018	(49,422)
2019	(49,422)
Total	$ (197,688)

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

A. Health Benefits - The Authority participates in the Comprehensive Major Medical Plan (the Plan), a cost-sharing, multiple-employer defined benefit health care plan that provides postemployment health insurance to eligible former employees. Eligible former employees include long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of the Teachers' and State Employees' Retirement System (TSERS). Coverage eligibility varies depending on years of contributory membership service in their retirement system prior to disability or retirement.

The Plan's benefit and contribution provisions are established by Chapter 135, Article 3B, of the General Statutes, and may be amended only by the North Carolina General Assembly. The Plan does not provide for automatic post-retirement benefit increases.

By General Statute, a Retiree Health Benefit Fund (the Fund) has been established as a fund in which accumulated contributions from employers and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and applicable beneficiaries. By statute, the Fund is administered by the Board of Trustees of TSERS and contributions to the Fund are irrevocable. Also by law, Fund assets are dedicated to providing benefits to retired and disabled employees and applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to the Fund. Contribution rates to the Fund, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are established by the General Assembly.

For the current fiscal year the Authority contributed 5.49% of the covered payroll under TSERS to the Fund. Required contribution rates for the years ended June 30, 2014, and 2013, were 5.40% and 5.30%, respectively. The Authority made 100% of its annual required contributions to the Plan for the years ended June 30, 2015, 2014, and 2013, which were $32,796, $37,907, and $30,991, respectively. The Authority assumes no liability for retiree health care benefits provided by the programs other than its required contribution.

Additional detailed information about these programs can be located in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page http://www.osc.nc.gov/ and clicking on "Reports" or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

B. **Disability Income** - The Authority participates in the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to provide short-term and long-term disability benefits to eligible members of TSERS. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes, and may be amended only by the North Carolina General Assembly. The Plan does not provide for automatic post-retirement benefit increases.

Disability income benefits are funded by actuarially determined employer contributions that are established by the General Assembly. For the fiscal year ended June 30, 2015, the Authority made a statutory contribution of .41% of covered payroll under TSERS to the DIPNC. Required contribution rates for the years ended June 30, 2014, and 2013, was .44% in both years. The Authority made 100% of its annual required contributions to the DIPNC for the years ended June 30, 2015, 2014, and 2013, which were $2,449, $3,089, and $2,573, respectively. The Authority assumes no liability for long-term disability benefits under the Plan other than its contribution.

Additional detailed information about the DIPNC is disclosed in the State of North Carolina's *Comprehensive Annual Financial Report*.

NOTE 11 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled via a combination of methods, including participation in state-administered insurance programs, purchase of commercial insurance, and self-retention of certain risks. 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.

A. Employee Benefit Plans

1. State Health Plan

Authority employees and retirees are provided comprehensive major medical care benefits. Coverage is funded by contributions to the State Health Plan (Plan), a discretely presented component unit of the State of North Carolina. The Plan has contracted with third parties to process claims.

2. Death Benefit Plan of North Carolina

Term life insurance (death benefits) of $25,000 to $50,000 is provided to eligible workers. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was .16% for the current fiscal year.

B. Other Risk Management and Insurance Activities

1. Automobile, Fire, and Other Property Losses

The Authority is required to maintain fire and lightning coverage on all state-owned buildings and contents through the State Property Fire Insurance Fund (Fund), an internal service fund of the State. Such coverage is provided at no cost to the Authority for operations supported by the State's General Fund. Other operations not supported by the State's General Fund are charged for the coverage. Losses covered by the Fund are subject to a $5,000 per occurrence deductible. However, some agencies have chosen a higher deductible for a reduction in premium.

All state-owned vehicles are covered by liability insurance through a private insurance company and handled by the North Carolina Department of Insurance. The liability limits for losses are $1,000,000 per claim and $10,000,000 per occurrence. The Authority pays premiums to the North Carolina Department of Insurance for the coverage.

2. Public Officers' and Employees' Liability Insurance

The risk of tort claims of up to $1,000,000 per claimant is retained under the authority of the State Tort Claims Act. In addition, the State provides excess public officers' and employees' liability insurance up to $10,000,000 via contract with a private insurance company. The Authority pays the premium, based on a composite rate, directly to the private insurer.

3. Employee Dishonesty and Computer Fraud

The Authority is protected for losses from employee dishonesty and computer fraud. This coverage is with a private insurance company and is handled by the North Carolina Department of Insurance. The Authority is charged a premium by the private insurance company. Coverage limit is $5,000,000 per occurrence. The private insurance company pays 90% of each loss less a $75,000 deductible.

4. **Statewide Workers' Compensation Program**

The North Carolina Workers' Compensation Program provides benefits to workers injured on the job. All employees of the State and its component units are included in the program. When an employee is injured, the Authority's primary responsibility is to arrange for and provide the necessary treatment for work related injury. The Authority is responsible for paying medical benefits and compensation in accordance with the North Carolina Workers' Compensation Act. The Authority is self-insured for workers' compensation.

Additional details on the state-administered risk management programs are disclosed in the State's *Comprehensive Annual Financial Report*, issued by the Office of the State Controller.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Environmental - The Authority is subject to a number of federal, state, and local environmental laws, regulations, and policies. The environmental laws and regulations most applicable to the Authority relate to wetlands, air emissions, wastewater discharges, and the handling, disposal, and release of solid and/or hazardous wastes. More specifically, the Authority may be subject to the Comprehensive Environmental Response, Compensation and Liability Act, which imposes retroactive liability upon owners and operators of facilities, including the Authority, for the release or threatened release of hazardous substances at on-site or off-site locations.

Before constructing a major federal action significantly affecting the environment, the Authority must complete an environmental review and permitting process pursuant to applicable federal and state law and regulations. On September 8, 1997, the Federal Aviation Administration (FAA) granted a favorable Record of Decision satisfactorily concluding the FAA's actions on the environmental process. The United States Army Corps of Engineers originally issued a Section 404 permit on October 21, 1998 to discharge dredge or fill material for the initial and future construction of the Global TransPark. The permit has been extended to October 21, 2018.

The Authority will continue to fully comply with all applicable environmental laws, regulations, and policies and does not currently anticipate any material adverse effects on its continued operations or financial condition as a result of its compliance therewith. The possibility that environmental liability may arise is an inherent risk in any development such as the TransPark. Additionally, unforeseeable legislative actions by federal, state, or local governments regarding new environmental laws or regulations could increase the cost of and/or delay in developing the TransPark.

Commitments - The Authority has established an encumbrance system to track its outstanding commitments on construction projects and other purchases. Outstanding commitments on other purchases were $27,995 at June 30, 2015. There were no outstanding commitments on construction contracts at June 30, 2015, however there are long-range environmental commitments based on the United States Army Corps of Engineers Section 404 permit for the activities described above.

Concentration of Risk - The Authority is a state agency for the State of North Carolina and, therefore, receives financial support from the State. Excluding capital contributions and investment earnings, the Authority received 29% of its financial support from the State for the year ended June 30, 2015 compared to 28% during the prior year.

NOTE 13 - RELATED PARTIES

Global TransPark Foundation, Inc. - The Foundation's operating bank accounts are with a bank owned by one of the directors of the Foundation.

NOTE 14 - NET POSITION RESTATEMENTS

As of July 1, 2014, net position as previously reported was restated as follows:

		Amount
July 1, 2014 Net Position as Previously Reported	$	160,392,037
Restatements:		
Correct Construction in Progress for Prior Period Error.		(100,948)
Record the Authority's Net Pension Liability and Pension Related Deferred Outflows of Resources Per GASB 68 Requirements.		(227,882)
July 1, 2014 Net Position as Restated	$	160,063,207

REQUIRED SUPPLEMENTARY INFORMATION

North Carolina Global TransPark Authority
Required Supplementary Information
Schedule of the Proportionate Net Pension Liability
Teachers' and State Employees' Retirement System
Last Two Fiscal Years — *Exhibit C-1*

	2014	2013
Proportionate Share Percentage of Collective Net Pension Liability	0.00481363%	0.00476554%
Proportionate Share of TSERS Collective Net Pension Liability	$ 56,436	$ 289,317
Covered-Employee Payroll	$ 701,974	$ 584,736
Net Pension Liability as a Percentage of Covered-Employee Payroll	8%	49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.24%	90.60%

North Carolina Global TransPark Authority
Required Supplementary Information
Schedule of Authority Contributions
Teachers' and State Employees' Retirement System
Last Ten Fiscal Years — *Exhibit C-2*

	2015	2014	2013	2012	2011
Contractually Required Contribution	$ 54,660	$ 61,002	$ 48,709	$ 51,644	$ 30,216
Contributions in Relation to the Contractually Determined Contribution	54,660	61,002	48,709	51,644	30,216
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
Covered-Employee Payroll	$ 597,375	$ 701,974	$ 584,736	$ 694,145	$ 612,945
Contributions as a Percentage of Covered-Employee Payroll	9.15%	8.69%	8.33%	7.44%	4.93%

	2010	2009	2008	2007	2006
Contractually Required Contribution	$ 21,920	$ 21,521	$ 23,088	$ 18,146	$ 15,337
Contributions in Relation to the Contractually Determined Contribution	21,920	21,521	23,088	18,146	15,337
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
Covered-Employee Payroll	$ 613,999	$ 640,515	$ 756,995	$ 682,195	$ 655,427
Contributions as a Percentage of Covered-Employee Payroll	3.57%	3.36%	3.05%	2.66%	2.34%

North Carolina Global TransPark Authority
Notes to Required Supplementary Information
Schedule of Authority Contributions
Teachers' and State Employees' Retirement System
For the Fiscal Year Ended June 30, 2015

Changes of Benefit Terms:

Cost of Living Increase

2014	2013	2012	2011	2010	2009	2008	2007	2006
N/A	1.00%	N/A	N/A	N/A	2.20%	2.20%	3.00%	2.00%

Changes of assumptions. In 2008, and again in 2012, the rates of withdrawal, mortality, service retirement and salary increase for active members and the rates of mortality for beneficiaries were adjusted to more closely reflect actual experience. Assumptions for leave conversions and loads were also revised in 2012.

INDEPENDENT AUDITOR'S REPORT

STATE OF NORTH CAROLINA
Office of the State Auditor

Beth A. Wood, CPA
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0600
Telephone: (919) 807-7500
Fax: (919) 807-7647
http://www.ncauditor.net

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
North Carolina Global TransPark Authority
Kinston, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the North Carolina Global TransPark Authority, a component unit of the State of North Carolina, and its discretely presented component unit, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 16, 2015. Our report includes a reference to other auditors who audited the financial statements of the Global TransPark Foundation, Inc., as described in our report on the Authority's financial statements. The financial statements of the Global TransPark Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Global TransPark Foundation, Inc.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

November 16, 2015

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State of North Carolina
2 South Salisbury Street
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Raleigh, North Carolina 27699-0601

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For additional information contact:
Bill Holmes
Director of External Affairs
919-807-7513

This audit required 215 hours at an approximate cost $21,285.