PAMLICO COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2009

Pamlico County, North Carolina

County Representatives

Timothy A. Buck	County Manager

County Commissioners

Paul Delamar	Chairman
Ann Holton	Vice-Chairman
Kenny Heath	Commissioner
Carl Ollison	Commissioner
Roy Brinson, Sr.	Commissioner
Christine Mele	Commissioner
Timmy Spain	Commissioner

Pamlico County, North Carolina
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Financial Section

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Independent Auditor's Report

To the Board of County Commissioners
Pamlico County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pamlico County, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pamlico County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Pamlico County ABC Board. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Pamlico County ABC Board is based solely on the report of the other auditor.

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 Pamlico County ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pamlico County, North Carolina as of June 30, 2009, 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 conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 30, 2010 on our consideration of Pamlico County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of the report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and The Law Enforcement Officers' Special Separation Allowance and the Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We, and the other auditor, have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Pamlico County, North Carolina. The combining and individual nonmajor fund statements and schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information has not been subjected to the auditing procedures applied by us and other auditors in the audit of basic financial statements and, accordingly, we express no opinion on them.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
January 30, 2019

Management's Discussion and Analysis

As management of Pamlico County, we offer readers of Pamlico County's financial statements this narrative overview and analysis of the financial activities of Pamlico County for the fiscal year ended June 30, 2009. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets of Pamlico County exceeded its liabilities at the close of the fiscal year by $24,448,201 (*net assets*).
- The government's total net assets increased by $1,884,040, primarily due to increases in net assets in the General Fund and the Capital Reserve Fund.
- As of the close of the current fiscal year, Pamlico County's governmental funds reported combined ending fund balances of $5,954,780. Approximately 72% of this total amount, or $4,285,730, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was $3,537,250 or 22% of total general fund expenditures for the fiscal year. In 2008 unreserved fund balance in the General Fund was $6,260,805 or approximately 38% of total general fund expenditures.
- Pamlico County's total debt decreased by $1,250,848 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Pamlico 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 Pamlico County.

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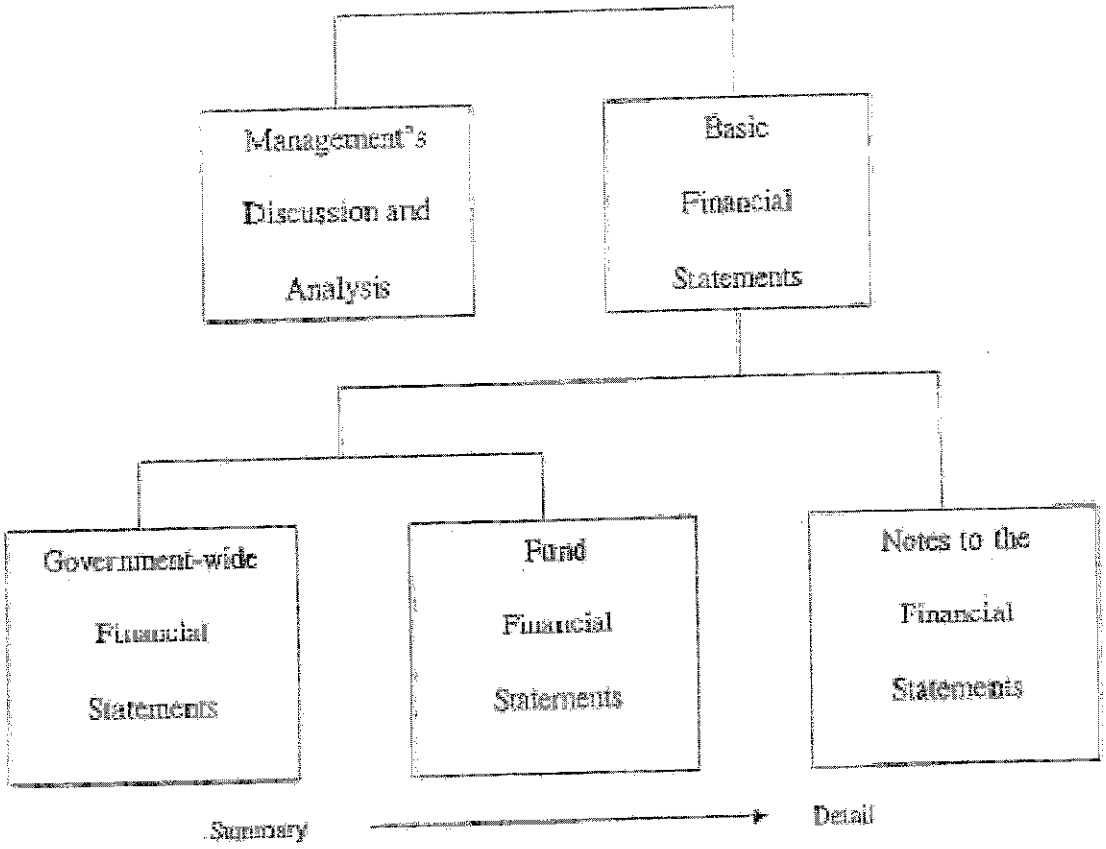
Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) 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 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the County's non-major 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.

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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gage 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, human services, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide the service to the community. Pamlico County has one business type activity, which is the water fund, which provides water service to the community. The final category is the component unit. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members, and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on Exhibits 1 and 2 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. Pamlico 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 Pamlico County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Pamlico 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.

Proprietary Funds – Pamlico County has one kind of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Pamlico County uses enterprise funds to account for its water department activity. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Pamlico County has two fiduciary funds, 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.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Pamlico County's progress in funding its obligation to provide pension benefits to its employees.

Government-Wide Financial Analysis

PAMLICO COUNTY'S NET ASSETS

Figure 2

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 8,614,398	$ 17,956,439	$ 6,332,525	$ 1,983,945	$ 14,946,723	$ 19,940,374
Capital assets	17,396,732	15,983,507	9,838,176	8,999,173	27,234,908	24,982,680
Total assets	26,011,130	33,939,936	16,170,501	10,983,118	42,181,631	44,923,054
Current liabilities	444,722	3,944,954	51,013	63,482	495,735	4,008,416
Long-Term liabilities	14,922,334	15,768,307	2,315,361	2,582,170	17,237,695	18,350,477
Total liabilities	15,367,056	19,713,261	2,366,374	2,645,632	17,733,430	22,358,893
Net assets						
Invested in capital assets, net of related debt	2,874,503	215,200	7,546,644	6,435,579	10,418,217	6,650,729
Restricted	186,272		-		186,272	-
Unrestricted	7,586,329	14,011,475	6,257,483	1,901,957	13,843,712	15,913,432
Total net assets	$ 10,644,074	$ 14,226,675	$ 13,804,127	$ 8,337,486	$ 24,448,201	$ 22,564,161

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Pamlico County exceeded liabilities by $24,448,201 as of June 30, 2009. The County's net assets increased by $1,884,040 for the fiscal year ended June 30, 2009. One of the largest portions (42%) reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. Pamlico County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Pamlico County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. At the end of the current fiscal year unrestricted net assets of Pamlico County totaled $13,843,712.

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 94.05%
- Increased property tax values.
- Increased charges for services revenue due to growth in the County

Pamlico County Changes in Net Assets
Figure 3

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	$ 1,230,987	$ 5,941,556	$ 1,614,804	$ 1,616,010	$ 2,845,791	$ 7,557,566
Operating grants & contributions	3,696,220	3,287,760	-	-	3,696,220	3,287,760
Capital grants & contributions	420,172	1,684,685	-	-	420,172	1,684,685
General revenues:						
Property taxes	9,593,870	9,086,300	-	-	9,593,870	9,086,300
Other taxes	3,320,435	3,349,040	-	-	3,320,435	3,349,040
Grants and contributions not restricted to specific programs	165,010	450,169	27,647	59,495	192,657	509,664
Other	37,535	98,780		-	37,535	98,780
Total revenues	18,464,229	23,898,290	1,642,451	1,675,505	20,106,680	25,573,795
Expenses:						
General government	742,093	2,020,919	-	-	742,093	2,020,919
Public safety	4,329,481	2,483,515	-	-	4,329,481	2,483,515
Economic and physical development	1,853,378	4,815,741	-	-	1,853,378	4,815,741
Human services	4,989,039	5,813,852		-	4,989,039	5,813,852
Cultural and recreation	537,409	552,594	-	-	537,409	552,594
Education	3,975,952	819,997	-	-	3,975,952	819,997
Interest on long-term debt	619,807	547,924	-	-	619,807	547,924
Environmental Protection	332,638	436,295	-	-	332,638	436,295
Water and sewer	-		1,948,195	1,254,188	1,948,195	1,254,188
Total expenses	17,379,797	17,490,837	1,948,195	1,254,188	19,327,992	18,745,025
Increase in net assets before transfers and special items	1,084,432	6,407,453	(305,744)	421,317	778,688	6,828,770
Transfers	95,707	106,075	(95,707)	(106,075)	-	-
Increase in net assets	1,180,139	6,513,528	(401,451)	315,242	778,688	6,828,770
Net assets, July 1, Restated	9,463,935	7,713,147	14,205,578	8,022,244	23,669,513	15,735,391
Net assets, June 30	$ 10,644,074	$ 14,226,675	$ 13,804,127	$ 8,337,486	$ 24,448,201	$ 22,564,161

- Governmental activities. Governmental activities decreased the County's net assets by $3,582,601.
- Business-type activities. Business-type activities increased the County's net assets by $1,466,641.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Pamlico County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Pamlico County's financing requirements. Specifically, unreserved fund balance 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 Pamlico County. At the end of the current fiscal year, unreserved fund balance of the General Fund was $3,537,250, while total fund balance reached $5,206,300. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 22% of total General Fund expenditures, while total fund balance represents 33% of that same amount.

At June 30, 2009, the governmental funds of Pamlico County reported a combined fund balance of $5,954,780, a $6,151,756 decrease over last year.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund decreased revenues by $690,933. These amendments were due in large part to an anticipated decrease in state shared revenue.

Proprietary Funds. Pamlico County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water District equaled $6,257,483. Other factors concerning the finances of this fund have already been addressed in the discussion of Pamlico County's business-type activities.

Capital Asset and Debt Administration

Capital assets. Pamlico County's capital assets for its governmental and business –type activities as of June 30, 2009, totals $27,234,908 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Several new vehicles
- New voting machines
- New server, software & computer hardware

Additional information on the County's capital assets can be found in the notes to the financial statements of this audited financial report.

Long-term Debt. As of June 30, 2009, Pamlico County had total bonded debt outstanding of $974,000 all of which is debt backed by the full faith and credit of the County.

Governmental Activities		Business-type Activity		Totals	
2009	2008	2009	2008	2009	2008
$ -	$ -	$ 974,000	$ 1,086,000	$ 974,000	$ 1,086,000

(Backed by the County)

Pamlico County's Outstanding Debt
General Obligation and Revenue Bonds

Figure 4

Pamlico County's total debt decreased by $1,250,848 during the past fiscal year, primarily due to new long-term debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Pamlico County is $94,881,701. The County has no in bonds authorized but un-issued at June 30, 2009.

Additional information regarding Pamlico County's long-term debt can be found in the notes to the financial statements of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

Housing and commercial construction has decreased significantly over the last several years and recent unemployment rates in the County are in excess of 10%. These factors are indicative of the local effects of the economic recession.

Governmental Activities:

Budgeted expenditures are expected to be cut due to a forecast of decreased revenues from multiple sources. Reduced collection rates in ad valorem taxes, and a reduction in sales tax revenues were the primary indicators used in forecasting.

Business-type Activities

Water rates in the County will remain constant. Water sales are projected to decrease due to increase conservation measures.

Operating expenses will increase due to a general increase in costs and due to efforts to comply with recent changes to ground water rules

A large capital project, estimated at $5 million is in the planning stages and will increase future debt service payments Maintenance costs will also increase due to the renovation and repair of water treatment plants

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 Pamlico County Finance Office, 302 Main Street (Post Office Box 776), Bayboro, NC 28515.

Basic Financial Statements

Exhibit 1

Pamlico County, North Carolina
Statement of Net Assets
June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pamlico County ABC Board
ASSETS				
Cash and cash equivalents	$ 5,063,475	$ 6,466,362	$ 11,529,837	$ 225,937
Receivables (net)	2,126,435	334,725	2,461,160	-
Inventories	-	23,260	23,260	219,732
Prepaid items	12,216	-	12,216	
Internal balances	492,022	(492,022)	-	-
Due from Bay River Metropolitan Sewer District	920,250	-	920,250	-
Capital assets:				
Land, improvements, and construction in progress	415,841	45,110	460,951	36,749
Other capital assets, net of depreciation	16,980,891	9,793,066	26,773,957	103,223
Total capital assets	17,396,732	9,838,176	27,234,908	139,972
Total assets	26,011,130	16,170,501	42,181,631	585,641
LIABILITIES				
Accounts payable and accrued expenses	382,165	16,096	398,261	119,153
Unearned revenue	46,557	-	46,557	-
Accrued interest payable	16,000	6,925	22,925	-
Customer deposits	-	27,992	27,992	-
Long-term liabilities:				
Due within one year	1,096,498	227,441	1,323,939	
Due in more than one year	13,825,836	2,087,920	15,913,756	-
Total liabilities	15,367,056	2,366,374	17,733,430	119,153
NET ASSETS				
Invested in capital assets, net of related debt	2,871,573	7,546,644	10,418,217	139,972
Restricted for:				
Capital Improvements	-	-	-	147,834
Working Capital	-	-	-	34,235
Education	186,272	-	186,272	-
Unrestricted (deficit)	7,586,229	6,257,483	13,843,712	144,447
Total net assets	$ 10,644,074	$ 13,804,127	$ 24,448,201	$ 466,488

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

Exhibit 2

Pamlico County, North Carolina
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	$ 742,690	$ -	$ 157,275	$ -
Public safety	4,329,481	1,090,888	313,985	-
Environmental protection	332,638	11,858	112,752	-
Economic and physical development	1,853,378	-	-	420,172
Human services	4,989,039	98,081	3,104,208	-
Cultural and recreational	537,409	30,160	8,000	-
Education	3,975,952	-	-	-
Interest on Long-Term Debt	619,807	-	-	-
Total governmental activities	$ 17,379,797	$ 1,230,987	$ 3,696,220	$ 420,172
Business-type activities:				
Water	1,948,195	1,614,804	-	-
Total business-type activities	1,948,195	1,614,804	-	-
	$ 19,327,992	$ 2,845,791	$ 3,696,220	$ 420,172
Component unit:				
ABC Board	$ 1,102,716	$ 1,112,716	$ -	$ -
Total component unit	$ 1,102,716	$ 1,112,716	$ -	$ -

General revenues:
- Taxes:
  - Property taxes, levied for general purpose
  - Local option sales tax
  - Other taxes and licenses
- Grants and contributions not restricted to specific programs
- Investment earnings, unrestricted
- Miscellaneous, unrestricted
- Transfers
- Total general revenues and transfers
- Change in net assets

Net assets-beginning, restated
Net assets-ending

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Pamlico County ABC Board
$ (584,818)	$ -	$ (584,818)	
(2,924,608)	-	(2,924,608)	
(208,028)	-	(208,028)	
(1,433,206)	-	(1,433,206)	
(1,786,750)	-	(1,786,750)	
(499,249)	-	(499,249)	
(3,975,952)	-	(3,975,952)	
(619,807)	-	(619,807)	
$ (12,032,418)	-	(12,032,418)	
-	(333,391)	(333,391)	
-	(333,391)	(333,391)	
(12,032,418)	$ (333,391)	$ (12,365,809)	
			$ 10,000
			10,000
9,593,870	-	9,593,870	-
2,776,073	-	2,776,073	-
544,362	-	544,362	-
-	-	-	-
165,010	27,647	192,657	-
37,535	-	37,535	-
95,707	(95,707)	-	-
13,212,557	(68,060)	13,144,497	-
1,180,139	(401,451)	778,688	10,000
9,463,935	14,205,578	23,669,513	456,488
$ 10,644,074	$ 13,804,127	$ 24,448,201	$ 466,488

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

Pamlico County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2009

	Major Funds			
	General	Cafeteria Capital Project Fund	Total Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,241,584	$ -	$ 821,891	$ 5,063,475
Property tax receivable, net	1,032,264	-	44,581	1,076,845
Accounts receivable, net	815,789	-	57,389	873,178
Due from other funds	654,773	-	89,440	744,213
Prepaid items	12,216	-	-	12,216
Total assets	$ 6,756,626	$ -	$ 1,013,301	$ 7,769,927
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	376,705	-	105,462	382,167
Due to other funds	194,802	-	57,389	252,191
Unearned revenue	46,337	-	-	46,337
Deferred revenue	1,032,264	-	101,770	1,134,034
Total liabilities	1,550,326	-	264,621	1,814,947
Fund balances:				
Reserved for:				
State statute	1,470,562	-	-	1,470,562
Register of deeds	-	-	-	-
Education	186,272	-	-	186,272
Prepaids items	12,216	-	-	12,216
Unreserved, available for appropriation:				
Designated for subsequent years' expenditure	-	-	-	-
Undesignated	3,537,250	-	-	3,537,250
Unreserved, reported in:				
Capital project funds	-	-	68,583	68,583
Special revenue funds	-	-	679,697	679,697
Total fund balances	5,206,300	-	748,680	5,954,980
Total liabilities and fund balances	$ 6,756,626	$ -	$ 1,013,301	

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different:	
Accrued interest receivable not reported on the fund basis, but reported for full accrual.	176,612
Capital assets used in governmental activities are not financial resources and therefore are not	17,396,732
Liabilities for earned but deferred revenues in fund statements.	1,134,034
Amounts due from Bay River Metropolitan Sewer District for revolving loan not available resource for fund statements, but are reported in the net asset schedules as a receivable.	920,250
Some liabilities, including bonds payable, revolving loan, and installment purchases are not due and payable in the current period and therefore are not reported in the funds (Notes 2).	(14,938,334)
Net assets of governmental activities	$ 10,644,079

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

Pamlico County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2009

	Major Funds			Total Governmental Funds
	General Fund	Cafeteria Capital Project Fund	Total Non-Major Funds	
REVENUES				
Ad valorem taxes	$ 8,737,761	$ -	$ 513,368	$ 9,251,129
Local option sales taxes	2,776,073	-	-	2,776,073
Other taxes and licenses	373,858	-	102,199	476,057
Unrestricted intergovernmental	35,624	-	-	35,624
Restricted intergovernmental	3,323,079	85,250	586,343	3,994,672
Permits and fees	189,636	-	-	189,636
Sales and services	1,138,381	-	-	1,138,381
Other revenues	-	-	442	442
Investment earnings	152,857	8,105	4,048	165,010
Miscellaneous	42,259	-	-	42,259
Total revenues	16,769,508	93,355	1,206,400	18,069,263
EXPENDITURES				
Current:				
General government	2,343,584	-	-	2,343,584
Public safety	3,565,002	-	588,136	4,153,138
Environmental protection	253,996	-	-	253,996
Economic and physical development	-	1,571,930	270,812	1,842,742
Health & human services	4,470,995	-	-	4,470,995
Welfare	476,358	-	-	476,358
Cultural and recreational	528,856	-	-	528,856
Intergovernmental:				
Education	3,975,952	-	-	3,975,952
Debt service:				
Principal	150,553	303,333	765,541	1,219,427
Interest	114,345	174,595	-	288,940
Total expenditures	16,879,629	2,049,858	1,624,489	20,553,976
Excess (deficiency) of revenues over expenditures	889,879	(1,956,503)	(418,089)	(2,484,713)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	589,650	377,970	3,520,018	4,487,638
Transfers to other funds	(3,897,988)	-	(493,943)	(4,391,931)
Installment Financing	-	-	-	-
Total other financing sources and uses	(3,308,338)	377,970	3,026,075	95,707
Net change in fund balance	(2,418,459)	(1,578,533)	2,607,986	(1,389,006)
Fund balances-beginning, restated	7,624,769	1,578,533	(1,859,506)	7,343,796
Fund balances-ending	$ 5,206,310	$ -	$ 748,480	$ 5,954,790

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

Pamlico County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	$ (1,389,016)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,418,391
Capital asset disposed of during year	(5,166)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	400,132
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	888,560
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(132,762)
Total changes in net assets of governmental activities	$ 1,180,139

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

Exhibit 5

Pamlico County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2009

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	$ 8,727,596	$ 8,625,041	$ 8,737,761	$ 112,720
Local option sales tax	2,816,018	2,556,938	2,776,073	219,135
Other taxes and licenses	325,200	163,514	373,838	210,324
Unrestricted intergovernmental	44,500	35,624	35,624	-
Restricted intergovernmental	2,989,522	2,954,045	3,323,079	369,034
Permits and fees	355,600	185,817	189,636	3,819
Sales and services	886,547	1,034,604	1,138,381	103,777
Investment earnings	248,000	147,762	152,857	5,095
Miscellaneous	57,500	56,205	42,259	(13,946)
Total revenues	16,450,483	15,759,550	16,769,508	1,009,958
Expenditures				
Current:				
General government	2,856,325	2,350,153	2,343,584	6,569
Public safety	3,469,495	3,543,750	3,565,002	(21,252)
Environmental protection	282,649	254,794	253,996	798
Economic and physical development	-	-	-	-
Health and public assistance	5,122,733	4,360,571	4,470,995	(110,424)
Welfare	552,801	469,215	476,358	(7,143)
Cultural and recreational	687,234	559,078	528,854	30,224
Intergovernmental:				
Education	3,925,252	3,978,904	3,975,952	2,952
Debt service:				
Principal retirement	907,870	150,558	150,553	5
Interest and other charges	100,599	114,345	114,345	-
Total expenditures	17,904,958	15,781,368	15,879,639	(98,271)
Revenues over (under) expenditures	(1,454,475)	(21,818)	889,869	911,687
Other financing sources (uses):				
Transfers From/(to) other funds	(254,500)	(975,093)	(3,308,338)	2,333,245
Proceeds from lease purchase	-	-	-	-
Fund Balance Appropriated	1,708,975	996,911	-	996,911
Total other financing sources (uses)	1,454,475	21,818	(3,308,338)	(3,330,156)
Net Change in Fund Balance	$ -	$ -	(2,418,469)	$ (2,418,469)
Fund Balance, Beginning of year, (restated)			7,624,769	
Fund Balance, Ending			$ 5,206,300	

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

Pamlico County, North Carolina
Statement of Net Assets
Proprietary Fund
June 30, 2009

		Major Water Fund
Assets		
Current Assets:		
Cash and Cash Equivalents	$	6,466,362
Trade Receivables, net		334,725
Inventories		23,260
Total Current Assets		6,824,347
Noncurrent Assets:		
Capital Assets:		
Land, Improvements, and Construction in Progress		45,110
Other Capital Assets, Net of Depreciation		9,793,066
Total Capital Assets		9,838,176
Total Noncurrent Assets		9,838,176
Total Assets	$	16,662,523
Liabilities and Net Assets		
Liabilities:		
Current Liabilities:		
Accounts Payable & Accrued Expenses	$	16,096
Accrued Interest Payable		6,925
Due to other funds		492,022
Customer Deposits		27,992
Other post employment benefits		6,497
Compensated Absences Payable		17,332
Long Term Debt - Current Maturities		210,109
Total Current Liabilities		776,973
Noncurrent Liabilities:		
Long Term Debt - Noncurrent Portion		2,081,423
Total Other Liabilities		2,081,423
Total Liabilities		2,858,396
Net Assets:		
Invested in Capital Assets, Net of Related Debt		7,546,644
Unrestricted		6,257,483
Total Net Assets		13,804,127

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

Pamlico County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For The Fiscal Year Ended June 30, 2009

	Major Water Fund
Operating revenues:	
Charges for Services	$ 1,336,240
Water Taps	35,440
User Fees	132,500
Other Operating Revenues	110,624
Total Operating Revenues	1,614,804
Operating expenses:	
Water Services	47,826
Water Operations	1,476,256
Depreciation	321,526
Total operating expenses	1,845,608
Operating Income (Loss)	(230,804)
Nonoperating Revenues(Expenses):	
Interest Earned on Investments	27,647
Interest Expense	(102,587)
Total Nonoperating Revenue (Expenses)	(74,940)
Income (Loss) Before Contributions and Transfers	(305,744)
Capital Contribution	
Transfer to General Fund	(95,707)
Change in Net Assets	(401,451)
Net Assets, beginning (restated)	14,205,578
Net Assets, ending	$ 13,804,127

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

Pamlico County, North Carolina
Statement of Cash Flow
Proprietary Fund
For The Fiscal Year Ended June 30, 2009

	Major Water Fund
Cash Flows From Operating Activities:	
Cash Received from Customers	$ 1,536,585
Cash Paid for Goods and Services	(479,384)
Cash Paid to Employees for Services	(427,322)
Other Operating Receipts	110,624
Net Cash Provided by (Used for) Operating Activities	740,503
Cash Flows from Noncapital Financing Activities:	
Transfers Out	(95,707)
Net Cash Provided by (Used for) Noncapital Financing Activities	(95,707)
Cash Flows from Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(70,987)
Principal Paid on Bond Maturities and Capital Leases	(272,113)
Interest Paid on Bond/Note Maturities and Capital Leases	(15,666)
Net Cash Provided (Used for) Capital and Related Financing Activities	(109,400)
	(468,166)
Cash Flows from Investing Activities:	
Interest on investments	27,647
Net Cash Flows from Investing Activities	27,647
Net Increase (Decrease) in Cash and Cash Equivalents	204,277
Cash and cash equivalents, beginning restated	6,263,085
Cash and cash equivalents, ending	$ 6,467,362

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

Pamlico County, North Carolina
Statement of Cash Flow
Proprietary Fund
For The Fiscal Year Ended June 30, 2009

	Major Water Fund
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Activities:	
Operating Income (Loss)	$ (230,804)
Adjustments to Reconcile Operating Income to Net Cash Provided Operating Activities:	
Depreciation	321,526
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	164,905
Increase (Decrease) in Accounts Payable & Accrued Liabilities	484,517
in Customer Deposits	(4,944)
in OPEB	6,497
in Accrued Vacation Pay	(1,194)
Total Adjustments	971,307
Net Cash Provided by Operating Activities	$ 740,503

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

Pamlico County, North Carolina
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	All Agency Funds
Assets	
Current Assets:	
Cash and Investments	$ 41,427
Total assets	41,427
Liabilities	
Current Liabilities:	
Miscellaneous liabilities	41,427
Total liabilities	$ 41,427

The notes to the financial statements are an integral part of this statem

Notes to the Financial Statements

I. Summary of Significant Accounting Policies

The accounting policies of Pamlico County, North Carolina (the "County") and its 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 seven-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, legally separate entity for which the County is financially accountable. The Pamlico County ABC Board (*the Board*), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentations). The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method. There are no component units reported on the blended presentation method.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Pamlico County ABC Board	Discrete	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.	Pamlico County ABC Board PO Box 86 Bayboro, NC 28515

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

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

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

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category-*governmental, proprietary, and fiduciary*-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. The County of Pamlico has no non-major Enterprise 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 nonoperating items such as investment income are ancillary activities.

The County reports the following major governmental fund:

General Fund: This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

School Cafeteria Fund: This fund is used to account for activity related to construction of a new school cafeteria.

The County reports the following major enterprise funds:

Water Fund: This fund is used to account for the operations of the water system within the County.

The County reports the following non-major special revenue (governmental) funds:

Reappraisal Fund: The County uses this fund to set aside money each year to pay for the revaluation for tax purposes of real property every eight years.

Hurricane Recovery Fund: This fund accounts for the receipt of federal and state funds to be used for repairing homes, providing relocation assistance and debris removal related to Hurricane Isabel.

All Fire Districts Fund: This fund accounts for property and local option sales and use taxes collected by the County and remitted to the fire district.

Enhanced 911 Fund: This fund accounts for the 911 and wireless revenues collected by the telephone industry and expenses related to the 911 emergency systems.

Enhancement Preservation Fund: This fund accounts revenues collected to preserve Pamlico County.

Baird Shores Special Assessment Fund: This fund is used to account for the disbursements of funds and collections of assessments related to street improvements at the Baird shores Subdivision.

CDBG Grant Funds: These funds account for the receipt of Community Development Block Grant funds and its restricted use.

The County reports the following non-major capital project (governmental) funds:

Prek-3 Grade School Fund: This fund is used to account for activity related to the construction of a new primary school.

Human Services Building Fund: This fund is a capital project fund used to account for construction of a new Human Service building.

Law Enforcement Center Fund: This fund is used to account for activity related to construction of a new Law Enforcement Center.

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 Fund: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals by court order, the DMV Fund, which accounts the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles

Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the 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 fund and the 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.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for 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 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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Pamlico County is responsible for billing

and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2008 to February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes, which are billed during this period, are shown as a receivable on these financial statements.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources for such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Fire District Special Revenue Funds, the Reappraisal Fund Special Revenue Fund, the Enhanced 911 Fund Special Revenue Fund, Enhancement and Preservation Fund, the Water Enterprise Fund and the Capital Reserve Special Revenue Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances have been adopted for the Baird Shores Special Assessment Fund, the Hurricane Recovery Fund Special Revenue Funds and the CDBG Grant Funds. Project ordinances have also been adopted for the Pamlico County Human Services Building Fund, the Law Enforcement Center Fund, School Cafeteria Fund and the Pre K-2 Fund Capital Project Funds.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations of the functional level for all annually budgeted funds and at the object level for multi-year funds. The County Manager is not authorized to transfer any appropriation within a fund. 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, and Fund Equity

1. Deposits and Investments

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

State Law [G.S. 159-30(c)] authorizes the County and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The County and the ABC Board's investments are carried at fair value as determined by quoted market prices. The

securities of the NCCMT Cash Portfolio, a SEC-registered (2a7) 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.

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

3. Restricted Assets

Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1(lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2008. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. 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.

6. Inventories and Prepaid Items

The inventories of the County and the ABC Board are valued at cost (first in, first out), which approximates market. The County's General Fund maintains no inventory, as expendable supplies are expensed when purchased. The inventory of the County's enterprise fund, as well as those of the Board, consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's Enterprise Fund and that of the ABC Board is recorded as an expense as consumed or sold.

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

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization is $5,000 for all capital assets. 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 Pamlico 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 have been met. The properties are reflected as capital assets in the financial statements of the Pamlico County Board of Education.

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

Asset	Years
Buildings	30
Improvements	25
Furniture & Equipment	5 to 10
Vehicles	10
Computer Equipment	5

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

Asset	Years
Buildings	30
Furniture & Equipment	7 to 10
Vehicles	3 to 5

8. Long-term Obligations

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

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

9. Compensated Absences

The vacation policies of the County and the ABC Board provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policy of the County and the ABC Board 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 neither entity has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

10. Net Assets/Fund Balances

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets 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, reservations or restrictions of equity represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative

management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance or fund equity to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved

Reserved by State Statute - Portion of fund balance, in addition to reserves for encumbrances, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables that are not offset by deferred revenues.

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

Reserved for Prepaid Items – Portion of fund balance not available for appropriation because it represents the year-end fund balance of ending prepaid items which are not expendable for available resources.

Reserved for Register of Deeds – Portion of fund balance constituting the Automation Enhancement and Preservation Fund, funded by 10% of the fees collected and maintained by the register of deeds office. The funds are available for appropriation but are legally restricted for computer and imaging technology in the register of deeds office.

Unreserved

Designated for Subsequent Year's Expenditures - Portion of total fund balance available for appropriation, which has been designated for the adopted 2009-2010 budget ordinance.

Undesignated - Portion of total fund balance available for appropriation, which is uncommitted at year-end.

E. Reconciliation of Government-wide and Fund Financial Statements

1. Explanation of certain differences between the government fund balance sheet and the government-wide statement of net assets.

The government fund balance sheet included a reconciliation, between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets.

The net adjustment of $4,689,294 consists of several elements as follows:

Description		Amount
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	$	20,693,387
Less accumulated depreciation		(3,296,655)
Net capital assets		17,396,732
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements		176,612
Amount due from BMRSD		920,250
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide		1,134,034
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:		
Bonds, leases, and installment		(14,525,159)
Interest Payable		(16,000)
OPEB payable		(96,587)
Compensated absences		(262,539)
Net Pension Obligation		(68,049)
Total adjustment	$	4,689,294

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances included a reconciliation between net changes in fund balance-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of $2,569,135 as follows:

Description	Amount
Capital outlay expenditures in the fund statements but capitalized as assets in the statement of activities	$ 1,887,489
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(459,098)
Capital asset disposed of during year	(5,166)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statement.	868,560
New debt issued during the year is recorded as a source of funds in the fund statements; it has no effect on the statement of activities - it only affects the government-wide statement of net assets.	
Compensated absences, net pension and OPEB are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(132,762)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 7/1/08	(910,514)
Recording of tax receipts deferred in the fund statement as of 6/30/09	1,310,646
Increase in accrued taxes receivable for year ended 6/30/09	400,132
Total adjustment	$ 2,369,153

II. Stewardship, Compliance, and Accountability

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

Noncompliance with North Carolina General Statutes

None.

B. Deficit Fund Balance or Net Assets of Individual Funds

The County had a negative fund balance in the All Fire District Fund, Enhancement Preservation Fund, & the Baird Shores Fund at June 30, 2009. The County has assessed these as temporary cash shortfalls and will correct during the year June 30, 2010.

C. Excess of Expenditures over Appropriations

The County was in violation of G.S. 159-8(a). State law requires that all moneys received and expended by a local government or public authority should be included in the budget ordinance. For the fiscal year ended June 30, 2009, expenditures made in the Public Safety, Health and Public Assistance, Welfare, and certain general fund transfers exceeded the authorized appropriations made by the governing board. Management and the Board will more closely review the budget reports to ensure compliance in future years.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's, the ABC Board'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 or the ABC Board'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 and the ABC Board, these deposits are considered to be held by their agents in the entity's name. 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 the ABC Board, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for the under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

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

At June 30, 2009, the County's deposits had a carrying amount of $343,158 and a bank balance of $339,983. Of the bank balance, $200,000 was covered by federal depository insurance, the remaining amount was covered by collateral and held under the Pooling Method.

At June 30, 2009, the carry amount of deposits for Pamlico County ABC Board was $223,187 and the bank balance was $217,364. Of the bank balance, $217,364 was covered by federal depository insurance and $0 was collateralized under the Pooling Method. Cash on hand was $2,750.

2. Investments

At June 30, 2009, Pamlico County had $11,228,106 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's. The County has no policy regarding credit risk.

State Law [G.S. 159-30(c)] authorizes the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust, (NCCMT) an SEC registered (2a-7) money market mutual fund.

3. 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 the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the 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.

Year Levied	Tax	Interest	Total
2007	388,261	99,719	488,473
2008	388,261	57,268	445,529
2009	388,261	-	388,261
Total	$ 1,164,783	$ 149,480	$ 1,314,263

4. Receivables

Receivables at the government-wide level at June 30, 2009, were as follows:

	Accounts	Taxes & Related Accrued Interest	Due From Other Governments	Other	Total
Governmental Activities:					
General	$ 815,789	$ 1,334,696	$ -	$ -	$ 2,150,485
Other Governmental	57,389	44,381	-	-	101,770
Total Receivables	873,178	1,379,077	-	-	2,252,255
Allowance for Doubt Accounts	-	(125,820)	-	-	(125,820)
Total Governmental Activities	$ 873,178	$ 1,253,257	$ -	$ -	$ 2,126,435
Business-Type Activities					
Water Fund	$ 334,725	$ -	$ -	$ -	$ 334,725
Allowance for Doutfull Accounts	-	-	-	-	-
Total Business-Type Activities	$ 334,725	$ -	$ -	$ -	$ 334,725

The County also has recorded an amount due from Bay River Metropolitan Sewer District (BRMSD) for $920,250, at June 30, 2009, which represents the outstanding amount for the Revolving Loan debt due to the State of North Carolina, which is recorded on the County's books. Per the inter-local agreement, this debt is allocable to the Sewer District and the District is responsible for making the payments. The County acts as a pass through entity for this debt, and accordingly, has recorded both the liability due to the State and the asset, due from BRMSD, in the accompanying financial statements (see note III (B) 6).

5. Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

Primary Government

	Beginning Balances	Adjustments	Increases	Decreases	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 415,841	$ -	$ -	$ -	$ 415,841
Construction in progress	2,810,673	-	1,571,930	4,382,603	-
Total capital assets not being depreciated	3,226,514	-	1,571,930	4,382,603	415,841
Capital assets being depreciated:					
Buildings	12,117,351	-	4,553,084	-	16,670,435
Other Improvements	136,468	-	3,875	-	140,343
Equipment and Vehicles	3,992,172	-	141,203	666,607	3,466,768
Total capital assets being depreciated	16,245,991	-	4,698,162	666,607	20,277,546
Less accumulated depreciation:					
Buildings	909,280	-	101,398	-	1,010,678
Other Improvements	1,547	-	6,122	-	7,669
Equipment and Vehicles	2,578,171	-	361,578	661,441	2,278,308
Total accumulated depreciation	3,488,998	$ -	$ 469,098	$ 661,441	3,296,655
Total capital assets being depreciated, Net	12,756,993				16,980,891
Governmental activity capital assets, Net	$ 15,983,507				$ 17,396,732

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

General government	$ 130,518
Public safety	256,017
Environmental protection	29,761
Economic and physical development	1,197
Cultural & recreation	10,253
Human services	41,352
Total depreciation expense	$ 469,098

A summary of the capital activity of the Enterprise Fund is as follows:

	Beginning Balance	Transfers	Adjustments	Increases	Decreases	Ending Balance
Business-type activities:						
Pamlico County Water Fund:						
Capital assets not being depreciated:						
Construction in Progress	$ 622,745	(622,745)	-	$ -	$ -	$ -
Land	45,110	-	-	-	-	45,110
Total capital assets not being depreciated	667,855	(622,745)	-	-	-	45,110
Capital assets being depreciated:						
Buildings	4,054,582	-	-	-	-	4,054,582
Plant and distribution	9,549,229	1,745,072	(1,899,185)	68,545	-	9,463,661
Machinery and Equipment	294,610	-	(12,120)	2,442	(270,715)	14,217
Vehicles	112,342	-	136,194	-	(88,769)	159,767
Total capital assets being depreciated	14,010,763	1,745,072	(1,775,111)	70,987	(359,484)	13,693,227
Less accumulated depreciation for:						
Buildings	2,391,620	-	(957,301)	108,322	-	1,542,441
Plant and distribution	3,108,359	-	(1,041,272)	197,252	-	2,264,339
Machinery and Equipment	163,738	-	104,217	1,293	(258,902)	10,346
Vehicles	15,728	-	136,683	14,659	(85,035)	82,035
Total accumulated depreciation	5,679,445	-	(1,757,873)	$ 321,526	$ (343,937)	3,899,161
Total capital assets being depreciated, net	8,331,318					9,793,066
Enterprise Water Fund capital assets, net	8,999,173					9,838,176
Business-type activities capital assets, net	$ 8,999,173					$ 9,838,176

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 36,749	$ -	$ -	$ 36,749
Total capital assets not being depreciated	36,749	-	-	36,749
Capital assets being depreciated:				
Buildings	299,335	7,645	-	306,980
Furniture & Equipment	68,728	-	-	68,728
Total capital assets being depreciated	368,063	7,645	-	375,708
Less accumulated depreciation for:				
Buildings	218,611	8,819	-	227,430
Furniture & Equipment	41,604	3,451	-	45,055
Total accumulated depreciation	260,215	$ 12,270	$ -	$ 272,485
Total capital assets being depreciated, net	107,848			103,223
Total capital assets	$ 144,597			139,972

B. Liabilities

1. Payables

Payables at the government-wide level, at June 30, 2009, were as follows:

	Vendors	Salaries and Benefits	Others	Total
Governmental Activities:				
General	$ 223,295	$ 53,408	$ -	$ 276,703
Other Governmental	105,462	-	-	105,462
Total-governmental activities	328,757	53,408	-	382,165
Business-type Activities				
Water Fund	16,096	-	-	16,096
Total - business-type activities	$ 16,096	$ -	$ -	$ 16,096

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description – Pamlico County and the ABC Board contributes to the statewide Local Government Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS's provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699,

or by calling (919)-981-5454.

Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.96% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of Pamlico County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were $214,909, $206,229 and $189,142, respectively. The ABC board does not participate in the above plan. The contributions made by the County equaled the required contributions for each year.

b. Law Enforcement Officers Special Separation Allowance

(1) Plan Description – Pamlico 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 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2008, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	1
Terminated Plan Members Entitled to, But Not Yet Receiving Benefits	-
Active Plan Members	13
Total	14

A separate report was not issued for the plan.

(2) Summary of Significant Accounting Policies

Basis of Accounting --The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

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

(3) Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. For the current year, the County contributed $11,071 or 0.85% of annual covered payroll. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

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

Annual Required Contribution	$	13,435
Interest on Net Pension Obligation		2,563
Adjustment to Annual Required Contribution		(2,235)
Annual Pension Cost	$	13,763
Contributions Made		11,071
Increase (Decrease) in Net Pension Obligation		2,692
Net Pension Obligation-Beginning of Year		35,357
Net Pension Obligation-End of Year	$	38,049

3 Year Trend Information

For Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2007	$ 12,449	88.93%	$ 31,963
2008	$ 14,465	76.54%	$ 35,357
2009	$ 13,763	80.44%	$ 38,049

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description - The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the 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 five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2009 were $227,049, which consisted of $144,402 from the County and $82,647 from the law enforcement officers.

d. Register of Deeds' Supplemental Pension Fund

Plan Description – Pamlico County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds that 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. 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 financial statements and required supplementary information for the Register of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454

Funding Policy - On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the Fiscal year ended June 30, 2009, the County's required and actual contributions were $1,480.

c. Healthcare Benefits and Other Post-Employment Benefits

Plan Description. Under a County resolution, Pamlico County administers a single-employer defined benefit Healthcare Benefits Plan. The plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of continuous service with the County prior to retirement are eligible to receive County contributions toward County health insurance. The County pays 2% of the eligible retirees' health insurance premiums for each year of County service until the retiree becomes eligible for Medicare. The County Board may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	2	0
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	138	13
Total	140	13

Funding Policy. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 2.33% of annual covered payroll. For the current year, the County contributed $0 or 0.0% of annual covered payroll. The County obtains healthcare coverage through private insurers. There were no contributions made by employees. The County's obligation to contribute to HCB Plan is established and may be amended by the County board of commissioners.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund and Water Fund, which is maintained on the modified 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 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:

Annual required contribution	$ 103,084
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	103,084
Contributions made	-
Increase (decrease) in net OPEB obligation	103,084
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	$ 103,084

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	$ 103,084	0.0%	$ 103,084

Funded Status and Funding Progress. As of December 31, 2008, 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 $746,126. The covered payroll (annual payroll of active employees covered by the plan) was $4,415,117, and the ratio of the UAAL to the covered payroll was 16.9 percent. 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 multiyear 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, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent 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 10.50 to 5.00 percent annually. The investment rate included a 3.75 percent 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 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was 30 years.

f. Other Employment Benefits-Pamlico County

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of $25,000 and will not exceed $50,000. All death benefit payments are made from the Death Benefit Plan. 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. The county considers these contributions to be immaterial.

3. Deferred/ Unearned Revenues

The balance in deferred or unearned revenue on the fund statements and unearned revenues on the government wide statements at year-end is composed of the following:

	Unearned or Deferred Revenue
Taxes receivable, net (General)	$ 1,032,264
Taxes receivable, net (Special revenue)	101,770
Total	$ 1,134,034

4. 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. These pools provide property insurance coverage of $10.5 million per occurrence, general liability coverage of $2 million per occurrence, and workers' compensation coverage up to the statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of $500,000 up to a $2 million limit for general liability coverage.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years. The County carries flood insurance in the amounts of $50,000 for contents and $300,000 for property through a private insurer. The finance officer and tax collector are individually bonded for $50,000 and $50,000, respectively.

Pamlico County ABC Board 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. The Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. 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.

5. Contingent Liabilities

At June 30, 2009, 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.

6. Long-term Obligations

Serviced by the General Fund:

a. Notes Payable/Installment Obligations

Installment Purchase Contract – Norris Building: The County is financing the purchase of a building through a purchase contract. The interest rate is 4.75% for years one through five, 5.13% for years six through ten, and 5.33% for years eleven through fifteen. Interest is calculated and imposed on the unpaid balance of the purchase price. The obligation is due in annual installments of principal and interest in the amount of $14,682 each until paid in full. The balance of the installment purchase contract at June 30, 2009 is $63,997.

Installment Purchase Contract – Register of Deeds Automated System. The County is financing the purchase of a Register of Deeds Automated System through an installment loan purchase contract. The installment purchase contract has a face amount approximating $55,653. The interest rate is approximated at 7% per annum. Interest is

calculated and imposed on the unpaid balance of the purchase price. The obligation is due in annual installments of principal and interest in the amount of $12,574. The balance of this installment purchase contract at June 30, 2009 is $34,687.

Revolving Loan – Sewer System Improvements: In 1995, the County undertook a Sewer System Improvement project. In 1999, the County obtained a Revolving Loan from the State Department of Environment and Natural Resources to help finance the construction of these sewer system improvements and in 2000, the County transferred the assets and liabilities of this project to the Bay River Metropolitan Sewer District (BRMSD). As part of this inter-local agreement, the BRMSD assumed responsibility to pay the principal and interest related to this loan, directly to the State, from revenues derived from the Sewer System. Although the County does not physically make payments on this debt, since the debt was obtained in the County's name, and balances are still outstanding on this note at June 30, 2007, the debt amount is recorded in the County's financial statements as the liability, as the legal requirement for payment of this loan ultimately lies with the County. An offsetting receivable is recorded in the same amount, due from BRMSD in the accompanying financial statements, to report the asset for the monies owed by the BRMSD to the County related to this obligation, in accordance with the inter-local agreement entered into in 1995. The obligation is due to the state in bi-annual installments of interest, computed on the outstanding balances, and annual principal installments in the amount of $92,025. The revolving loan has an original face amount of $1,840,000 and carries an annual interest rate of 3.035%. The amount outstanding at December 31, 2009 is $920,250.

Installment Purchase Contract – Police Vehicles: The County is financing two police vehicle by installment purchase contract. The interest rate is 3.84% per annum. The obligation is payable in three annual payments of principal and interest in the amount of $12,574 until paid in full. The balance of this installment purchase contract at June 30, 2009 is $12,109.

Installment Purchase Contract – School Project Fund: The County is financing the construction of the Pamlico County primary school and related improvements through an installment purchase contract in the face amount of $4,000,000. The installment purchase contract bears an interest rate of 5.62% and has a balance of $1,069,473 as of June 30, 2009. The property is in the County's name for collateral purposes until the debt is repaid, after which the property title will be conveyed to the school district. The property is reported in the schools' combined balance sheet and not the County's.

Installment Purchase Contract – School Cafeteria Project Fund: The County is financing the construction of the Pamlico County High School Cafeteria and related improvements through an installment purchase contract in the face amount of $4,250,000. The installment purchase contract bears an interest rate of 5.62% and has a balance of $4,095,000 as of June 30, 2009. The property is in the County's name for collateral purposes until the debt is repaid, after which the property title will be conveyed to the school district. The property is reported in the schools' combined balance sheet and not the County's.

Installment Purchase Contract – USDA Human Service Building: The County entered into a financing agreement for payment on a Human Service Building in the amount of $2,306,800. The agreement bears an interest rate of 4.125%. The obligation is payable in yearly installments of $118,731 over forty years. The balance of this installment purchase contract at June 30, 2009 is $2,207,897.

Installment Contract – Equipment and Vehicles: The County is financing vehicles and equipment by installment purchase contract with an original amount of $270,000. The interest rate is 3.48% per annum. The obligation is payable in three annual payments of principal and interest in the amount of $96,335 until paid in full. The balance of this installment purchase contract at June 30, 2009 is $183,061.

Installment Purchase Contract – USDA Law Enforcement Center: The County entered into a financing agreement for payment on a Law Enforcement Center in the amount of $6,000,000. The agreement bears an interest rate varying between 4.250% and 4.375%. The obligation is payable in yearly installments of $322,450 over forty years. The balance of this installment purchase contract at June 30, 2009 is $5,938,685.

Governmental fund installment purchase contract and revolving loan required payments for each of the next five years and the aggregate of payments thereafter are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	1,004,473	601,723	1,606,196
2011	1,023,821	555,894	1,579,715
2012	788,888	507,168	1,296,056
2013	516,049	480,688	996,737
2014	521,363	460,328	981,691
2015-2019	2,611,524	1,996,021	4,607,545
2020-2024	1,844,649	1,508,709	3,353,358
2025-2029	965,879	1,240,026	2,205,905
2030-2034	1,191,534	1,010,597	2,202,131
2035-2039	1,469,772	728,516	2,198,288
2040-2044	1,833,476	383,271	2,196,747
2045-2049	773,731	39,061	812,792
Total	$ 14,525,159	$ 9,512,002	$ 24,037,161

Serviced by the Water Fund:

Installment Purchase Contract – Southeast Water Tower: The County Water Department financed the construction of a water tower through an installment purchase contract. Annual payments of $94,109 plus interest. The installment purchase contract bears an interest rate of 2.303% and has a balance of $1,317,532 as of June 30, 2009.

Enterprise fund installment payments for each of the next five years and aggregate of payments thereafter are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	94,109	30,369	124,478
2011	94,109	28,200	122,309
2012	94,109	26,031	120,140
2013	94,109	23,861	117,970
2014	94,109	21,693	115,802
2015-2019	470,545	75,923	546,468
2020-2024	376,442	21,692	398,134
Total	$ 1,317,533	$ 227,769	$ 1,545,301

b. General Obligation Indebtedness

Serviced by the County's Water Fund

Bonds payable serviced by the enterprise fund but backed by the full faith and credit of the County consist of the following.

General obligation bonds, issued in 1979, bear an interest rate of 5%. Principal is paid in varying annual installments to allow retirement of the bonds in 2018. Principal payments for the year ending June 30, 2009 were $112,000. Principal balance at June 30, 2009 is $974,000.

Enterprise fund bond payments for each of the next five years and the aggregate of payments thereafter are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	116,000	48,700	164,700
2011	116,000	42,900	158,900
2012	116,000	37,100	153,100
2013	116,000	31,300	147,300
2014	116,000	24,900	140,900
2015-2019	394,000	44,000	438,000
Total	$ 974,000	$ 228,900	$ 1,202,900

At June 30, 2009, Pamlico County had a legal debt margin of $94,881,701.

c. Long-term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2009:

	Balance 07/01/08	Additions	Retirements	Balance 6/30/2009	Current Portion of Balance
Governmental Activities:					
Installment Purchases	$ 14,491,619	$ -	$ (886,710)	$ 13,604,909	$ 912,448
Revolving Loan	1,012,275	-	(92,025)	920,250	92,025
Compensated Absences	229,056	170,149	(136,666)	262,539	-
OPEB	-	-	96,587	96,587	-
Net Pension Obligation	35,357	2,692	-	38,049	-
Total	$ 15,768,307	$ 172,841	$ (1,018,814)	$ 14,922,334	$ 1,004,473

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Current Portion of Balance
Business Type Activities:					
Installment Purchases	$ 1,477,645	$ -	$ (160,113)	$ 1,317,532	$ 94,109
General Obligation Bonds	1,086,000	-	(112,000)	974,000	116,000
OPEB	-	6,497	-	6,497	-
Compensated Absences	18,526	-	(1,194)	17,332	-
Total	$ 2,582,171	$ 6,497	$ (273,307)	$ 2,315,361	$ 210,109

Compensated absences typically have been liquidated in the general fund and are accounted for on a First In, First Out basis, assuming that employees are taking leave time as it is earned.

C. Interfund Balances and Activity

Transfers From/To Other Funds at June 30, 2009 consists of the following:

From the Water fund to the General fund to supplement other funding sources	$ 95,707
From the Water Capital Reserve fund to the Water fund to supplement other funding sources	431,605
From the General to the LEC Capital Project to close out fund.	1,725,973
From the General to the CDBG88 to close out fund.	92,470
From the General to the CDBGHurricane to close out fund.	291,577
From the General fund to the Enhancement Preservation fund to supplement other funding sources	22,500
From the General fund to the Reappraisal fund to supplement other funding sources	45,413
From the General to the School CafeteriaCapital Project to close out fund.	377,970
From the E 911 fund to the General fund to supplement other funding sources	493,943
From the General fund to the Pre K School Fund to supplement other funding sources	1,362,085
	$ 4,919,243

Interfund Balances of Due to/from.

Interfund balances		
Special revene fund-BairdShores Specid Assessment Fund owes the General fund	$	57,389
This was createdo finance street improvements within the community and is being repaid as the assessment is collected		
Water Fund owes the General fund		492,022
For current expenses, to close out fund.		1,725,973

IV. Joint Ventures

The County, in conjunction with Carteret County and Craven County, participates in the Coastal Regional Solid Waste Management Authority. Pamlico County appoints two members of the seven-member board. The Authority is a joint venture established to provide solid waste management within these counties. The County has an ongoing financial responsibility for the Authority because it and the other counties are legally obligated under the intergovernmental agreement that created the Authority to honor any deficiencies in the event that proceeds from other sources are insufficient. The County did not contribute any funds to the Authority during the fiscal year ended June 30, 2009. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2009. Complete financial statements for the Authority can be obtained from the Authority's administrative offices at 7a00 Old Highway 70 West, P.O. Box 128, Cove City, North Carolina 28560.

The County, in conjunction with Jones, Carteret and Craven Counties, participates in a joint venture to operate Neuse Center for Mental Health, Mental Retardation, and Substance Abuse Services. One commissioner from each County serves on the board of twenty members. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' funding in conjunction with funding from the state of North Carolina. None of the participating governments have any equity interest in the Center, therefore, no equity interest has been reflected in the financial statements at June 30, 2009. Money received from the ABC Board designated for alcohol education is passed through to the Center. Complete financial statements for the Center can be obtained from the Center's administrative offices at 800 Cardinal Road, New Bern, North Carolina 28560.

The County, in conjunction with the State of North Carolina and the Pamlico County Community College trustees, participates in a joint venture to operate Pamlico County Community College. The County appoints four members of the twelve-member board of trustees of the community college. The college is included as a component unit of the State of North Carolina. The County has an on going financial responsibility for providing funding for the facilities of the community college and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College's facilities. The County contributed $609,832 to the Community College during the fiscal year ended June 30, 2009. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the financial statements at June 30, 2009. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at Highway 306 South, Grantsboro, North Carolina 28529.

V. Jointly Governed Organization

Global TransPark Development Commission: The County, in conjunction with twelve other counties, governs the Global TransPark Development Commission. Its purpose is to allow participating counties, including Pamlico County, which have the potential to derive direct economic benefit from the North Carolina Global TransPark, to create a special economic development district known as the Global TransPark Development Zone. The Commission's primary responsibility is to promote economic development within the territorial jurisdiction of the Zone by fostering development projects to provide land, buildings, facilities, programs, information and data systems, and infrastructure requirements for business and industry in the Global TransPark Development Zone.

The Commission is governed by forty-five voting members, consisting of three members from Pamlico County and each of the twelve other participating counties, two members appointed by the Global TransPark authority, and one member appointed from each of the following organizations: North Carolina State Board of Community Colleges, North Carolina Ports Authority, East Carolina University, and, the Global TransPark Foundation. The voting members from each of the counties are appointed by the Board of County Commissioners of the respective counties. The Commission is responsible for a nonexpendable trust fund consisting of an initial State appropriation of $7.5 million and 85% of the quarterly distributions of the five dollar motor vehicle license fee collected by the North Carolina Department of Transportation. The motor vehicle tax was adopted by the legislature and the participating counties and will be collecting it for a period of five years. The principal balance of the trust funds is nonexpendable and will revolve as loans are made and repaid to the Commission. At June 30, 2009, the portion of the trust available to be loaned exclusively to Pamlico County was $788,067

Craven-Pamlico-Carteret Regional Library: The County, in conjunction with two other counties, governs the operations of the Craven-Pamlico-Carteret Regional Library. Each of the participating governments appoints three board members to the nine-member board. The County has no ongoing financial responsibility for the operations because the library's continued existence depends on the State of North

Carolina's continued funding.

On October 23, 1995 the Bay River Metropolitan Sewer District, the Town of Oriental and Pamlico County entered into an inter-local agreement which provides, among other things, that the District will lease (and ultimately own) and operate the Town of Oriental Sewer System, the District will expand geographically to include the Town of Oriental, and the County will contribute certain loan and grant funds to a project for the construction of a regional sewer system in Pamlico County that the District will ultimately own and operate. This project was completed and the assets were transferred to the sewer district during a prior fiscal year.

In conjunction with this agreement, the Town of Oriental transferred its sewer system to Pamlico County in exchange for the County assuming the Town's debt. The County subsequently leased the system to the District whereby the system and the related debt was transferred to the District at the end of the lease and therefore qualified as a direct financing lease for accounting purposes. In addition, the County had an ongoing project to construct a regional sewer system with private and government grant funds whereby, upon completion, the assets were donated to the District, and the District assumed liability for payment of the revolving loan proceeds received from the State used to finance the project, in the amount of $1,840,500. Both the agreement and the project were completed during a prior fiscal year and the respective assets were transferred to the Bay River Metropolitan Sewer District. As the revolving loan debt was received by the County, and the debt is still outstanding, the County has reported the liability for this loan in the accompanying financial statements. The County has also recorded corresponding assets – due from Bay River Metropolitan Sewer District – in the same amount, which represents the outstanding loan due to the State at June 30, 2009, as the District assumed liability for payment of this loan, in accordance with the above mentioned inter-local agreement.

VI. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. 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 that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	Federal	State
Medicaid	$ 12,752,697	$ 4,807,802
Food Stamp Program	1,886,303	-
Temporary Assistance to Needy Families	119,192	-
Energy Assistance	95,780	-
Adoption Assistance	19,109	3,561
Title IV-E, Foster Care	155,602	34,462
WIC	245,508	-
CWS Adoption	-	7,720
Special Assistance to Age/Disabled	-	115,427
State Foster Home	-	27,130
Total	$ 15,274,193	$ 4,996,102

VII. Summary Disclosure of Significant Commitments and Contingencies

The County is routinely involved in certain lawsuits related to the normal operations of the County. No amounts have been recorded in the financial statements for these contingencies as none of the issues presently outstanding can be determined with any degree of certainty as to the amount of potential damages the County could incur not covered by insurance and/or the actual determination as to any County liability related to these claims has not been determined.

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.

Additionally, the County entered into a grant agreement with the Clean Water Management Trust Fund (CWMTF) in the past related to sewer expansion projects. Pamlico County then assigned the assets and the grant to the Bay River Metropolitan Sewer District (BRMSD), with approval of the CWMTF. This agreement contained a provision that no pollution credits could be sold to third parties, without the approval of the CWMTF. Subsequent to year-end, it appears that the District sold some of these credits to a statutory town under the control of another department within the State. It appears that the County may be liable for repayment of the monies should the Department that provided the financing enforce this provision. It also appears that the County would have recourse against the BRMSD for this same amount, as the District received the proceeds from this sale, and appears to also be bound to the grant and loan stipulations related to this issue. At this time, the County, due to the complexity of this issue, cannot compute an amount that may become due and payable, as legal counsel is unable to determine if any such liability is likely to be determined against the County. Additionally, the County may have offsetting recourses in the amount of any potential liability. Accordingly, no provision for any liability for this issue is included in the accompanying financial statements.

Restatement of Net Assets and Fund Balances

Net assets have been restated at June 30, 2009 by $4,762,740 in the governmental activities and by $5,868,092 in the enterprise fund to reflect a comprehensive asset examination. Also, to show the inclusion of the capital reserve fund in the Water Fund. This resulted in several assets being deleted from the balance sheet and the corresponding accumulated depreciation. The General Fund was restated by $412,950 to reflect changes made to due to/due from reconciliations.

Water Fund	
Inclusion of Capital Reserve Fund	5,126,416
Due To/From Reconciliations	136,850
Comprehensive Asset Examination	604,826
Total	$ 5,868,092

Governmental Activities	
Removal of Capital Reserve Fund	(5,126,416)
Due To/From Reconciliations	(412,950)
Comprehensive Asset Examination	776,626
Total	$ (4,762,740)

Required
Supplementary Financial Data

This section contains additional information required by generally accepted accounting principles.

Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.

Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.

Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.

Schedule of Funding Progress for the Other Postemployment Benefits.

Schedule of Employer Contributions for the Other Postemployment Benefits.

Notes to the Required Schedules for the Other Postemployment Benefits.

Pamlico County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress
June 30, 2009

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 % of Covered Payroll ((b - a)/c)
31-Dec-00		56,318	56,318	0.0%	322,026	17.49%
31-Dec-01	-	66,614	66,614	0.0%	323,262	20.61%
31-Dec-02	-	104,699	104,699	0.0%	319,865	32.73%
31-Dec-03	-	107,953	107,953	0.0%	310,853	34.73%
31-Dec-04	-	111,670	111,670	0.0%	348,106	32.08%
31-Dec-05	-	103,164	103,164	0.0%	402,867	25.61%
31-Dec-06	-	112,411	112,411	0.0%	477,343	23.55%
31-Dec-07	-	104,909	104,909	0.0%	457,115	22.95%
31-Dec-08	-	107,698	107,698	0.0%	496,067	21.71%

Pamlico County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions
June 30, 2009

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2000	4,563	0.00%
2001	5,379	0.00%
2002	9,682	0.00%
2003	11,210	0.00%
2004	11,590	0.00%
2005	12,731	0.00%
2006	12,062	0.00%
2007	12,449	0.00%
2008	14,112	0.00%
2009	13,435	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	December 31, 2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	22 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Projected Salary Increases	4.5%-12.3%
Includes Inflation at	3.75%
Cost of Living Adjustments	N/A

Pamlico County, North Carolina
Other Post Employment Benefits
Required Supplementary Information
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 % of Covered Payroll ((b - a)/c)
31-Dec-08	-	$ 746,126	$ 746,126	0.0%	$ 4,415,117	16.90%

Pamlico County, North Carolina
Other Post Employment Benefits
Required Supplementary Information
Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	103,084	0.00%

Notes to the Required Schedules:

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

Valuation Date	December 31, 2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Investment Rate of Return	4.00%
Medical Cost Trend	10.5% - 5.00%
Includes Inflation at	3.75%

Supplementary Statements

The section contains additional statements required by the Local Government Commission in North Carolina.

Pamlico County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Taxes	$	$ 8,674,954	$
Penalties and Interest		63,807	
Total	8,625,041	8,737,761	112,720
Local Option Sales Taxes:			
Article 39 One Percent		896,485	
Article 40 One - Half of One Percent		788,310	
Article 42 One - Half of One Percent		737,230	
Article 44 One - Half of One Percent		354,048	
Total	2,556,938	2,776,073	219,135
Other Taxes and Licenses:			
Documentary stamps		49,316	
Scrap tire disposal tax		14,076	
White goods disposal tax		4,288	
Medicaid hold harmless		182,702	
Facility fees		22,623	
Refunds		84,279	
Miscellaneous		16,055	
Total	163,514	373,838	210,324
Unrestricted Intergovernmental:			
Beer and wine tax		35,557	
Controlled substance tax		67	
Total	35,624	35,624	-
Restricted Intergovernmental:			
State and Federal Grants		3,269,093	
ABC Tax/Distribution		53,986	
Total	2,954,045	3,323,079	369,034
Permits and Fees:			
Building Permits and Inspection Fees		104,384	
Register of Deeds		67,628	
Other		17,624	
Total	185,817	189,636	3,819

Pamlico County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Sales and Services:			
Rent and Concessions		10,886	
Recreation revenue		30,160	
Recycling fees		11,858	
Environmental Health Fees		59,305	
Patient fees - Nursing home & Health Dept.		30,305	
School resource officer		40,000	
Reproduction fees		4,029	
Franchise fees		920	
Sheriff/Jail fees		905,257	
Senior services fees		8,271	
Other		36,190	
Total	1,034,604	1,138,381	103,777
Investment Earnings	147,762	152,857	5,095
Miscellaneous:			
Sale of Assets/Insurance Claims		5,079	
Miscellaneous		37,180	
Total	56,305	42,259	(13,946)
TOTAL REVENUES	15,759,550	16,769,508	1,009,958
Expenditures:			
General Government:			
Governing body		356,214	
County manager		155,722	
Personnel		118,681	
Finance		271,372	
Tax listing		497,739	
Data processing		25,684	
Register of deeds		148,930	
Public buildings		476,435	
Elections		99,816	
Planning		77,490	
Planning board		30,025	
Soil conservation district tech.		52,171	
Soil conservation office assistant		43,949	
Total general government	2,350,153	2,343,584	6,569

Pamlico County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Public Safety:			
Sheriff		1,166,685	
Jail		1,634,329	
Criminal justice partnership		32,757	
Emergency management		99,069	
Fire protection		66,578	
Inspections		179,370	
Ambulance/Rescue service		295,000	
Animal control		83,114	
Medical examiner		8,100	
Total	3,543,750	3,565,002	(21,252)
Health and Public Assistance:			
Health department		93,816	
Nurse center		36,667	
Communicable disease/immunizations		78,717	
Environmental health		183,323	
Women's and children's health		428,687	
Aids control		7,375	
Chore in home services		59,044	
Social services		3,906,685	
Family violence/intervention programs		35,725	
Jobs program		21,885	
Mosquito control		39,578	
Aid to the blind		1,072	
Medicaid transportation		181,428	
Special assistance aged/disabled		116,735	
Foster care/Adoption assistance		99,245	
Medicaid payment to State		599,600	
Other health and public assistance		285,216	
Day Care social services		585,697	
Total Health and Public Assistance	4,360,371	4,470,995	(110,624)
Welfare:			
Senior services		188,950	
Senior service operations		9,725	
ECC Health promotion		4,074	
ECC Nutrition program		87,863	
ECC Medication/Disease management		3,807	
ECC Family caregiver program		13,741	
Veterans services		26,630	

Pamlico County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Small home repair		6,129	
Care management		28,118	
CAP - Division of Aging		109,326	
Total Welfare	469,215	476,358	(7,143)
Cultural and Recreational:			
Recreation		319,761	
Library		134,289	
Forest service		74,804	
Total Cultural and Recreational	569,078	528,854	30,224
Environmental protection:			
Landfill monitoring		8,103	
Recycling		245,893	
	254,796	253,996	798
Education:			
Cooperative extension		94,034	
DJJP services		71,140	
Craven evaluation and training		-	
Public Schools:			
Current Expense		2,800,946	
Capital Outlay		400,000	
Community Colleges:			
Current Expense		609,832	
Capital Outlay		-	
Total Education	3,978,904	3,975,952	2,952
Debt Service:			
Principal Retirement		150,553	
Interest and Fees		114,345	
Total Debt Service	264,903	264,898	5
TOTAL EXPENDITURES	15,781,368	15,879,639	(98,271)

Pamlico County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues over Expenditures	(21,818)	889,869	911,687
Other financing sources (uses):			
Proceeds From Installment Agreements	-	-	
Fund Balance Appropriated	996,911	-	
Transfers (to)/from Other Funds:			
Water District	95,707	95,707	
Special revenue fund - enhancement	(12,500)	(22,300)	
Special revenue fund - Reappraisal fund	(45,413)	(45,413)	
Special revenue fund - CDBG Scattered Sites	-	(92,470)	
Special revenue fund - CDBG Hurricane	-	(221,577)	
Capital project fund - Pre K School	(346,584)	(1,362,085)	
Capital project fund - School Cafeteria	(377,970)	(377,970)	
Capital project fund - Law Enforcement Center	(322,430)	(1,725,973)	
Special revenue fund - E911	34,117	493,943	
Total Other Financing Sources (Uses)	21,818	(3,308,338)	(3,330,156)
Net change in fund balance	$ -	(2,418,469)	$ (2,418,469)
Fund Balance, beginning, restated		7,624,769	
Fund Balance, ending		$ 5,206,300	

Pamlico County, North Carolina
Major Capital Project Fund - School Cafeteria
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Other Revenues	$ -	$ -	$ -	$ -	$ -
Restricted Revenue			85,250	85,250	85,250
Interest Income	95,000	82,836	8,105	90,941	(4,059)
Total Revenues	95,000	82,836	93,355	176,191	81,191
Expenditures:					
Departmental Supplies	300	53	-	53	247
Construction Costs	4,301,663	2,810,673	1,571,936	4,382,603	119,060
Debt Principal	151,667	151,667	303,333	455,000	(303,333)
Debt Interest	91,910	91,910	174,595	266,505	(174,595)
Contingency	-	-	-	-	-
Total Expenditures	4,745,540	3,054,303	2,049,858	5,104,161	(358,621)
Revenues over expenditures	(4,650,540)	(2,971,467)	(1,956,503)	(4,927,970)	(277,430)
Other Financing Sources (Uses):					
Transfers from General Fund	-	-	377,970	377,970	377,970
Installment Financing	4,650,540	4,550,000	-	4,550,000	(100,540)
Total Other Financing Sources	4,650,540	4,550,000	377,970	4,927,970	277,430
Revenues, Other Sources Over (Under) Expenditures and Other Uses	$ -	$ 1,578,533	(1,578,533)	$ -	$ -
Fund balances:					
Beginning of year, July 1			1,578,533		
Ending of year, June 30			$ -		

Pamlico County
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Pamlico County, North Carolina
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2009

	Special Revenue Funds				
	Fire Districts Fund	Reappraisal Fund	Enhanced 911 Fund	Baird Shores Special Assessment Fund	CDBG Scattered Sited
Assets:					
Cash and Cash Equivalents	$ -	$ 249,643	$ 572,248	$ -	$ -
Accounts Receivable	-	-	-	57,389	-
Taxes Receivable (Net)	44,381	-	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	$ 44,381	$ 249,643	$ 572,248	$ 57,389	$ -
Liabilities and Fund Balances:					
Liabilities					
Accounts Payable and Accrued Liabilities	$ 1,758	$	$ 131	$ -	$ -
Due to other funds	-		-	57,389	-
Deferred Revenue	44,381		-	57,389	-
Total Liabilities	46,139	-	131	114,778	-
Fund Balances:					
Reserved by State Statute	-	-	-	-	-
Undesignated	-	-	-	-	-
Designated for Subsequent Year's Expenditures	(1,758)	249,643	572,117	(57,389)	-
Total Fund Balances	(1,758)	249,643	572,117	(57,389)	-
Total Liabilities and Fund Balances	$ 44,381	$ 249,643	$ 572,248	$ 57,389	$ -

			Capital Project Funds				
CDBG Hurricane Fund	Enhancement Preservation Fund	Total Nonmajor Special Revenue Funds	Human Service Building Fund	Pre K - 2 Grade School	Law Enforcement Center	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
$ -	$ -	$ 821,891	$ -	$ -	$ -	$ -	$ 821,891
-	-	57,389	-	-	-	-	57,389
-	-	44,381	-	-	-	-	44,381
-	10,000	10,000	79,440	-	-	79,440	89,440
$ -	$ 10,000	$ 933,661	$ 79,440	$ -	$ -	$ 79,440	$ 1,013,101
$ -	$ 92,716	$ 94,605	$ 10,857	$ -	$ -	$ 10,857	$ 105,462
-	-	57,389	-	-	-	-	57,389
-	-	101,770	-	-	-	-	101,770
-	92,716	253,764	10,857	-	-	10,857	264,621
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
							-
-	(82,716)	679,897	68,583	-	-	68,583	748,480
-	(82,716)	679,897	68,583	-	-	68,583	748,480
$ -	$ 10,000	$ 933,661	$ 79,440	$ -	$ -	$ 79,440	$ 1,013,101

	Special Revenue Funds				
	All Fire Districts Fund	Reappraisal Fund	Enhanced 911 Fund	Inland Shores Special Assessment Fund	CDBG Scattered Sites
Revenues:					
Ad Valorem Taxes	$ 421,360	$ -	$ -	$ 80,063	$ -
Investment Earnings	-	3,944	-	-	-
Other Taxes and Licenses	102,199	-	-	-	-
Restricted Intergovernmental	-	-	251,431	-	234,644
Other	-	-	432	-	-
Total revenues	$ 523,504	$ 3,944	$ 251,863	$ 80,063	$ 234,644
Expenditures:					
Current:					
General Government	$ -	$ -	$ -	$ -	$ -
Public Safety	523,504	-	38,868	-	-
Education	-	-	-	-	-
Debt Service	-	-	-	-	234,644
Economic and Physical Development	-	-	-	-	-
Total Expenditures	523,504	-	38,868	-	234,644
Revenues Over (Under) Expenditures	-	3,944	192,995	80,063	-
Other Financing Sources:					
Transfers In/(Out)	-	45,413	(485,943)	-	92,470
Loan Proceeds	-	-	-	-	-
Total Other Financing Sources	-	45,413	(485,943)	-	92,470
Net change in fund balance	$ -	$ 49,357	$ (292,948)	$ 80,063	$ 92,470
Fund balances:					
Beginning of year, July 1	(1,756)	200,284	673,065	(149,452)	(92,470)
End of year, June 30	$ (1,756)	$ 249,641	$ 372,117	$ (69,389)	$ -

			Capital Project Funds				
CDBG Hurricane Fund	Enhancement/ Preservation Fund	Total Nonmajor Special Revenue Funds	Human Service Building Fund	Pre K - 2 Grade School	Law Enforcement Center	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
$ -	$ -	$ 513,368	$ -	$ -	$ -	$ -	$ 513,368
-		4,944	104	-	-	104	4,948
-	-	102,199	-	-	-	-	102,199
3,771	-	489,896	-	96,507	-	96,507	586,343
-	-	442	-	-	-	-	442
$ 3,771	$ -	$ 1,109,389	$ 104	$ 96,507	$ -	$ 96,611	$ 1,206,400
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	582,372	-	-	3,764	3,764	586,136
-	-	-	-	-	-	-	-
-	-	-	-	443,093	322,450	765,543	765,543
228,271	12,397	240,812	-	-	-	-	240,812
228,271	12,397	823,184	-	443,093	326,214	769,307	1,592,491
(20,000)	(12,397)	286,205	104	(346,586)	(326,214)	(672,696)	(386,491)
271,577	22,800	(84,983)	-	1,362,085	1,725,972	3,088,058	3,003,075
-	-	-	-	-	-	-	-
271,577	22,800	(84,983)	-	1,362,085	1,725,972	3,088,058	3,003,075
$ 251,577	$ 10,403	$ 201,222	$ 104	$ 1,015,501	$ 1,399,758	$ 2,415,364	$ 2,616,586
(251,577)	(60,819)	445,275	68,479	(1,015,501)	(1,399,758)	(2,346,781)	(1,901,506)
$ -	$ (50,416)	$ 646,497	$ 68,583	$ -	$ -	$ 68,583	$ 715,080

Pamlico County, North Carolina
Special Revenue Fund -All Fire Districts Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad Valorem Taxes	$	$ 421,305	$
Other Taxes		102,199	
Total Revenue	528,592	523,504	(5,088)
Expenditures		523,504	
Public Safety	528,592	523,504	5,088
Total Expenditures	528,592	523,504	5,088
Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses):			
Transfers from General Fund			-
Proceeds from Lease Purchase			-
Total Other Financing Sources (Uses)	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	-	-
Fund Balance Appropriated			-
Net change in fund balances	$ -	-	$ -
Fund Balance, beginning		(1,758)	
Fund Balance, ending		$ (1,758)	

Pamlico County, North Carolina
Special Revenue Fund - Reappraisal Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental	$ -	$ -	$ -
Investment Earnings		3,944	
Other income		-	
Total revenues	4,100	3,944	(156)
Expenditures:			
General Government	46,100	-	
Total Expenditures	46,100	-	46,100
Revenues Over (Under) Expenditures	(42,000)	3,944	45,944
Other Financing Sources (Uses):			
Proceeds from Installment Loan	-	-	
Transfers in	42,000	45,413	
Total Other Financing Sources (Uses)	42,000	45,413	3,413
Revenues and Other Financing Sources Over (Under) Uses	-	49,357	49,357
Fund Balance Appropriated	-	-	-
Net change in fund balance	$ -	49,357	$ 49,357
Fund Balance, beginning		200,286	
Fund Balance, ending		$ 249,643	

Pamlico County, North Carolina
Special Revenue Fund - Enhanced 911 Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Other Taxes and Licenses:	$	$	$
911 System Subscriber Fees			
Restricted Intergovernmental:			
Wireless 911 Funds		251,421	
Other Taxes and Licenses:			
Private Road Signs		443	
Total Revenues	241,500	251,864	10,364
Expenditures			
Contracted Services		54,128	
Supplies		-	
Repairs and Maintenance		4,741	
Total Expenditures	62,917	58,869	4,048
Revenues Over (Under) Expenditures	178,583	192,995	14,412
Other Financing Sources (Uses):			
Transfers in/out	-	(493,943)	(493,943)
Total Other Financing Sources (Uses)	-	(493,943)	(493,943)
Revenues and Other Financing Sources Over (Under) Uses	178,583	(300,948)	(479,531)
Fund Balance Appropriated	(178,583)	-	178,583
Revenues, Other Sources and Appropriated Transfer in/out	-	-	-
Net change in fund balance	$ -	(300,948)	$ (300,948)
Fund Balance:			
Beginning of Year, July 1			
E-911			
Wireless		873,065	
Beginning of Year Totals			
End of Year, June 30			
E-911			
Wireless			
End of Year Totals		$ 572,117	

Pamlico County, North Carolina
Special Revenue Fund - Baird Shores Special Assessment Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Author - ization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Owner Contributions	$ 165,621	$ 16,169	$ 92,063	$ 108,232	$ (57,389)
Total Revenues	165,621	16,169	92,063	108,232	(57,389)
Expenditures:					
Welfare:					
Professional Services	9,637	9,637	-	9,637	-
Engineering Fees	3,394	3,394	-	3,394	-
Contracted Services	3,240	3,240	-	3,240	-
Street Improvements	150,350	150,350	-	150,350	-
Total Expenditures	165,621	165,621	-	165,621	-
Net change in fund balances	$ -	$ (149,452)	$ 92,063	$ (57,389)	$ (57,389)
Fund Balances, beginning			(149,452)		
Fund Balances, ending			$ (57,389)		

Pamlico County, North Carolina
CDBG SS 05-I-1546
CDBG Fund
Scattered Site
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	$ 400,000	$ 108,466	$ 234,644	$ 343,110	$ (56,890)
Interest Income	-	-	-	-	-
Total Revenues	400,000	108,466	234,644	343,110	(56,890)
Expenditures:					
Current:					
Economic and physical development:					
Clearance	20,000	4,750	14,943	18,693	307
Relocation	340,000	179,850	196,273	376,123	(36,123)
Administration	40,000	16,336	23,428	39,764	236
Total	400,000	200,936	234,644	435,580	(35,580)
Revenues over expenditures	-	(92,470)	-	(92,470)	(92,470)
Other Financing Sources (Uses):					
Transfer from general fund	-	-	92,470	92,470	92,470
Total Other Financing Sources (Uses)	-	-	92,470	92,470	92,470
Net change in fund balance	$ -	$ (92,470)	92,470	$ -	$ -
Fund Balance, beginning			(92,470)		
Fund Balance, ending			$ -		

Pamlico County, North Carolina
CDBG UN 05-I-1431
CDBG Fund
Hurricane
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Author-ization	Actual Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	$ 278,582	$ 177,622	$ 3,771	$ 181,393	$ (97,189)
Interest Income	-	-	-	-	-
Total Revenues	278,582	177,622	3,771	181,393	(97,189)
Expenditures:					
Current:					
Economic and physical development:					
Rehabilitation	68,000	-	-	-	68,000
Relocation	168,000	398,076	1,178	399,254	(231,254)
Administration	42,582	31,123	22,593	53,716	(11,134)
Total	278,582	429,199	23,771	452,970	(174,388)
Revenues over expenditures	-	(251,577)	(20,000)	(271,577)	(271,577)
Other Financing Sources (Uses):					
Transfer from general fund	-	-	271,577	271,577	(271,577)
Total Other Financing Sources (Uses)	-	-	271,577	271,577	(271,577)
Net change in fund balance	$ -	$ (251,577)	251,577	$ -	$ -
Fund Balance, beginning			(251,577)		
Fund Balance, ending			$ -		

Pamlico County, North Carolina
Special Revenue Fund - Enhancement/Preservation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Fees	$ -	$ -	$ -
Other Taxes and Licenses	-	-	-
Total Revenue	-	-	-
Expenditures	22,500	12,397	10,103
Revenues Over (Under) Expenditures	(22,500)	(12,397)	10,103
Other Financing Sources (Uses):			
Transfers in	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Revenues and Other Financing Sources Over (Under) Uses	(22,500)	(12,397)	10,103
Fund Balance Appropriated	-	-	-
Revenues, Other Sources and Appropriated Transfer in(out)	22,500	22,500	-
Net change in fund balance	$ -	10,103	$ 10,103
Fund Balance, beginning		(92,819)	
Fund Balance, ending		$ (82,716)	

Pamlico County, North Carolina
Capital Project Fund - Human Service Building Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From the Inception and For the Fiscal Year Ended June 30, 2009

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Interest Income	$ 17,910	$ 36,136	$ 104	$ 36,240	$ 18,330
Total Revenues	17,910	36,136	104	36,240	18,330
Expenditures:					
Permits	5,000	-	-	-	5,000
Professional Services	516,191	515,340	-	515,340	851
Construction Costs	2,207,419	2,163,423	-	2,163,423	43,996
Contingency	39,300	39,300	-	39,300	-
Total Expenditures	2,767,910	2,718,063	-	2,718,063	49,847
Revenues over expenditures	(2,750,000)	(2,681,927)	104	(2,681,823)	68,177
Other Financing Sources (Uses):					
Transfers from General Fund	400,000	400,406	-	400,406	406
Interim Installment Financing	2,350,000	2,350,000	-	2,350,000	-
Total Other Financing Sources	2,750,000	2,750,406	-	2,750,406	406
Net Change in Fund Balance	$ -	$ 68,479	104	$ 68,583	$ 68,583
Fund Balance, beginning			68,479		
Fund Balance, ending			$ 68,583		

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Pamlico County, North Carolina
Capital Project Fund - Pre K-12 Grade School
Schedule of Revenues, Expenditures, and
Changes in Fund Balances Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2000

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Public School Bond Fund	$ 566,939	$ 387,413	$ 96,507	$ 483,920	$ (83,019)
Total Revenues	566,939	387,413	96,507	483,920	(83,019)
Expenditures:					
Construction Costs	184,647	184,213	-	184,213	434
Debt service: Principal	1,166,992	1,166,992	368,960	1,535,952	(368,960)
Debt service: Interest	605,373	605,374	74,131	679,505	(74,130)
Administrative	200	200		200	-
Total Expenditures	1,957,214	1,956,779	443,091	2,399,870	(442,656)
Revenues over expenditures	$ (1,390,275)	$ (1,569,366)	$ (346,584)	$ (1,915,950)	$ (525,675)
Other Financing Sources (Uses):					
Transfers from General Fund	1,390,275	553,865	1,362,085	1,915,950	525,675
Net Change in Fund Balance	$ -	$ (1,015,501)	1,015,501	-	$ -
Fund Balance, beginning			(1,015,501)		
Fund Balance, ending			$ -		

Pamlico County, North Carolina
Capital Project Fund - Law Enforcement Center Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Interest Income	$ 30,000	$ 244,237	$ -	$ 244,237	$ 214,237
Total Revenues	30,000	244,237	-	244,237	214,237
Expenditures:					
Advertising	800	776		776	24
Departmental Supplies	-	-		-	-
Professional Services	6,735,237	5,949,745	5,764	5,955,509	779,728
Construction Costs	1,730,000	1,725,939	-	1,725,939	4,061
Capital Outlay	-	-		-	-
Debt Principal	6,939,389	6,261,200	63,864	6,325,064	614,325
Debt Interest	469,968	469,248	258,586	727,834	(257,866)
Contingency	-	-		-	-
Total Expenditures	15,875,394	14,406,878	328,214	14,735,092	1,140,302
Revenues over expenditures	(15,845,394)	(14,162,641)	(328,214)	(14,490,855)	1,354,539
Other Financing Sources (Uses):					
Transfers from General Fund	2,022,108	564,882	1,725,973	2,290,855	268,747
Installment Financing	13,823,286	13,200,000	-	13,200,000	(623,286)
Total Other Financing Sources	15,845,394	13,764,882	1,725,973	14,490,855	(1,354,539)
Revenues, Other Sources Over (Under) Expenditures and Other Uses	$ -	$ (397,759)	1,397,759	$ -	$ -
Fund balances:					
Beginning of Year, July 1			(1,397,759)		
Ending of year, June 30			$ -		

Pamlico County, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For The Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Operating Revenues			
Charges for Service		$ 1,336,240	
Tap on Fees and Connect Fees		35,440	
Other Operating Revenues		110,624	
Total Operating Revenues	$ 1,758,000	1,482,304	$ (275,696)
Nonoperating Revenues			
Other Nonoperating Income		110,624	
Interest on Investments		27,647	
Total Nonoperating Revenues	382,912	138,271	(244,641)
Total Revenues	2,070,912	1,620,575	(450,337)
Expenditures:			
Personnel Services		479,384	
Contractual Services		484,599	
Operating Expenses		428,878	
Utilities		81,195	
Insurance		31,895	
Printing and Binding		1,850	
Maintenance and Repair		68,483	
Budgetary Appropriations:			
Capital Outlay		78,987	
Interest Paid		109,400	
Debt Principal		272,113	
Total Expenditures	2,406,810	1,955,584	451,226
Revenues Over (Under) Expenditures	(335,898)	(335,009)	889
Other Financing Sources and (Uses):			
Appropriated Fund Balance	-	-	
Transfer from Water Capital Reserve Fund	431,605	431,605	
Transfer to General Fund	(95,707)	(95,707)	
Total Other Financing Sources (Uses)	335,898	335,898	-
Revenues and Other Sources Over (Under) Expenses and Other Uses	$ -	$ 889	$ 889

Pamlico County, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For The Fiscal Year Ended June 30, 2009

	Final Budget	Accrual	Variance Favorable (Unfavorable)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses		$ 889	
Budgetary Appropriations:			
Capital Outlay		79,987	
Change in Accrued Vacation Payable		1,194	
Transfer from Water Capital Reserve		(431,605)	
Change in OPEB Payable		6,497	
Principal Payments		272,115	
Adjustments:			
Depreciation		(521,526)	
Total reconciling items		(592,340)	
Change in net assets		$ (591,451)	

Pamlico County, North Carolina
Major Capital Project Fund - Southeast Water Tower Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From the Inception and For the Fiscal Year Ended June 30, 2009

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Interest Income	$ -	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-	-
Expenditures:					
Construction Costs	1,513,819	1,405,353	6,389	1,411,742	102,077
Contingency	-	-	-	-	-
Total Expenditures	1,513,819	1,405,353	6,389	1,411,742	102,077
Revenues over expenditures	(1,513,819)	(1,405,353)	(6,389)	(1,411,742)	102,077
Other Financing Sources (Uses):					
Transfers from General Fund	-	-	-	-	-
Installment Financing	1,513,819	1,411,742	-	1,411,742	(102,077)
Total Other Financing Sources	1,513,819	1,411,742	-	1,411,742	(102,077)
Revenues, Other Sources Over (Under) Expenditures and Other Uses	$ -	$ 6,389	(6,389)	$ -	$ -

Pamlico County, North Carolina
Water Fund - Capital Reserve Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
User fees		$ 132,500	
Other Taxes and Licenses		-	
Total Revenues	$ 131,000	132,500	$ 1,500
Expenditures:			
Economic development		-	
Total Expenditures	131,000	-	131,000
Revenues Over (Under) Expenditures	-	132,500	132,500
Other Financing Sources (Uses):			
Proceeds from Installment Loan	-	-	-
Transfer to Water Fund	-	(431,605)	(431,605)
Total Other Financing Sources (Uses)	-	(431,605)	(431,605)
Revenues and Other Financing Sources Over (Under) Uses	-	(299,105)	132,500
Fund Balance Appropriated	-	-	-
Net change in fund balance	$ -	(299,105)	$ 132,500
Fund Balance, beginning restated		4,989,566	
Fund Balance, ending		$ 4,690,461	

Pamlico County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Social Services Fund:				
Cash and Investments	$ 12,805	$ 69,676	$ (41,718)	$ 40,763
Liabilities	$ 12,805	$ 69,676	$ (41,718)	$ 40,763
North Carolina DMV:				
Cash and Investments	$ 289	$ 4,845	$ (4,942)	$ 192
Liabilities	$ 289	$ 4,845	$ (4,942)	$ 192

OTHER SCHEDULES

This section includes additional information on property taxes, transfers, and cash and investments.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Secondary Market Disclosures
- Schedule of Ten Largest Taxpayers

Pamlico County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2009

Tax Levy Year	Uncollected Balance June 30, 2008	Additions	Collections And Credits	Uncollected Balance June 30, 2009
2008	$ -	$ 8,939,628	$ 8,409,036	$ 530,592
2007	371,516	-	199,421	172,095
2006	152,527	-	43,731	108,796
2005	98,895	-	11,523	87,372
2004 & Prior	298,521	-	39,294	259,227
				-
TOTALS:	$ 921,459	$ 8,939,628	$ 8,703,005	$ 1,158,082
	Less: Allowance for uncollectable taxes			(125,820)
	Ad valorem taxes - General Fund			$ 1,032,262
	Reconcilement with revenues:			
	Ad valorem taxes - General Fund			$ 8,737,761
	Reconciling items:			
	Penalties and Interest			(62,807)
	Collection of Old Taxes			-
	Release			28,051
	Total Reconciling Items			(34,756)
	Total Collections and Credits			$ 8,703,005

Pamlico County, North Carolina
Analysis of Current Tax Levy
County - Wide Levy
For the Fiscal Year Ended June 30, 2009

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property Taxes at Current Year Rate	$ 1,354,788,306	0.6525%	$ 8,839,995	$ 8,157,507	$ 682,488
Special Assessment			16,131	16,131	-
Total Original Levy	1,354,788,306		8,856,126	8,173,638	682,488
Discoveries:					
Current year taxes	16,306,667	0.6525%	106,401	106,401	-
Total Discoveries	16,306,667		106,401	106,401	-
Abatements					
Current Year Taxes	(3,509,423)	0.6525%	(22,899)	(19,167)	(3,732)
Total Abatements	(3,509,423)		(22,899)	(19,167)	(3,732)
Total for Year	$ 1,367,585,747		8,939,628	8,260,872	678,756
Uncollected taxes at June 30, 2009			530,592	424,882	105,710
Current year's taxes collected			$ 8,409,036	$ 7,835,990	$ 573,046
Current levy collection percentage			94.06%	94.86%	84.43%

Pamlico County, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Fiscal Year Ended June 30, 2009

Secondary Market Disclosures:

Assessed Valuation:		
Assessment Ratio[1]		100 %
Real Property	$	1,161,585,388
Personal Property		188,217,826
Public Service Companies[2]		17,782,533
Total Assessed Valuation		1,367,585,747
Tax Rate per $100		0.6525
Levy (includes discoveries, releases and abatements)[3]	$	8,939,628

[1] Percentage of appraised value has been established by statute.

[2] Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

[3] The levy includes special assessments.

Pamlico County County, North Carolina
Schedule of Ten Largest Taxpayers
For the Fiscal Year Ended June 30, 2009

Taxpayer	Type of Business	2008 Assessed Valuation	Percentage of Total Assessed Valuation
RR Development North III LLC	Real Estate Developer	$ 39,174,327	2.86%
River Dunes Corp	Real Estate Developer	18,510,023	1.34%
Weyerhaeuser Co.	Timber Land	14,442,633	0.75%
Burton Farm Development	Real Estate Developer	10,207,217	0.60%
Tideland Electric Membership	Utilities	8,303,923	0.61%
Basic Land & Timber LLC	Timber Land	8,138,070	1.05%
Coastal Market & Development	Real Estate Developer	8,063,676	0.59%
CP&L/Progress Energy Service Co.	Utilities	5,156,508	0.38%
Reserveco, Inc.	Real Estate Developer	4,669,478	0.34%
Port Vendemere, Inc	Real Estate Developer	3,846,154	0.28%
Total		$ 120,264,188	8.80%

Compliance Section

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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*

To the Board of Commissioners
Pamlico County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of Pamlico County, North Carolina, as of and for the year ended June 30, 2009, which collectively comprises Pamlico County's basic financial statements and have issued our report thereon dated January 30, 2010. We did not audit the financial statements of the Pamlico County ABC Board. Those financial statements were audited by another auditor whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pamlico County ABC Board is based solely on the report of the other auditor. 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. The financial statements of the Pamlico County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting
In planning and performing our audit, we considered Pamlico County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pamlico County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when designed or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting, items 2009-1, 2009-2, 2009-3.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pamlico County's financial statements are free of 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*.

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.

January 30, 2010

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Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

To the Board of County Commissioners
Pamlico County, North Carolina

Compliance

We have audited the compliance of the Pamlico County, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2009. Pamlico County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Pamlico County's management. Our responsibility is to express an opinion on the Pamlico County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pamlico County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Pamlico County's compliance with those requirements.

In our opinion, Pamlico County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Pamlico County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Pamlico County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
January 30, 2010

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Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

To the Board of County Commissioners
Pamlico County, North Carolina

Compliance

We have audited the compliance of the Pamlico County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2009. Pamlico County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the Pamlico County's management. Our responsibility is to express an opinion on the Pamlico County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Pamlico County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Pamlico County's compliance with those requirements.

In our opinion, Pamlico County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Pamlico County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Pamlico County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
January 30, 2010

Pamlico County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2009

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

* Material weakness(es) identified?	___yes	_X_no
* Significant Deficiency(s) identified that are not considered to be material weaknesses	_X_yes	___none reported
Noncompliance material to financial statements noted	___yes	_X_no

Federal Awards

Internal control over major federal programs:

* Material weakness(es) identified?	___yes	_X_no
* Significant Deficiency(s) identified that are not considered to be material weaknesses	___yes	_X_none reported

Type of auditor's report issued on compliance for major federal programs: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	___yes	_X_no

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
10.551/10.561	Food Stamp Cluster
93.778	Medical Assistance Program
10.766	Community Facility Loans and Grants

Dollar threshold used to distinguish between Type A and Type B Programs: $ 529,749

Auditee qualified as low-risk auditee? ___yes _X_no

State Awards

Internal control over major state programs:

- Material weakness(es) identified? ___yes _X_no
- Significant Deficiency(s) identified that are not considered to be material weaknesses ___yes _X_none reported

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

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

Identification of major state programs:

Name of State Program or Cluster
The Medical Assistance Program which is a State match on a federal program also meets the criteria for a major state program, but this program has been included in the list of major federal programs above.

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCY

2009 – 1 Failure to perform reconciliations of significant accounts.

Criteria: Accounts receivable subsidiary ledgers are not reconciled to the general ledger accounts in a timely or accurate manner.

Condition: There is a lack of ability to reconcile these subsidiary ledgers to the general ledger. Daily reconciliations are made with collections and bank deposits.

Effect: Information obtained off of interim reports could be incorrect.

Cause: This is due to the software interface between modules.

Recommendation: The County should continue its efforts to resolve this issue with the software vendor through continued support and training.

Views of responsible officials and planned corrective actions: The County agrees with this finding.

2009 – 2 Restatement of previously issued financial statements to reflect the correction of a material misstatement.

Criteria: A governmental fund was reclassified to a proprietary fund, amounts owed between funds were restated and fixed assets were restated.

Condition: Management decided to reclassify a governmental fund capital reserve to a proprietary capital reserve. Amounts owed between funds from previous years' accumulation were restated in order to clear out those balances without affecting the current financial statements. Amounts within fixed assets were reclassified after an extensive review of the fixed asset list.

Effect: Amounts and classifications were reported incorrectly.

Cause: Condition was created due to various conditions and interpretation of how management selected to report those items.

Recommendation: The County should continue to review previous policies for possible reclassification in the current environment.

Views of responsible officials and planned corrective actions: The County agrees with this finding.

2009 – 3 Budget Violation G.S. 159-8(a).

Criteria: G.S. 159-8(a) states that all moneys received and expended by a local government or public authority should be included in the budget ordinance.

Condition: Several departments expended than appropriated in the annual budget ordinance

Effect: Moneys were spent that had not been appropriated.

Cause: The County failed to adopt proper budget amendments for several departments.

Recommendation: Budget amendments should be adopted when revenues are received that exceed estimated revenues in the budget ordinance prior to expending the funds.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Budget amendments will be adopted prior to making expenditures that exceed budgeted amounts.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

Pamlico County, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2009

Section II – Financial Statement Findings

2009 – 1 Failure to perform reconciliations of significant accounts.

Name of contact person:	Paul Delamar III, Chairman
Corrective Action:	Finance office employees have already received additional training in this area. The Board will continue evaluating this deficiency to determine what additional training can be obtained and other alternative controls which could be used to correct this.
Proposed Completion Date:	The Board will implement the above procedure immediately.

2009 – 2 Restatement of previously issued financial statements to reflect the correction of a material misstatement.

Name of contact person:	Paul Delamar III, Chairman
Corrective Action:	Finance office employees have already received additional educational training in this area. The Board will continue evaluating this deficiency to determine what additional training can be obtained and other alternative controls which could be used to correct this.
Proposed Completion Date:	The Board will implement the above procedure immediately.

2009 – 3 Budget Violation G.S. 159-8(a).

Name of contact person:	Paul Delamar III, Chairman
Corrective Action:	The finance officer will create the budget amendments for any changes needed during the year and will present for approval at each monthly board meeting. Budget amendments will be made as will be necessary.
Proposed Completion Date:	The Board will implement the above procedure immediately.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

Pamlico County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2009

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
U.S. Dept. of Agriculture					
Food and Nutrition Service					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
Food Stamp Cluster:					
Food Stamp Program - Direct Benefit Payment	10.551		$ 1,886,303	$ -	$ -
Food and Nutrition Services Recovery	10.561		20,000	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561		128,348	-	128,348
Total Food Stamp Cluster			2,034,651	-	128,348
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		56,948	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		245,508	-	-
			302,456	-	-
Rural Utilities Service					
Direct Program:					
Community Facilities Loans and Grants (Note 4)	10.766		8,146,582	-	-
Total U.S. Dept. of Agriculture			10,483,689	-	128,348
Dept. of Housing and Urban Development(HUD)					
Passed-through the N.C. Dept. of Commerce:					
Community Development Block Grant	14.228		258,410	-	-
Total Dept. of Housing and Urban Development(HUD)			258,410	-	-
U.S. Dept. of Health & Human Services					
Administration on Aging:					
Division of Aging and Adult Services					
Passed-through Eastern Carolina Council of Governments:					
Aging Cluster					
Home & Community Care Block Grant:					
Access - Title III-B	93.044		150,447	26,549	-
Family Caregiver - Title III-E	93.052		13,943	894	-
Preventative Health - Title III-D	93.043		1,850	109	218
Total Aging Cluster			166,239	27,552	218

Pamlico County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2009

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Administration for Children and Families					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Work First/Temporary Assistance for Needy Families(TANF)	93.558		156,107	-	150,463
Work First(TANF)-Direct Benefit Payments	93.558		119,192	-	1,059
AFDC Penalties and Payments	93.560		-	-	-
Child Support Enforcement	93.563		146,815	(2)	74,604
Low-Income Home Energy Assistance Block Grant:					
Administration	93.568		5,049	-	-
Direct Benefit Payments	93.568		95,789	-	48
Child Welfare Services-State Grants	93.645		3,663	941	279
Social Services Block Grant	93.667		55,255	5,658	20,177
Independent Living Grant	93.674		8,580	1,353	-
State Children's Insurance Program - N.C. Health Choice	93.767		16,972	705	4,909
			605,413	8,455	251,549
Foster Care and Adoption Cluster (Note 2):					
Title IV-E Foster Care-Administration	93.658		17,661	3,276	4,321
Foster Care-Direct Benefit Payments	93.658		155,602	34,462	83,978
Adoption Assistance-Direct Payments	93.659		19,109	3,561	4,936
Total Foster Care and Adoption Cluster (Note 2)			192,372	41,299	93,435
Division of Social Services:					
Child Care Development Fund	93.596		72,254	-	-
Division of Child Development:					
Subsidized Child Care Cluster (Note 2):					
Child Care and Development Fund - Discretionary	93.575		206,838	-	-
Child Care and Development Fund - Mandatory	93.596		81,532	-	-
Child Care and Development Fund - Match	93.596		69,899	38,309	-
Total Child Care Development Fund Cluster			420,423	38,309	-
Social Services Block Grant	93.667		3,554	-	-
Temporary Assist. for Needy Families	93.558		78,960	-	-
Smart Start			-	1,268	-
State Appropriations			-	66,586	-
TANF - MOE			-	2,414	-
Total Subsidized Child Care (Note 2)			511,942	108,577	-
Centers for Medicare and Medicaid Services					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Division of Social Services:					
Medical Assistance Program Administration	93.778		422,328	33,297	368,731
Direct Benefit Payments:					
Medical Assistance Program	93.778		12,752,607	4,807,802	308,173
			13,175,935	4,841,099	676,904

Pamlico County, North Carolina

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2009

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
U.S. Department of Health & Human Services					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Family Planning Services	93.217		26,683	-	-
Immunization Program/Aid to County Funding	93.268		5,278	-	-
Temporary Assist. for Needy Families	93.558		1,278	-	-
Prevention Investigation and Technical Assistance	93.283		23,670	-	-
Grant Agreement for Breast and Cervical Cancer	93.919		810	-	-
Statewide Health Promotion Program	93.991		28,249	-	-
Maternal and Child Health Services Block Grant	93.994		94,373	-	-
			[180,04]	-	-
Total U.S. Dept. of Health and Human Services			[illegible]	1,026,982	1,022,106
U.S. Department of Homeland Security					
Passed-through N.C. Dept. of Crime Control and Public Safety					
Division of Emergency Management:					
Emergency Service Performance Grant	97.042		51,257	-	77,284
Total U.S. Department of Homeland Security			51,257	-	77,284
Total Federal Awards			25,604,893	5,026,982	1,227,736
State Awards:					
Division of Veterans Affairs			-		
Veterans Affairs				3,000	24,797
N.C. Dept. of Corrections					
Passed-through the The Criminal Justice Partnership Program			-		
Criminal Justice Partnership Grant				46,997	24,143
N.C. Dept. of Health and Human Services					
Division of Social Services:					
AFDC Incentive			-	-	-
Work First Nonreimbursable			-	-	1,997
TANF Incentive			-	188	-
County Programs			-	-	364,635
Nonadministrative Cost			-	-	167,108
State Aid to Counties			-	84,457	-
Energy Assistance - Private Grants			-	2,003	-
State/County Special Assistance - Admin			-	-	29,625
			-	16,648	463,365
Direct Benefit Payments:			-	115,427	115,500
Special Assistance to Aged Disabled			-	27,130	34,400
State Foster Care			-	7,720	531
CWS Adopt Subsidy			-	150,277	149,431

Pamlico County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2009

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Division of Public Health:					
AIDS-State			-	500	-
Communicable Disease			-	10,077	-
Breast and Cervical Cancer Control			-	4,080	-
Wisewoman			-	1,879	-
General Health			-	71,701	-
Minority Health			-	10,000	-
Preparedness and Response			-	24,204	-
Women's Preventative Health			-	719	-
Risk Reduction/Health Promotion			-	2,945	-
Tuberculosis			-	2,645	-
			-	129,140	-
Division of Natural Resources:					
Cost Share District Technician			-	21,192	22,741
Soil and Water Conservation			-	18,379	38,773
			-	39,571	61,514
Total N. C. Department of Health and Human Services			-	336,142	665,314
N.C. Dept. of Juvenile Justice and Delinquency Prevention				87,309	
Juvenile Crime Prevention Program					
N.C. Dept. of Transportation					
Rural Operating Assistance Program (ROAP)					
- ROAP Elderly and Disabled Transportation Assistance			-	60,414	-
- ROAP Rural General Public Program			-	54,170	-
- ROAP Work First Transitional - Employment Transportation Assistance Program			-	7,241	-
Total N. C. Dept. Of Transportation			-	121,825	-
N.C. Dept. of Public Instruction					
Public School Building Bonds			-	181,757	-
Total State Awards			-	746,114	665,314
Total Federal and State Awards			$ 25,604,893	$ 5,773,096	$ 1,893,650

Pamlico County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2009

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures

Notes to the Schedule of Expenditures of Federal and State Financial Awards

1. Basis of Presentation:
The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Pamlico County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. Benefit payments are paid directly to recipients and are not included in the county's financial statements. However, due to the county's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.

2. The following are classified by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption.

3. Subrecipients
Of the federal and State expenditures presented in the schedule, Pamlico County provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
None			-	-	-

4. Loans Outstanding
Pamlico County had the following loan balances outstanding at June 30, 2009. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	CFDA Number	Amount Outstanding
Community Facilities Loans and Grants	10.766	$ 8,146,582

Management Letter

Thompson, Price, Scott, Adams & Co, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

4824 Glenwater Drive Suite 2

Wilmington, North Carolina 28403

Telephone (910) 799-4872 Fax (910) 395-4872

To the Board of County Commissioners
Pamlico County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pamlico County for the year ended June 30, 2009, and have issued our report thereon dated January 30, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters in May of 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Pamlico County are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. However we would like to stress the importance of receiving information in a timely manner as it relates to year end posting. In order for the audit to be completed by the agreed upon contract date all year end reconciliations and postings should be completed in a timely manner.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter that has been signed and delivered to us.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

Other Audit Findings or Issue

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of County Commissioners and management of Pamlico County and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
January 30, 2010