

Pamlico County, North Carolina

FINANCIAL REPORT

June 30, 2015



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INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Pamlico County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pamlico County, North Carolina, as of and for the year then ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Pamlico County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pamlico County ABC Board, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pamlico County ABC Board is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Pamlico County ABC Board were not audited in accordance with Governmental Auditing Standards.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, the other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Pamlico County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by 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 fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015 on our consideration of Pamlico County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pamlico County's internal control over financial reporting and compliance.

Cary Riggs & Ingram, L.L.C.

New Bern, North Carolina
November 23, 2015

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

Financial Highlights

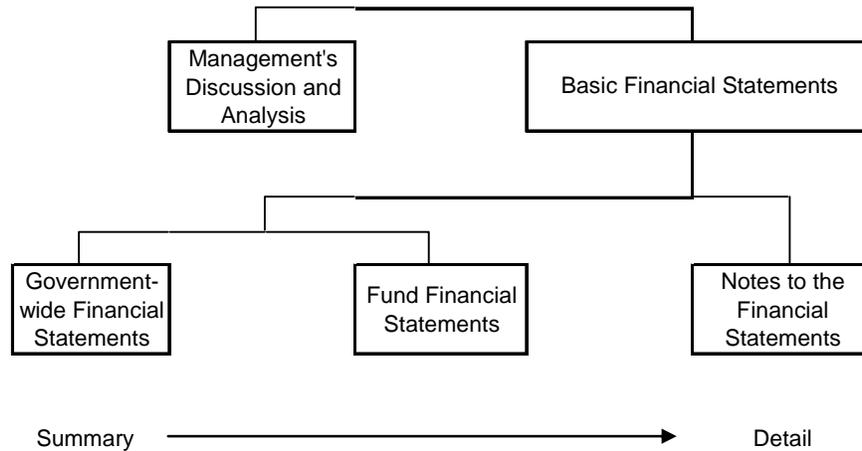
- The assets and deferred outflows of resources of Pamlico County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$22,925,550 (*net position*).
- The government's total net position increased by \$1,602,955, primarily due to the governmental funds.
- As of the close of the current fiscal year, Pamlico County's governmental funds reported combined ending fund balances of \$9,834,933, an increase of \$1,980,759 in comparison with the prior year. Approximately 26.15% of this total amount or \$2,571,817 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,383,527, or 45.21% of total general fund expenditures of \$16,332,156 for the fiscal year.
- Pamlico County's total debt decreased by \$574,790 or 3.58% during the current fiscal year. The key factor in this decrease was the repayment of debt principal.
- Tax collection rate was 95.89% for FY 2014-2015. This represents a slight increase from last year, but still remains the third highest collection rate since FY 1981-82.

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.

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 10) 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 major and non-major governmental funds, with the non-major funds added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

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

Government-wide Financial Statements

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

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water services offered by Pamlico County. The final category is the component unit. Pamlico County ABC Board is legally separate from the County however the County is financially accountable for the Board by appointing its members. Also, the Board is required to distribute a portion of 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.

Pamlico County Management's Discussion and Analysis

The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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 fund. *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 operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 26 of this report.

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. Required supplementary information can be found beginning on page 66 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$22,925,550 as of June 30, 2015. The County's net position increased by \$1,602,955 for the fiscal year ended June 30, 2015. One of the largest portions \$11,724,667 (51.14%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment).

Pamlico County Management's Discussion and Analysis

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. An additional portion of Pamlico County's net position \$2,566,410 (11.19%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,634,473 is unrestricted.

Pamlico County's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$12,514,451	\$11,482,874	\$4,238,868	\$4,289,280	\$16,753,319	\$15,772,154
Capital assets	11,079,644	11,328,895	13,388,783	13,715,434	24,468,427	25,044,329
Total assets	23,594,095	22,811,769	17,627,651	18,004,714	41,221,746	40,816,483
Deferred outflows of resources	305,977	-	23,321	-	329,298	-
Long-term liabilities	11,773,678	11,053,872	4,830,469	4,810,924	16,604,147	15,864,796
Other liabilities	763,560	1,460,384	100,948	796,971		
Deferred inflows of resources	1,077,801	1,371,737	79,038	-	1,156,839	1,371,737
Total liabilities and deferred inflows of resources	13,615,039	13,885,993	5,010,455	5,607,895	17,760,986	17,236,533
Net position:						
Net investment in capital assets	3,094,688	3,625,390	8,629,979	8,432,463	11,724,667	12,057,853
Restricted	2,566,410	2,089,320	-	-	2,566,410	2,089,320
Unrestricted	4,623,935	3,211,066	4,010,538	3,964,356	8,634,473	7,175,422
Total net position	\$10,285,033	\$8,925,776	\$12,640,517	\$12,396,819	\$22,925,550	\$21,322,595

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

- Continued diligence in the collection of property taxes, both current year levy and prior year delinquent taxes.
- Revenues were higher than budgeted in sales taxes, grant funding, and other miscellaneous revenues and refunds.
- Savings were realized in several departments due to lapsed salaries, as well as unspent supplies, utilities and equipment appropriations.

Pamlico County Management's Discussion and Analysis

Pamlico County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,369,113	\$ 2,281,241	\$ 2,317,152	\$ 2,478,511	\$ 3,686,265	\$ 4,759,752
Operating grants	6,074,306	4,810,376	-	-	6,074,306	4,810,376
Capital grants	11,607	251,104	-	21,250	11,607	272,354
General revenues:						
Property taxes	10,729,313	10,894,546	-	-	10,729,313	10,894,546
Local option sales tax	2,177,501	1,834,454	-	-	2,177,501	1,834,454
Other	888,427	722,431	147,602	-	1,036,029	722,431
Investment earnings	8,208	7,373	2,151	2,336	10,359	9,709
Total revenues	21,258,475	20,801,525	2,466,905	2,502,097	23,725,380	23,303,622
Expenses:						
General government	2,313,800	2,292,770	-	-	2,313,800	2,292,770
Public safety	4,370,192	5,641,390	-	-	4,370,192	5,641,390
Economic & physical development	3,335,767	1,075,729	-	-	3,335,767	1,075,729
Environmental protection	255,815	272,288	-	-	255,815	272,288
Human services	4,479,835	4,638,560	-	-	4,479,835	4,638,560
Cultural and recreation	498,526	518,434	-	-	498,526	518,434
Education	3,886,549	3,822,131	-	-	3,886,549	3,822,131
Interest on long-term debt	338,228	569,952	-	-	338,228	569,952
Water and sewer	-	-	2,084,132	2,184,193	2,084,132	2,184,193
Total expenses	19,478,712	18,831,254	2,084,132	2,184,193	21,562,844	21,015,447
Increase in net position						
before transfers	1,779,763	1,970,271	382,773	317,904	2,162,536	2,288,175
Transfers	95,000	-	(95,000)	-	-	-
Change in net position	1,874,763	1,970,271	287,773	317,904	2,162,536	2,288,175
Net position, July 1	8,925,776	6,955,505	12,396,819	12,078,915	21,322,595	19,034,420
Restatement	(515,506)	-	(44,075)	-	(559,581)	-
Net position, July 1 restated	8,410,270	6,955,505	12,352,744	12,078,915	20,763,014	19,034,420
Net position, June 30	\$ 10,285,033	\$ 8,925,776	\$ 12,640,517	\$ 12,396,819	\$ 22,925,550	\$ 21,322,595

Governmental activities. Governmental activities increased the County's net position by \$1,359,257. Key elements of this increase are as follows:

- Increased operating grants.
- Increase in sales tax revenues.
- Increase in other revenues.

Pamlico County Management's Discussion and Analysis

Business-type activities: Business-type activities increased Pamlico County's net position by \$243,698. Key elements of this increase are as follows:

- Decreased operating expenses.

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, fund balance available for appropriations 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, Pamlico County's fund balance available in the General Fund was \$7,383,527, while total fund balance reached \$8,920,547. The County currently has an available fund balance of 45.21% of general fund expenditures, while total fund balance represents 54.62% of that same amount.

At June 30, 2015, the governmental funds of Pamlico County reported a combined fund balance of \$9,834,933, a 25.22% increase over last year.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

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 position of the Water districts equaled \$4,010,538. There was an increase in net position of \$243,698. Other factors concerning the finances of these funds 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, 2015, totals \$24,468,427 (net of accumulated depreciation). These assets include buildings, land, equipment, and vehicles.

Pamlico County Management's Discussion and Analysis

Major capital asset transactions during the year include:

- Roof for the PCC Building
- Computer equipment
- Public Safety vehicles

Pamlico County's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 334,634	\$ 334,634	\$ 70,286	\$ 70,286	\$ 404,920	\$ 404,920
Construction in progress	48,763	9,500	-	896,701	48,763	906,201
Buildings and improvements	12,477,197	12,477,197	7,155,435	7,155,435	19,632,632	19,632,632
Plant	-	-	10,462,920	9,244,234	10,462,920	9,244,234
Equipment and vehicles	3,487,372	3,325,304	2,319,969	2,269,673	5,807,341	5,594,977
Subtotal	16,347,966	16,146,635	20,008,610	19,636,329	36,356,576	35,782,964
Less: accumulated depreciation	(5,268,322)	(4,817,740)	(6,619,827)	(5,920,895)	(11,888,149)	(10,738,635)
Total assets	\$11,079,644	\$11,328,895	\$13,388,783	\$13,715,434	\$24,468,427	\$25,044,329

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

Long-term Debt. As of June 30, 2015, Pamlico County had total debt outstanding of \$15,497,569, all of which is backed by the full faith and credit of the County.

Pamlico County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Installment notes	\$10,654,412	\$10,685,888	\$ 4,758,804	\$ 5,282,971	\$15,413,216	\$15,968,859
Capital lease obligation	84,353	103,500	-	-	84,353	103,500
Total	\$10,738,765	\$10,789,388	\$ 4,758,804	\$ 5,282,971	\$15,497,569	\$16,072,359

Pamlico County's total debt decreased by \$574,790 (3.58%) during the past fiscal year, primarily due to the continued payment of debt balances.

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 \$113,827,684.

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

Pamlico County Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

- The County's unemployment rate for September 2015 was projected at 6.0%, down from the 6.5% level reported in 2014. The State unemployment rate for August 2015 was 5.9%.
- Median household income for 2014 was projected at \$48,439, up from the 2013 estimate of \$43,853. In comparison, the State's median household income for 2014 (latest data available) was reported at \$46,556.

Over the past three years, the County has aggressively managed costs in response to uncertain economic conditions. The County's fund balance remains healthy relative to those conditions. Along with staff, we remain cautious in both budget recommendations and revenue estimates.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities: The approved General Fund budget is balanced at \$17,697,511 with a tax rate of \$.625 per \$100. The tax rate remained at the 2015 level. At the rate of \$.625 per \$100, estimated fiscal year 2015-2016 tax collections are budgeted at \$9,953,175, including collections from prior years. Revenue from motor vehicle collections is budgeted at \$690,000. A fund balance allocation of \$479,155 is included in the final budget.

A 1% cost of living adjustment is included in the budget for all employees.

Total Board of Education allocation is budgeted at \$3,574,138. Current expense is funded at \$3,324,138 with capital outlay at \$250,000. Pamlico Community College funding is allocated at \$561,215.

Business – type Activities: Water rates for the fiscal year 2015-2016 are budgeted to remain current year levels as summarized below:

- Water usage rate - \$4.25/1,000 gallons (2 inch meters and less)
- Water usage rate - \$6.26/1,000 gallons (3 inch meters and up)
- Flat rate monthly charge for ¾ inch meter - \$15
- Flat rate monthly charge for 1 inch meter - \$15
- Flat rate monthly charge for 2 inch meter or greater - \$40
- Customer deposits increased to \$75.

In order to spread the cost of maintenance evenly over time, the County entered into a fifteen year maintenance contract. Other capital items funded include: (1) replace utility trucks (\$40,000), (2) update mapping (\$15,000), (3) refurbish water department office (\$30,794), and (4) install telemetry at two water plants (\$17,500).



Pamlico County Management's Discussion and Analysis

Requests for Information

This report is designed to provide an overview of the County's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to:

County Finance Officer
P.O. Box 776
Bayboro, North Carolina 28515

Pamlico County
Statement of Net Position
June 30, 2015
Exhibit 1

	Governmental Activities	Business- type Activities	Total	Component Unit Pamlico County ABC Board
ASSETS				
Cash and cash equivalents	\$ 8,648,790	\$ 3,701,246	\$ 12,350,036	\$ 316,558
Taxes receivable (net)	1,117,241	-	1,117,241	-
Accounts receivable (net)	1,772,677	437,324	2,210,001	-
Inventories	-	25,345	25,345	257,294
Prepaid items	5,407	-	5,407	-
Restricted cash and cash equivalents	163,503	42,225	205,728	-
Note receivable	368,100	-	368,100	-
Net pension asset	438,733	32,728	471,461	-
Capital assets:				
Land and construction in progress	383,397	70,286	453,683	36,749
Other capital assets, net	10,696,247	13,318,497	24,014,744	40,761
Total assets	23,594,095	17,627,651	41,221,746	651,362
DEFERRED OUTFLOWS OF RESOURCES	305,977	23,321	329,298	-
LIABILITIES				
Accounts payable	656,287	58,723	715,010	132,447
Accrued interest payable	105,673	-	105,673	-
Prepaid fees	1,600	-	1,600	-
Customer deposits	-	42,225	42,225	-
Long-term liabilities:				
Due within one year	752,426	532,779	1,285,205	-
Due in more than one year	11,021,252	4,297,690	15,318,942	-
Total liabilities	12,537,238	4,931,417	17,468,655	132,447
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	97,557	-	97,557	-
Pension deferrals	980,244	79,038	1,059,282	-
Total deferred inflows of resources	1,077,801	79,038	1,156,839	-
NET POSITION				
Net investment in capital assets	3,094,688	8,629,979	11,724,667	77,510
Restricted for:				
Stabilization by State Statute	1,775,147	-	1,775,147	-
Other purposes	791,263	-	791,263	235,855
Unrestricted	4,623,935	4,010,538	8,634,473	205,550
Total net position	\$ 10,285,033	\$ 12,640,517	\$ 22,925,550	\$ 518,915

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

Pamlico County
Statement of Activities
For the Fiscal Year Ended June 30, 2015
Exhibit 2

Functions/ Programs	Net (Expense) Revenue and Changes in Net Position							Component Unit Pamlico County ABC Board
	Expenses	Program Revenues			Primary Government		Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 2,313,800	\$ 62,503	\$ -	\$ -	\$ (2,251,297)	\$ -	\$ (2,251,297)	
Public safety	4,370,192	1,163,740	16,343	-	(3,190,109)	-	(3,190,109)	
Environmental protection	255,815	53,685	20,678	-	(181,452)	-	(181,452)	
Economic and physical development	3,335,767	16,727	3,438,570	11,607	131,137	-	131,137	
Human services	4,479,835	65,738	2,598,715	-	(1,815,382)	-	(1,815,382)	
Cultural and recreation	498,526	6,720	-	-	(491,806)	-	(491,806)	
Education	3,886,549	-	-	-	(3,886,549)	-	(3,886,549)	
Interest on long-term debt	338,228	-	-	-	(338,228)	-	(338,228)	
Total governmental activities	19,478,712	1,369,113	6,074,306	11,607	(12,023,686)	-	(12,023,686)	
Business-type activities:								
Water	2,084,132	2,317,152	-	-	-	233,020	233,020	
Total primary government	\$ 21,562,844	\$ 3,686,265	\$ 6,074,306	\$ 11,607	(12,023,686)	233,020	(11,790,666)	
Component Unit:								
Pamlico County ABC Board	\$ 947,459	\$ 957,324	\$ -	\$ -				\$ 9,865
General revenues:								
Taxes:								
Property taxes, levied for general purposes					10,729,313	-	10,729,313	-
Local option sales tax					2,177,501	-	2,177,501	-
Other taxes					607,506	-	607,506	-
Investment earnings					8,208	2,151	10,359	99
Miscellaneous					280,921	147,602	428,523	36
Total general revenues					13,803,449	149,753	13,953,202	135
Transfers					95,000	(95,000)	-	-
Change in net position					1,874,763	287,773	2,162,536	10,000
Net position - beginning, as previously reported					8,925,776	12,396,819	21,322,595	508,915
Restatement					(515,506)	(44,075)	(559,581)	-
Net position - beginning, as restated					8,410,270	12,352,744	20,763,014	508,915
Net position - ending					\$10,285,033	\$ 12,640,517	\$ 22,925,550	\$ 518,915

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

Pamlico County
Balance Sheet – Governmental Fund
June 30, 2015
Exhibit 3

	Major Fund			Other Non- major Governmental Funds	Total Governmental Funds
	General	Hazard Mitigation Grant Fund			
ASSETS					
Cash and cash equivalents	\$ 8,461,344	\$ -	\$ 799,694	\$ 9,261,038	
Taxes receivable (net)	1,045,448	-	71,793	1,117,241	
Accounts receivable (net)	1,032,148	729,451	11,078	1,772,677	
Due from other funds	2,470	-	-	2,470	
Prepaid items	2,687	-	2,720	5,407	
Restricted cash and cash equivalents	-	-	163,503	163,503	
Total assets	10,544,097	729,451	1,048,788	12,322,336	
LIABILITIES					
Accounts payable and accrued liabilities	478,945	170,771	6,571	656,287	
Cash overdraft	-	607,351	4,897	612,248	
Due to other funds	-	-	2,470	2,470	
Prepaid fees	1,600	-	-	1,600	
Total liabilities	480,545	778,122	13,938	1,272,605	
DEFERRED INFLOWS OF RESOURCES					
Property tax receivable	1,045,448	-	71,793	1,117,241	
Prepaid taxes	97,557	-	-	97,557	
Total deferred inflows of resources	1,143,005	-	71,793	1,214,798	
FUNDBALANCES					
Non-spendable	2,687	-	2,720	5,407	
Restricted					
Stabilization of State Statute	1,034,618	729,451	11,078	1,775,147	
Public safety	-	-	270,992	270,992	
Economic development	-	-	513,864	513,864	
Register of Deeds	-	-	6,407	6,407	
Committed	-	-	163,503	163,503	
Assigned	499,715	-	-	499,715	
Unassigned	7,383,527	(778,122)	(5,507)	6,599,898	
Total fund balances	8,920,547	(48,671)	963,057	9,834,933	
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,544,097	\$ 729,451	\$ 1,048,788	\$ 12,322,336	

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

Pamlico County
Balance Sheet – Governmental Fund
June 30, 2015
Exhibit 3

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds	\$ 9,834,933
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Gross capital assets at historical cost	16,347,966
Accumulated depreciation	<u>(5,268,322)</u>
	11,079,644
Net pension asset	438,733
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	305,977
Deferred inflows of resources for taxes receivable in fund statements.	1,117,241
Pension deferrals	(980,244)
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore, not reported in the funds.	<u>(11,511,251)</u>
Net position of governmental funds	<u>\$ 10,285,033</u>

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

Pamlico County
**Statement of Revenues, Expenditures, and Changes
in Fund Balance – Governmental Fund
For the Fiscal Year Ended June 30, 2015**
Exhibit 4

	<u>Major Fund</u>			Total Governmental Funds
	General	Hazard Mitigation Grant Fund	Other Non- major Governmental Funds	
REVENUES				
Ad valorem taxes	\$ 10,195,767	\$ -	\$ 619,826	\$ 10,815,593
Local option sales tax	2,177,501	-	-	2,177,501
Other taxes and licenses	509,836	-	118,348	628,184
Unrestricted intergovernmental	1,163,051	-	-	1,163,051
Restricted intergovernmental	3,293,267	2,594,355	305,178	6,192,800
Permits and fees	253,208	-	-	253,208
Sales and services	83,426	-	16,727	100,153
Investment earnings	8,171	-	37	8,208
Miscellaneous	6,051	-	1,008	7,059
Total revenues	17,690,278	2,594,355	1,061,124	21,345,757
EXPENDITURES				
Current:				
General government	2,215,218	-	-	2,215,218
Public safety	3,640,865	-	784,208	4,425,073
Environmental protection	239,077	-	-	239,077
Economic and physical development	499,836	2,634,060	209,574	3,343,470
Human services	4,502,867	-	-	4,502,867
Cultural and recreation	493,078	-	-	493,078
Education	3,886,549	-	-	3,886,549
Debt service:				
Interest	396,068	-	-	396,068
Principal	458,598	-	-	458,598
Total expenditures	16,332,156	2,634,060	993,782	19,959,998
Excess (deficiency) of revenues over expenditures	1,358,122	(39,705)	67,342	1,385,759
OTHER FINANCING SOURCES (USES)				
Installment purchase obligation	-	-	500,000	500,000
Transfer from other funds	95,000	-	-	95,000
Total other financing sources (uses)	95,000	-	500,000	595,000
Net change in fund balance	1,453,122	(39,705)	567,342	1,980,759
Fund balances - beginning	7,467,425	(8,966)	395,715	7,854,174
Fund balances - ending	\$ 8,920,547	\$ (48,671)	\$ 963,057	\$ 9,834,933

The accompanying footnotes are an integral part of these financial statements.

Pamlico County

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance – Governmental Fund
For the Fiscal Year Ended June 30, 2015
Exhibit 5**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds	\$ 1,980,759
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 depreciation exceeded capital outlay in the current period.	(249,251)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	305,977
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(86,280)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	15,438
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.	(91,880)
Total changes in net position of governmental activities	\$ 1,874,763

The accompanying footnotes are an integral part of these financial statements.

Pamlico County
**Statement of Revenues, Expenditures, and Changes
in Fund Balance - General Fund – Budget and Actual
For the Fiscal Year Ended June 30, 2015**
Exhibit 6

	General Fund			Variance with
	Original Budget	Final Budget	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 9,793,575	\$ 10,146,863	\$ 10,195,767	\$ 48,904
Local option sales tax	1,803,417	1,898,917	2,177,501	278,584
Other taxes and licenses	298,202	580,202	509,836	(70,366)
Unrestricted intergovernmental	981,656	1,090,906	1,163,051	72,145
Restricted intergovernmental	3,068,642	3,241,758	3,293,267	51,509
Permits and fees	268,876	260,876	253,208	(7,668)
Sales and services	122,746	122,080	83,426	(38,654)
Investment earnings	10,000	10,000	8,171	(1,829)
Miscellaneous	-	70	6,051	5,981
Total revenues	16,347,114	17,351,672	17,690,278	338,606
EXPENDITURES				
Current:				
General government	2,244,737	2,606,757	2,215,218	391,539
Public safety	3,490,384	3,950,345	3,640,865	309,480
Environmental protection	248,783	319,078	239,077	80,001
Economic and physical development	492,263	616,287	499,836	116,451
Human services	4,934,103	5,148,411	4,502,867	645,544
Cultural and recreation	525,915	552,362	493,078	59,284
Education	3,886,549	3,886,549	3,886,549	-
Debt service				
Principal	458,138	458,638	458,598	40
Interest	397,346	397,346	396,068	1,278
Total expenditures	16,678,218	17,985,773	16,332,156	1,603,617
Revenues over (under) expenditures	(331,104)	(584,101)	1,358,122	1,942,223
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	95,000	95,000	95,000	-
Fund balance appropriated	236,104	489,101	-	(489,101)
Net change in fund balance	\$ -	\$ -	1,453,122	\$ 1,453,122
Fund balances - beginning			<u>7,467,425</u>	
Fund balance - ending			<u>\$ 8,920,547</u>	

The accompanying footnotes are an integral part of these financial statements.

Pamlico County
**Statement of Revenues, Expenditures, and Changes in Fund
Balance – Hazard Mitigation Grant Fund – Budget and Actual
For the Fiscal Year Ended June 30, 2015
Exhibit 7**

	Hazard Mitigation Grant Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
REVENUES				
Restricted intergovernmental	\$ 15,028,124	\$ 15,028,124	\$ 2,594,355	\$ (12,433,769)
Total revenues	15,028,124	15,028,124	2,594,355	(12,433,769)
EXPENDITURES				
Current:				
Economic and physical development	15,028,124	15,028,124	2,634,060	12,394,064
Total expenditures	15,028,124	15,028,124	2,634,060	12,394,064
Net change in fund balance	\$ -	\$ -	(39,705)	\$ (39,705)
Fund balances - beginning			(8,966)	
Fund balance - ending			<u>\$ (48,671)</u>	

The accompanying footnotes are an integral part of these financial statements.

Pamlico County
Statement of Net Position – Proprietary Funds
June 30, 2015
Exhibit 8

	Water Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,701,246
Accounts receivable (net)	437,324
Inventories	25,345
Restricted cash and cash equivalents	42,225
Total current assets	4,206,140
Noncurrent assets:	
Net pension asset	32,728
Capital assets:	
Land	70,286
Capital assets, net of depreciation	13,318,497
Total capital assets	13,388,783
Total assets	\$ 17,627,651
DEFERRED OUTFLOWS OF RESOURCES	
Contributions to pension plan	\$ 23,321
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	58,723
Compensated absences	12,000
Current portion of long-term debt	520,779
Customer deposits payable from restricted assets	42,225
Total current liabilities	633,727
Noncurrent liabilities:	
Compensated absences	15,618
Installment purchases payable	4,238,025
Other post-employment benefits	44,047
Total noncurrent liabilities	4,297,690
Total liabilities	4,931,417
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	79,088
NET POSITION	
Net investment in capital assets	8,629,979
Unrestricted	4,010,538
Total net position	\$ 12,640,517

The accompanying footnotes are an integral part of these financial statements.

Pamlico County
**Statement of Revenues, Expenses and Changes in Fund Net Position –
 Proprietary Funds
 For the Fiscal Year Ended June 30, 2015
 Exhibit 9**

	Water Fund
OPERATING REVENUES	
Charges for services	\$ 2,217,547
Water taps	47,300
User fees	31,425
Other operating revenues	20,880
Total operating revenues	2,317,152
OPERATING EXPENSES	
Water operations	1,357,813
Depreciation	698,932
Total operating expenses	2,056,745
Operating income (loss)	260,407
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	2,151
Reimbursements	147,602
Interest on long-term debt	(27,387)
Total nonoperating revenues (expenses)	122,366
Income (loss) before contributions and transfers	382,773
Transfer to other funds	(95,000)
Change in net position	287,773
Total net position, previously reported	12,396,819
Restatement	(44,075)
Total net position, restated	12,352,744
Total net position, ending	\$ 12,640,517

The accompanying footnotes are an integral part of these financial statements.

Pamlico County
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2015
Exhibit 10

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,215,331
Cash paid for goods and services	(994,859)
Cash paid to or on behalf of employees	(540,417)
Customer deposits received	4,680
Customer deposits returned	(4,505)
Net cash provided (used) by operating activities	680,230
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES	
Transfer to other funds	(95,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Other non-operating revenues	147,602
Acquisition of capital assets	(372,281)
Principal paid on long-term debt	(524,167)
Interest paid on long-term debt	(27,387)
Net cash provided (used) by capital and financing activities	(776,233)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	2,151
Net increase (decrease) in cash and cash equivalents	(188,852)
Balances, beginning of year	3,932,323
Balances, ending of year	\$ 3,743,471
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 260,407
Adjustments to reconcile income to cash provided by operations:	
Depreciation	688,932
Pension expense	2,235
(Increase) decrease in accounts receivable	(100,571)
(Increase) decrease in inventory	(5,141)
Increase (decrease) in accounts payable	(160,082)
Increase (decrease) in accrued vacation	(1,497)
Increase (decrease) in customer deposits	175
Increase (decrease) in OPEB liability	9,043
(Increase) decrease in deferred outflows of resources for pensions	(23,321)
Total adjustments	419,823
Net cash provided by operating activities	\$ 680,230

The accompanying footnotes are an integral part of these financial statements.

Pamlico County
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2015
Exhibit 11

	<u>Agency Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 74,618
Accounts receivable (net)	181,981
<hr/>	
Total assets	\$ 256,599
<hr/>	
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 256,599
<hr/>	
Total liabilities	\$ 256,599
<hr/>	

The accompanying footnotes are an integral part of these financial statements.

I. Summary of Significant Accounting Policies

The accounting policies of Pamlico County and its component units 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 principals, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The discretely presented component unit presented below is reported in a separate column in the County's financial statements in order to emphasize that it is legally separate from the County.

Pamlico County ABC Board

The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State Statute to distribute its surplus to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County. Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Pamlico County ABC Board, P.O. Box 86, Bayboro, NC 28515.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (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.

Pamlico County Notes to the Financial Statements

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

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

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund is a major fund for fund financial reporting purposes.

Hazard Mitigation Grant Fund. This fund is used to account for activity related to the Hazard Mitigation grant.

The County reports the following major enterprise funds:

Water Fund. This fund is used to account for the operations of the water fund. The capital reserve fund, Minnesott Pressure Improvement Project, and Kershaw Water Treatment Project are included in the Water Fund's financial statements.

The County reports the following fund types:

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Social Services Department for the benefit of certain individuals; the Jail Inmate Fund, which accounts for monies deposited on behalf of the Jail's inmates; the Bay River Metropolitan Sewer District, which accounts for funds held for sewer services billed and collected by the County on behalf of the sewer district.

Nonmajor Funds. The County maintains eight legally budgeted nonmajor governmental funds. The Fire Districts Fund, the Reappraisal Fund, the Emergency Telephone System Fund, the CDBG Scattered Sites Fund; the Register of Deeds Enhancement and Preservation Fund; the 4-H Fund; and the Electronic Management Fund are reported as nonmajor special revenue funds. The PCC Roof project fund is reported as nonmajor capital projects funds.

Pamlico County Notes to the Financial Statements

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 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 are 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 nonoperating 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 nonoperating 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.

Pamlico County Notes to the Financial Statements

At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with the change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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 position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, special revenue funds, and Water Fund. All annual appropriations lapse at the fiscal year-end. Project ordinance are adopted for multi-year special revenue funds, capital project funds, and the water capital projects. All budgets are prepared using the modified accrual basis of accounting.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for the General Fund, special revenue funds, and the Water Fund, and the object level for the multi-year special revenue funds and capital project funds. The County Manager is authorized to transfer any appropriations within a fund. The governing board must approve all amendments that increase total revenues or expenditures of a fund. 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. During the year, several amendments to the original budget were necessary.

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, 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, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

2. Cash and Cash Equivalents

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The 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 services for which the deposit was collected. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

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, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013.

Pamlico County Notes to the Financial Statements

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. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

The inventories of the County and ABC Board are valued at cost (first-in, first-out), which approximates market. The inventory of the Water Fund as well as those of the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's Water Fund and ABC Board is recorded as an expense as it is consumed or sold.

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

7. Capital Assets

Capital assets are defined by the County as assets with an initial, individual cost greater than \$5,000 and an estimated useful life greater than two years. Such assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. 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 and Pamlico Community College properties, which 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, the Board of Education, and Community College give the Board of Education and Community College 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 and Community College once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as fixed assets in the financial statements of the Pamlico County Board of Education and Pamlico Community College.

Pamlico County
Notes to the Financial Statements

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

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements	25 years
Furniture and equipment	5-10 years
Vehicles	5-10 years
Computer equipment	5 years

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

<u>Asset</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	5-10 years
Buildings	50 years

8. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion – pension related deferrals, and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has three items that meet the criterion for this category – prepaid taxes, and other pension related deferrals.

9. 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 Statement of Net Position.

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

10. Compensated Absences

The vacation policies of the County provide for the accumulation of up to 30 days earned vacation leave, with such leave being fully vested when earned. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned in the County's government-wide, and proprietary funds.

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component unit.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either (a) externally imposed by creditors, grantors, contributors, laws or regulations of other governments or (b) imposed by law through State statute.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Prepays – portion of fund balance that is not an available resource because it represents prepaid amounts, which are not spendable resources.

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

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

Restricted for Register of Deeds – portion of fund balance that is restricted by revenue sources to pay for the computer equipment and imaging technology for the Register of Deeds' office.

Pamlico County Notes to the Financial Statements

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for public safety related activities, such as police, fire, and emergency telephone system.

Restricted for Economic and Physical Development – portion of fund balance that is restricted by revenue source for economic development.

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

Committed for Tax Revaluation – portion of fund balance committed by the Board of Commissioners that can only be used for tax revaluation.

Assigned Fund Balance – This classification is the portion of fund balance that the County’s governing board has budgeted.

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

Pamlico County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The finance officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The County has not adopted a formal fund balance policy.

12. Defined Benefit Pension Plans

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

Pamlico County
Notes to the Financial Statements

Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between total fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$450,100 consists of several elements as follows:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds	\$ 16,347,966
Less accumulated depreciation	<u>(5,268,322)</u>
Net capital assets	11,079,644
Net pension asset	438,733
Contributions to pension plan in the current fiscal year	305,977
Deferred inflows of resources reported in the government-wide statements but not the fund statements	
Deferred inflows of resources for taxes	1,117,241
Pension related deferrals	(980,244)
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:	
Installment financing	(10,286,312)
Compensated absences	(310,840)
Other post-employment benefits	(602,805)
Net pension obligation	(121,268)
Capital lease obligation	(84,353)
Accrued interest payable	<u>(105,673)</u>
Total adjustment	<u><u>\$ 450,100</u></u>

Pamlico County
Notes to the Financial Statements

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 includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of (\$105,996) as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 201,331
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	(450,582)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(500,000)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	458,598
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	305,977
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	56,840
Compensated absences	42,106
Other post-employment benefits	(96,003)
Net pension obligation	(11,978)
County's portion of collective pension expense	(26,005)
Revenues reported in the statement of activities that do not provide current resources are not recorded in the fund statements.	
Decrease in deferred inflows of resources	(86,280)
Total adjustment	\$ (105,996)

II. Stewardship, Compliance, and Accountability

A. Deficit in Fund Balance of Individual

The County's Hazard Mitigation Grant Funds had deficit fund balance of \$48,671. The County's All Fire Districts Fund had deficit fund balance of \$4,897. The deficit fund balances will be eliminated with future revenues or transfers in from other funds.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's and 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's 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 entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or 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 undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial 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, 2015, the County's deposits had a carrying amount of \$1,139,876. The bank balances with financial institutions were \$1,494,245. Of these bank balances, \$500,000 was covered by federal depository insurance and \$994,245 was covered by collateral held under the Pooling Method.

At June 30, 2015, Pamlico County had \$1,187 cash on hand.

Pamlico County
Notes to the Financial Statements

At June 30, 2015, the carrying amount of deposits for Pamlico County ABC Board was \$313,808 and the bank balance was \$308,981. Of these bank balances, \$250,000 was covered by federal depository insurance and \$58,981 was covered by collateral held under the Pooling Method.

At June 30, 2015, the ABC Board had \$2,750 cash on hand.

2. Investments

At June 30, 2015, the County had \$11,489,319 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 on credit risk.

At June 30, 2015, the ABC Board had no investments.

Interest Rate Risk. The County limits all securities to a final maturity of no more than three years.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSRO's); however, the County had no formal policy on managing credit risk. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2015.

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
2012	\$ 362,037	\$ 118,694	\$ 480,731
2013	471,675	112,078	583,753
2014	481,080	70,966	552,046
2015	487,745	28,047	515,792
Total	\$ 1,802,537	\$ 329,785	\$ 2,132,322

Pamlico County
Notes to the Financial Statements

4. Receivables

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

	Taxes		Accounts		Total
Governmental activities:					
General	\$ 1,395,448	\$	1,082,148	\$	2,427,596
Other Governmental	71,793		740,529		812,322
Total receivables	1,467,241		1,772,677		3,239,918
Allowance for doubtful accounts	(350,000)		-		(350,000)
Total governmental activities	\$ 1,117,241	\$	1,772,677	\$	2,889,918
Business-type activities:					
Water	\$ -	\$	474,405	\$	474,405
Allowance for doubtful accounts	-		(37,081)		(37,081)
Total business-type activities	\$ -	\$	437,324	\$	437,324

Due from other governments that is owed to the County consists of the following:

Local options sales tax	\$ 601,172
White goods disposal tax	934
Scrap tire tax	4,433
Total	\$ 606,539

5. Note Receivables

The County also has recorded an amount due from Bay River Metropolitan Sewer District for \$368,100 at June 30, 2015, 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.

Pamlico County
Notes to the Financial Statements

6. Capital Assets

Primary Government

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 334,634	\$ -	\$ -	\$ 334,634
Construction in Progress	9,500	39,263	-	48,763
Total capital assets not being depreciated	344,134	39,263	-	383,397
Capital assets being depreciated:				
Buildings and improvements	12,477,197	-	-	12,477,197
Equipment and vehicles	3,325,304	162,068	-	3,487,372
Total capital assets being depreciated	15,802,501	162,068	-	15,964,569
Less accumulated depreciation for:				
Buildings and improvements	2,563,685	238,969	-	2,802,654
Equipment and vehicles	2,254,055	211,613	-	2,465,668
Total accumulated depreciation	4,817,740	450,582	-	5,268,322
Total capital assets being depreciated, net	<u>10,984,761</u>			<u>10,696,247</u>
Governmental activities capital assets net	<u>\$11,328,895</u>			<u>\$11,079,644</u>

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

General government	\$ 190,827
Public safety	145,653
Environmental protection	22,149
Human services	79,225
Cultural and recreation	12,728
Total depreciation expense	<u>\$ 450,582</u>

Pamlico County
Notes to the Financial Statements

A summary of changes in the County's capital assets used in enterprise fund activities follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 70,286	\$ -	\$ -	\$ 70,286
Construction in Progress	896,701	303,104	1,199,805	-
Total capital assets not being depreciated	966,987	303,104	1,199,805	70,286
Capital assets being depreciated:				
Buildings and improvements	7,155,435	-	-	7,155,435
Plant	9,244,234	1,218,686	-	10,462,920
Equipment and vehicles	2,269,673	50,296	-	2,319,969
Total capital assets being depreciated	18,669,342	1,268,982	-	19,938,324
Less accumulated depreciation for:				
Buildings and improvements	2,297,565	281,119		2,578,684
Plant	2,656,436	295,541		2,951,977
Equipment and vehicles	966,894	122,272		1,089,166
Total accumulated depreciation	5,920,895	\$ 698,932	\$ -	6,619,827
Total capital assets being depreciated, net	<u>12,748,447</u>			<u>13,318,497</u>
Business-type activities capital assets net	<u>\$13,715,434</u>			<u>\$13,388,783</u>

Pamlico County
Notes to the Financial Statements

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 36,749	\$ -	\$ -	\$ 36,749
Capital assets being depreciated:				
Furniture and equipment	75,400	-	-	75,400
Buildings	306,980	-	-	306,980
Total capital assets being depreciated	382,380	-	-	382,380
Less accumulated depreciation for:				
Furniture and equipment	62,737	3,867	-	66,604
Buildings	268,001	7,014	-	275,015
Total accumulated depreciation	330,738	10,881	-	341,619
Total capital assets being depreciated, net	<u>51,642</u>			<u>40,761</u>
Governmental activities capital assets net	<u>\$ 88,391</u>			<u>\$ 77,510</u>

B. Liabilities

1. Payables

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

Type of Payable	Governmental Activities	Business-type Activities	Total
Trade payables	\$ 484,652	\$ 42,995	\$ 527,647
Salaries payable	171,635	15,728	187,363
Total	<u>\$ 656,287</u>	<u>\$ 58,723</u>	<u>\$ 715,010</u>

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a

Pamlico County Notes to the Financial Statements

LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$326,080 for the year ended June 30, 2015.

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

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

At June 30, 2015, the County reported an asset of \$437,945 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions.

The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was 0.074%, which was a decrease of 0.001% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$29,901. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 47,853
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,019,527
Changes in proportion and differences between County contributions and proportionate share of contributions	-	(9,750)
County contributions subsequent to the measurement date	326,080	-
Total	\$ 326,080	\$ 1,057,630

\$326,080 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (264,431)
2017	(264,431)
2018	(264,431)
2019	(264,337)
2020	-
Thereafter	-

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

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

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

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

Pamlico County Notes to the Financial Statements

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	36.00%	2.5%
Global Equity	40.50%	6.1%
Real Estate	8.00%	5.7%
Alternatives	6.50%	10.5%
Credit	4.50%	6.8%
Inflation Protection	4.50%	3.7%
Total	100.00%	

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

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

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

Pamlico County
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benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Discount Rate	1% Increase
	(6.25%)	(7.25%)	(8.25%)
County's proportionate share of the net pension liability (asset)	\$ 1,486,577	\$ (437,945)	\$ (2,058,331)

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

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. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. For reporting purposes, the Separation Allowance is presented as a pension trust fund; however, it does not meet the criteria for trust funds outlined in GASB Statement 68.

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

Retirees receiving benefits	1
Active plan members	<u>18</u>
Total	<u>19</u>

A separate report was not issued for the plan.

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Notes to the Financial Statements

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 costs. 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. 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 in the current year.

The annual required contribution for the current year was determined as part of the December 31, 2014, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5 percent investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25 to 7.85 percent per year. Both (a) and (b) included an inflation component of 3 percent. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as level dollar on a closed basis. The remaining amortization period at December 31, 2014, was 16 years.

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

Employer annual required contribution	\$ 20,563
Interest on net pension obligation	5,465
Adjustment to annual required contributions	<u>(9,232)</u>
Annual pension costs	16,796
Employer contributions made for fiscal year	<u>(4,818)</u>
Increase (decrease) in net pension obligation	11,978
Net pension obligation - beginning	<u>109,290</u>
Net pension obligation - ending	<u><u>\$ 121,268</u></u>

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4. Funded Status and Funding Progress

Year End June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	\$ 16,738	4.83%	\$ 101,371
2014	14,191	44.20%	109,290
2015	16,796	28.68%	121,268

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$169,983. The covered payroll (annual payroll of active employees covered by the plan) was \$665,589 and the ratio of the UAAL to the covered payroll was 25.54%.

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 are increasing or decreasing over time relative to the actuarial accrued liability for benefits. A separate report was not issued for the plan.

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, 2015 were \$64,596 which consisted of \$32,255 from the County and \$32,341 from the law enforcement officers.

The County has adopted the Supplemental Retirement Plan of North Carolina 401(k) for its non-law enforcement employees. The County does not contribute to the plan; however, employees may make voluntary contributions to the plan. The total contributions by the employees for the year ended June 30, 2015 was \$64,009.

d. Registers of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,218 for the year ended June 30, 2015.

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

At June 30, 2015, the County reported an asset of \$33,516 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was 0.148%, which was an increase of 0.012% from its proportion measured as of June 30, 2013.

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For the year ended June 30, 2015, the County recognized pension expense of \$(1,661). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (308)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	180
Changes in proportion and differences between County contributions and proportionate share of contributions	-	1,780
County contributions subsequent to the measurement date	3,218	-
Total	\$ 3,218	\$ 1,652

\$3,218 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (714)
2017	(714)
2018	(179)
2019	(45)
2020	-
Thereafter	-

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

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

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

Pamlico County Notes to the Financial Statements

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

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

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

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

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

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

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (30,096)	\$ (33,516)	\$ (36,456)

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

e. Other Post employment Benefit

Healthcare Benefits

Plan Description. In addition to providing pension benefits, the County provides healthcare benefits as a single-employer defined benefit plan for retirees of the County under the North Carolina Local Governmental Employees’ Retirement System or the North Carolina Law Enforcement Officers’ Local Governmental Employees’ Retirement System who have their last five years of continuous service with the County at the time of retirement. The County has elected to contribute 2% of the cost of retiree health insurance to the plan, for each year of service. The benefits are available until the retiree reaches their 65th birthday, or obtains Medicare, whichever comes first.

Retirees can purchase coverage for their dependents at the County’s group rates until the retiree reaches age 65, or until the retiree obtains Medicare, whichever comes first. Currently, two retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2015, the County made payments for post-retirement health benefit premiums of \$16,011. The County purchases healthcare coverage through private insurers. A separate report was not issued for the plan.

Membership of the plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	4	-
Terminated plan members entitled to, but not yet receiving benefits	-	-
Active plan members	125	17
Total	129	17

Funding Policy. The County pays 2% of the cost of coverage for the healthcare benefits, for each year of service, for qualified retirees under a County resolution that can be amended by the County Board. The County’s members pay the current active employee rate for dependent coverage, if the retiree elects to purchase the coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 2.64% of annual covered payroll. For the current year, the County contributed \$16,011 or 0.35% of annual covered payroll. The County purchases healthcare coverage through private insurers. There were no contributions made by employees, except for dependent

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coverage in the amount of \$14,981. The County's obligation to contribute to the plan is established and may be amended by the County Board.

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

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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 contributions	\$ 120,089
Interest on net OPEB obligation	21,672
Adjustments to annual required contributions	<u>(20,704)</u>
Annual OPEB cost (expense)	121,057
Contributions made	<u>(16,011)</u>
Increase (decrease) in net OPEB obligation	105,046
Net OPEB obligation - beginning	<u>541,806</u>
Net OPEB obligation - ending	<u><u>\$ 646,852</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years 2012-2014 were as follows:

Year End	Annual OPEB	Percentage of	Net OPEB
June 30	Cost	Annual OPEB	Obligation
Cost	Contributed	Cost	Obligation
2013	\$ 112,918	20.19%	\$ 446,823
2014	113,413	16.25%	541,806
2015	121,057	13.20%	646,852

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$915,384. The covered payroll (annual payroll of active employees covered by the plan) was \$4,551,899 and the ratio of the UAAL to the covered payroll was 20.1%.

Pamlico County Notes to the Financial Statements

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, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75% to 5.00% annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of long-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, 2014 was 30 years.

f. Other Employment Benefits

The County has elected to provide death benefits to law enforcement officers 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.

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For the fiscal year ended June 30, 2015, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established. The period of reprieve is determined separately for law enforcement officers. Pamlico County will have a 3 year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

3. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pensions - difference between expected and actual experience	\$ -	\$ 47,545
Pensions - difference between projected and actual investment earnings	-	1,019,707
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	-	(7,970)
Contributions to pension plan in current fiscal year	329,298	
Prepaid taxes not yet earned (General)	-	97,557
Total	<u>\$ 329,298</u>	<u>\$ 1,156,839</u>

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. Through these pools, the County obtains property coverage equal to replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence, auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers compensation coverage up to the statutory limits. All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County.

Pamlico County Notes to the Financial Statements

The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for worker's compensation.

Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$498 million purchased through a group of commercial carriers through the multi-state public entity captive.

The Company provides employee health benefits through a plan provided by First Carolina Care Insurance Company. The County is fully insured and responsible only for the premium paid. Employees are covered and have a \$1,000 deductible refunded up to \$500. There is no yearly or lifetime maximum.

The County carries flood insurance in the amounts of \$50,000 for contents and \$500,000 for property through a private insurer.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through commercial crime coverage with a \$250,000 occurrence limit. Individuals holding positions requiring statutory bonds are covered elsewhere. The Finance Officer and Tax Collector are each individually bonded for \$50,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

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.

5. Contingent Liabilities

At June 30, 2015, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

6. Long-Term Obligations

a. Capital Leases

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

Pamlico County
Notes to the Financial Statements

The agreement was executed on January 10, 2014 and requires five annual payments of \$23,184. Under the terms of the agreement, title passes at the end of the lease term.

For Pamlico County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

Year Ending June 30		
2016	\$	23,184
2017		23,184
2018		23,184
2019		23,184
Total minimum lease payments		92,736
Less: amount representing interest		(8,383)
Present value of minimum lease payments	\$	84,353

b. Installment Purchase

Serviced by the General Fund:

\$3,297,262 note for Pamlico County High School Cafeteria, issued April 2012, interest at 2.59%, due in semi-annual payments ranging from \$144,970 to \$177,846 plus interest, final payment September 2022; secured by building	\$ 2,301,356
\$2,207,897 USDA loan to purchase building, issued July 2009, interest at 4.125%, due in annual installments of \$118,731 including interest, final payment July 2045; secured by building	2,056,024
\$1,840,500 State Revolving Loan issued December 1998, interest at 3.035%, payable in semi-annual interest payments and annual principal payments of \$92,025; final payment due in 2019; secured by Bay River Metropolitan Sewer District system assets (See ** below for further details)	368,100
\$5,938,685 USDA Loan for Law Enforcement Center, issued June 2009, interest ranging from 4.25% to 4.375%, payable in annual installments of \$322,450, including interest, final payment June 2046; secured by building	5,428,932
\$500,000 note for Pamlico Community College roof replacement, issued May 2015, interest at 2.19%, payable in semi-annual principal payments of \$25,000 plus interest, final payment May 2025; secured by building	500,000
Total	\$10,654,412

Pamlico County Notes to the Financial Statements

** Bay River Metropolitan Sewer District – In 1999, the County obtained installment financing from the North Carolina Department of Environment and Natural Resources to finance the construction of sewer system improvements. In 2000, the County transferred the system assets and liabilities to the Bay River Metropolitan Sewer District (BRMSD). The inter-local agreement between the County and BRMSD requires BRMSD to pay the principal and interest of the loan directly to the State from revenues derived from the sewer system. The note is legally in the name of the County; therefore, a note receivable is reported in the County’s financial statements, as well as the outstanding loan balance. The related system assets are not reported in the County’s financial statements.

Serviced by the Water Districts

\$1,513,819 State Revolving Loan, issued September 2007, interest at 2.305%, payable in annual installments of \$94,109, plus interest, final payment May 2023; secured by Southeast Water Tower	\$ 752,876
\$3,888,793 State Revolving Loan, issued March 2012, interest at 0.00%, payable in annual installments ranging from \$214,489 to \$192,212, final payment May 2032; secured by system assets	3,267,603
\$652,738 Kershaw Road Loan, issued April 2012, interest at 1.97%, payable in annual installments ranging from \$42,925 to \$141,925, including interest, final payment in June 2018; secured by building	276,787
\$576,923 Kershaw Water Plant Refurbishing Loan, issued May 2014, Interest at 0.00%, payable in annual installments of \$115,385, final Payment April 2019; unsecured	<u>461,538</u>
Total	<u>\$ 4,758,804</u>

Pamlico County
Notes to the Financial Statements

Annual debt service payments to maturity for the County's notes payable are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 490,507	\$ 389,489	\$ 520,779	\$ 22,816
2017	491,674	374,881	517,324	18,292
2018	492,959	360,246	443,802	13,845
2019	494,367	345,488	401,706	10,846
2020	495,907	330,599	286,321	8,677
2021-2025	1,795,954	1,443,147	1,243,388	13,015
2026-2030	994,847	1,211,058	961,060	-
2031-2035	1,227,399	978,506	384,424	-
2036-2040	1,514,353	691,551	-	-
2041-2045	1,865,188	337,458	-	-
2046-2049	423,157	18,024	-	-
Total	\$ 10,286,312	\$ 6,480,447	\$ 4,758,804	\$ 87,491

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, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Installment notes	\$ 10,225,763	\$ 500,000	\$ 439,451	\$10,286,312	\$ 490,507
Installment note serviced by					
Bay River Sewer Authority	460,125	-	92,025	368,100	92,025
Capital lease obligations	103,500	-	19,147	84,353	19,894
Compensated absences	352,946	128,456	170,562	310,840	150,000
Other postemployment benefits	506,802	112,014	16,011	602,805	-
Net pension liability (LRS)	834,247	-	834,247	-	-
Net pension obligation	109,290	16,796	4,818	121,268	-
Governmental activity long-term liabilities	\$ 12,592,673	\$ 757,266	\$ 1,576,261	\$11,773,678	\$ 752,426
Business-type activities:					
Installment notes	\$ 5,282,971	\$ -	\$ 524,167	\$ 4,758,804	\$ 520,779
Compensated absences	29,115	13,682	15,179	27,618	12,000
Net pension liability (LRS)	67,380	-	67,380	-	-
Other postemployment benefits	35,004	9,043	-	44,047	-
Business-type long-term liabilities	\$ 5,414,470	\$ 22,725	\$ 606,726	\$ 4,830,469	\$ 532,779

Pamlico County
Notes to the Financial Statements

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

Compensated absences for governmental activities typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that the employees are taking leave time as it is earned. The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

C. Net Investment in Capital Assets

	Governmental	
	Activities	Business-type Activities
Capital assets	\$ 11,079,644	\$ 13,388,783
Total long-term debt	10,286,312	4,758,804
Pamlico County Board of Education debt:		
High school cafeteria	(2,301,356)	-
Long-term debt related to capital assets	7,984,956	4,758,804
Net investment in capital assets	\$ 3,094,688	\$ 8,629,979

D. Fund Balance

Pamlico County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The finance officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The County has not adopted a formal fund balance policy.

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

Total fund balance - General Fund	\$ 8,920,547
Less:	
Prepays	(2,687)
Stabilization by State Statute	(1,084,618)
Appropriated Fund Balance in 2016 budget	(499,715)
Remaining Fund Balance	<u>\$ 7,383,527</u>

Pamlico County
Notes to the Financial Statements

E. Interfund Balances and Activity

Transfers to/ from other funds at June 30, 2015 consist of the following:

Transfer from the Water Fund to General Fund for administrative purposes	\$ 95,000
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Balances due to/from other funds at June 30, 2015 consist of the following:

Due to General Fund from CDBG Scattered Site	\$ 2,470
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IV. Related Organizations

The County's governing board is responsible for appointing the members of various advisory and legislative boards throughout the County; however, the County's accountability for these organizations does not extend beyond making these appointments.

V. Joint Ventures

The County, in conjunction with Carteret County and Craven County, participates in the Coastal Regional Solid Waste Management Authority. The 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 paid \$18,705 to the Authority during the fiscal year ended June 30, 2015, which represents the Scrap Tire Disposal tax collected by the County. The participating governments did not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2015. Complete financial statements for the Authority can be obtained from the Authority's administrative offices at 7400 Old Highway 70 West, P.O. Box 128, Cove City, North Carolina 28560.

The County participates in a joint venture to operate East Carolina Behavioral Health with nine other counties. One commissioner from each County serves on the Board of 20 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, 2015. Money received from the ABC Board designated for alcohol education is passed through to the Center. Complete financial statements for the Center may be obtained from the Center's offices at 144 Community College Road, Ahoskie, North Carolina 27910.

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 Community College is included as a component unit of the State of North Carolina.

Pamlico County Notes to the Financial Statements

The County has an ongoing financial responsibility to providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. The County contributed \$612,411 to the Community College during the fiscal year ended June 30, 2015. 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, 2015. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at Highway 306 South, Grantsboro, NC 28529.

VI. Jointly Governed Organizations

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. For the year ended June 30, 2015, the County was responsible for 93% of the librarian's salary and benefits and 50% match of the expenditures related to the Opportunities Grant. The library is dependent upon future funding of Pamlico County and 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 interlocal 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 the 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 the County in exchange for the County assuming the Town's debt. The County subsequently leased the system to the District, whereby the system and related debt were 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 complete 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, 2015, as the District assumed liability for payment of this loan, in accordance with the above mentioned inter-local agreement.

Pamlico County
Notes to the Financial Statements

VII. 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	\$10,436,046	\$ 5,764,036
NC Health Choice	285,760	89,680
Women, Infants, and Children	215,791	-
Temporary Assistance for Needy Families	36,536	-
Foster Care	22,727	7,830
Adoption Assistance	29,003	7,523
CWS Adoption Subsidy	-	40,665
SC/SA Domiciliary Care Payment	-	73,194
State Foster Home	-	2,850
Total	\$11,025,863	\$ 5,985,788

VIII. Component Unit Transactions

In the fiscal year 2015, the County and Pamlico County ABC Board, its component unit, reported the following transactions:

Purpose	Amount
Profit distribution	\$ 36,281
ABC law enforcement	575
Total	\$ 36,856

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IX. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys 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.

X. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects of net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$515,506 and \$44,075, respectively.

Pamlico County
Law Enforcement Officers' Special Separation Allowance
Required Supplemental 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	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2014	\$ -	\$ 169,983	\$ 169,983	0.00%	\$ 665,589	25.54%
12/31/2013	-	135,263	135,263	0.00%	483,802	27.96%
12/31/2012	-	124,940	124,940	0.00%	558,156	22.38%
12/31/2011	-	124,001	124,001	0.00%	617,646	20.08%
12/31/2010	-	120,174	120,174	0.00%	595,481	20.18%
12/31/2009	-	137,480	137,480	0.00%	572,360	24.02%
12/31/2008	-	107,690	107,690	0.00%	496,067	21.71%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2015	\$ 16,796	28.69%
2014	17,381	36.09%
2013	17,783	40.55%
2012	16,909	0.00%
2011	18,754	0.00%
2010	14,243	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 as of the dates indicated. Additional information as of the latest valuation follows:

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar dosed
Remaining amortization period	16 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return *	5.00%
Projected salary increase *	4.25%- 7.85%
Cost-of-living adjustments	N/A

*Includes inflation at 3.0%

Pamlico County
Other Post-employment Benefits
Retiree Health Plan
Required Supplemental 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	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2011	\$ -	\$ 888,047	888,047	0.00%	\$4,788,430	18.55%
12/31/2008	-	746,126	746,126	0.00%	4,415,117	16.90%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2015		
2014	110,960	16.61%
2013	110,960	20.54%
2012	110,960	16.61%

Notes to the Required Schedules:

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

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return *	4.00%
Projected salary increase *	7.50%- 5.00%
Cost-of-living adjustments	2020

*Includes inflation at 3.0%

Pamlico County
Schedule of the County's Proportionate Share
of Net Pension Liability (Asset)
Local Government Employees' Retirement System
Required Supplemental Information

	2015	2014
County's proportion of the net pension liability (asset) (%)	0.074%	0.075%
County's proportion of the net pension liability (asset) (\$)	\$ (437,945)	\$ 901,627
County's covered-employee payroll	\$ 5,306,399	\$ 5,180,842
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-8.25%	17.40%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

Pamlico County
Schedule of the County Contributions
Local Governmental Employee's Retirement System
Required Supplemental Information

	2015	2014
Contractually required contribution	\$ 326,080	\$ 311,843
Contributions in relation to the contractually required contribution	<u>326,080</u>	<u>311,843</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 5,306,399	\$ 5,180,842
Contributions as a percentage of covered-employee payroll	6.15%	6.02%

Pamlico County
Schedule of the County's Proportionate Share
of the Net Pension Liability (Asset)
Register of Deeds' Supplemental Pension Fund
Required Supplemental Information

	2015	2014
County's proportion of the net pension liability (asset) (%)	0.148%	0.136%
County's proportion of the net pension liability (asset) (\$)	\$ (33,516)	\$ (28,996)
County's covered-employee payroll	\$ 70,901	\$ 70,768
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-47.27%	-40.97%
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%

Pamlico County
Schedule of County Contributions
Register of Deeds' Supplemental Pension Fund
Required Supplemental Information

	2015	2014
Contractually required contribution	\$ 3,218	\$ 1,207
Contributions in relation to the contractually required contribution	<u>3,218</u>	<u>1,207</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 70,901	\$ 70,768
Contributions as a percentage of covered-employee payroll	4.54%	1.71%

Pamlico County
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes			
Taxes		\$ 10,082,994	
Penalties and interest		112,773	
Total	\$ 10,146,863	10,195,767	\$ 48,904
Local option sales tax			
Article 39 and 44		1,011,079	
Article 40		725,546	
Article 42		440,876	
Total	1,898,917	2,177,501	278,584
Other taxes and licenses			
Documentary stamps		58,982	
Scrap tire disposal tax		16,518	
White goods disposal tax		4,160	
Medicaid hold harmless		412,675	
Other taxes		17,501	
Total	580,202	509,836	(70,366)
Unrestricted intergovernmental			
Beer and wine tax		36,815	
ABC profit distribution		36,200	
School resource officer		43,324	
Sheriff & Jail fees		1,007,405	
Facility fees		13,431	
Sales tax refunds		25,876	
Total	1,090,906	1,163,051	72,145
Restricted intergovernmental			
Federal and State grants		3,272,564	
Controlled substance tax		16,185	
ABC profit for law enforcement		158	
ABC bottle tax		4,360	
Total	3,241,758	3,293,267	51,509

Pamlico County
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

Permits and fees			
Building permits		147,988	
Register of Deeds		51,535	
Other permits and fees		53,685	
Total	260,876	253,208	(7,668)
Sales and services			
Rents and concessions		10,968	
Recreation fees		6,720	
Patient Fees - Nursing Home & Health Dept.		10,471	
Senior Citizens fees		1,455	
Other fees		53,812	
Total	122,080	83,426	(38,654)
Investment earnings	10,000	8,171	(1,829)
Miscellaneous	70	6,051	5,981
Total revenues	17,351,672	17,690,278	338,606
EXPENDITURES			
General government			
Governing board			
Salaries and benefits		78,668	
Operating expenditures		354,694	
Total	471,473	433,362	38,111
County manager			
Salaries and benefits		158,376	
Operating expenditures		12,671	
Total	186,051	171,047	15,004
Personnel			
Salaries and benefits		122,693	
Operating expenditures		6,290	
Total	152,157	128,983	23,174
Finance			
Salaries and benefits		278,651	
Operating expenditures		59,191	
Total	377,862	337,842	40,020

Pamlico County
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

Tax Administrator			
Salaries and benefits		311,188	
Operating expenditures		131,101	
Total	568,101	442,289	125,812
Board of Elections			
Salaries and benefits		79,085	
Operating expenditures		41,146	
Total	146,833	120,181	26,652
Register of Deeds			
Salaries and benefits		97,079	
Operating expenditures		31,693	
Total	152,752	128,772	23,980
Data processing	62,165	40,610	21,555
Public Buildings			
Salaries and benefits		110,082	
Operating expenditures		246,653	
Capital outlay		55,447	
Total	489,363	412,132	77,231
Total general government	2,606,757	2,215,218	391,539
Public safety			
Sheriff			
Salaries and benefits		1,009,100	
Operating expenditures		306,143	
Capital outlay		111,486	
Total	1,513,515	1,426,729	86,786
Jail			
Salaries and benefits		877,574	
Operating expenditures		530,976	
Total	1,509,587	1,408,550	101,037

Pamlico County
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

Dispatch			
Salaries and benefits		216,834	
Operating expenditures		417	
Total	268,928	217,251	51,677
Medical examiner	26,900	16,700	10,200
Emergency management			
Salaries and benefits		55,692	
Operating expenditures		19,503	
Fire Departments		66,308	
Rescue Squads		407,632	
Capital outlay		22,500	
Total	631,415	571,635	59,780
Total public safety	3,950,345	3,640,865	309,480
Environmental Protection			
Recycling			
Salaries and benefits		91,004	
Operating expenditures		66,756	
Total	204,935	157,760	47,175
Landfill monitoring	17,600	5,423	12,177
Animal control			
Salaries and benefits		39,557	
Operating expenditures		36,337	
Total	96,543	75,894	20,649
Total environmental protection	319,078	239,077	80,001
Economic & physical development			
Planning			
Salaries and benefits		34,934	
Operating expenditures		10,520	
Total	72,056	45,454	26,602

Pamlico County
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

Building inspections			
Salaries and benefits		144,007	
Operating expenditures		21,561	
Total	185,808	165,568	20,240
Soil conservation			
Salaries and benefits		79,759	
Operating expenditures		49,585	
Total	147,369	129,344	18,025
Cooperative extension	109,569	73,400	36,169
Forrestry	101,485	86,070	15,415
Total economic & physical development	616,287	499,836	116,451
Human services			
Senior Center			
Salaries and benefits		153,945	
Operating expenses		113,114	
Small home repair		3,545	
NRCOG Nutrition		3,054	
Senior health insurance info		3,374	
Total	345,455	277,032	68,423
Health department			
Salaries and benefits		143,843	
Operating expenses		92,665	
Bioterrorism		26,229	
Tuberculosis		25,476	
Communicable disease		43,133	
Immunization action plan		29,300	
Primary care		82,096	
Breast cervical cancer		16,640	
Child health		19,592	
Maternal health		36,965	
Women preventive health		100,497	
Health promotion		15,783	
Child services		21,917	
Wise woman program		372	
Mbsquito control		732	
Environmental health		189,629	
HIV/STD		16,402	
Food and lodging		59,323	
Woman, infant and children		91,195	
Total	1,256,357	1,011,789	244,568

Pamlico County
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

East Carolina Behavioral Health	36,593	31,209	5,384
Social services			
Salaries and benefits		1,777,719	
Operating expenditures		225,080	
Jobs program		317	
Work First transportation		2,106	
Medicaid transportation		109,705	
Special Assistance for Adults		85,659	
State foster care		5,700	
AFDC/TANF foster care		41,021	
Emergency foster care		1,292	
Aid to the blind		1,116	
Adoption assistance		17,432	
Crisis intervention program		36,007	
Daycare		529,162	
Child support		1,124	
Aging services		45,566	
Duke Energy utility program		73,591	
Transportation		94,210	
NRCOG chore services		54,312	
Total	3,395,185	3,101,119	294,066
Veterans services	20,010	10,738	9,272
Department of Juvenile Justice Partnership			
Juvenile Service Restitution		17,279	
Task Force Certification		125	
Intervention - delinquency		53,576	
Total	94,811	70,980	23,831
Total human services	5,148,411	4,502,867	645,544
Cultural and recreation			
Salaries and benefits		202,426	
Operating expenditures		94,560	
Total	356,270	296,986	59,284
Libraries	196,092	196,092	-
Total cultural and recreation	552,362	493,078	59,284

Pamlico County
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

Education			
Pamlico County Board of Education			
Current		3,124,138	
Capital		150,000	
Total	3,274,138	3,274,138	-
Pamlico Community College	612,411	612,411	-
Total education	3,886,549	3,886,549	-
Debt service			
Principal	458,638	458,598	40
Interest	397,346	396,068	1,278
Total debt service	855,984	854,666	1,318
Total expenditures	17,985,773	16,332,156	1,603,617
Revenues over (under) expenditures	(584,101)	1,358,122	1,942,223
OTHER FINANCING SOURCES (USES)			
Transfer from Water Fund	95,000	95,000	-
Fund balance appropriated	489,101	-	(489,101)
Net change in fund balance	\$ -	1,453,122	\$ 1,453,122
Fund balance, beginning		<u>7,467,425</u>	
Fund balance, ending		<u>\$ 8,920,547</u>	

Pamlico County
Schedule of Revenues, Expenditures
and Changes in Fund Balances
Hazard Mitigation Grant Fund
For The Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental	\$ 15,028,124	\$ 2,594,355	\$ (12,433,769)
EXPENDITURES			
Economic & physical development			
Soft costs	1,826,964	460,451	1,366,513
Acquisition	6,523,866	1,644,953	4,878,913
Administration	355,500	9,500	346,000
Clearance	861,374	53,344	808,030
Rehabilitation	5,460,420	465,812	4,994,608
Total expenditures	15,028,124	2,634,060	12,394,064
Revenues over (under) expenditures	\$ -	(39,705)	\$ (39,705)
Fund balance, beginning		(8,966)	
Fund balance, ending		\$ (48,671)	

Pamlico County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds								Total Non-Major Governmental Funds
	Fire District Funds	Reappraisal Fund	Emergency Telephone System Fund	CDBG Scattered Site Fund	Register of Deeds Enhancement & Preservation	4H Fund	Electronic Management Fund	PCC Roof Project	
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ 275,028	\$ 2,500	\$ 6,407	\$ 12,984	\$ 3,022	499,753	\$ 799,694
Accounts receivable	-	-	8,298	2,780	-	-	-	-	11,078
Taxes receivable, net	71,793	-	-	-	-	-	-	-	71,793
Prepaid items	-	-	-	-	-	2,720	-	-	2,720
Restricted cash and cash equivalents	-	163,503	-	-	-	-	-	-	163,503
Total assets	71,793	163,503	283,326	5,280	6,407	15,704	3,022	499,753	1,048,788
LIABILITIES									
Accounts payable	-	-	4,036	640	-	329	526	1,040	6,571
Due to other funds	-	-	-	2,470	-	-	-	-	2,470
Cash overdraft	4,897	-	-	-	-	-	-	-	4,897
Total liabilities	4,897	-	4,036	3,110	-	329	526	1,040	13,938
DEFERRED INFLOWS OF RESOURCES									
Property taxes receivable	71,793	-	-	-	-	-	-	-	71,793
FUND BALANCES									
Non-spendable	-	-	-	-	-	2,720	-	-	2,720
Restricted									
Stabilization by State Statute	-	-	8,298	2,780	-	-	-	-	11,078
Public Safety	-	-	270,992	-	-	-	-	-	270,992
Economic and physical development	-	-	-	-	-	12,655	2,496	498,713	513,864
Register of deeds	-	-	-	-	6,407	-	-	-	6,407
Committed	-	163,503	-	-	-	-	-	-	163,503
Unassigned	(4,897)	-	-	(610)	-	-	-	-	(5,507)
Total fund balances	(4,897)	163,503	279,290	2,170	6,407	15,375	2,496	498,713	963,057
Total liabilities, deferred inflows of resources and fund balances	\$ 71,793	\$ 163,503	\$ 283,326	\$ 5,280	\$ 6,407	\$ 15,704	\$ 3,022	\$ 499,753	\$ 1,048,788

Pamlico County
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balance
Non-major Governmental Funds
For The Fiscal Year Ended June 30, 2015

Special Revenue Funds

	Fire District Funds	Reappraisal Fund	Emergency Telephone System Fund	CDBG Scattered Site Fund	Register of Deeds Enhancement & Preservation	4H Fund	Electronic Management Fund	PCC Roof Project	Total Non- Major Governmental Funds
REVENUES									
Ad valorem taxes	\$ 576,715	\$ 43,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 619,826
Restricted intergovernmental	21,500	-	99,580	166,006	6,485	-	-	11,607	305,178
Other taxes and license	118,348	-	-	-	-	-	-	-	118,348
Sales and service	-	-	-	-	-	16,727	-	-	16,727
Investment earnings	-	28	-	-	-	2	-	7	37
Miscellaneous	-	-	-	-	-	-	1,008	-	1,008
Total revenues	716,563	43,139	99,580	166,006	6,485	16,729	1,008	11,614	1,061,124
EXPENDITURES									
Current									
Public safety	707,310	-	76,898	-	-	-	-	-	784,208
Economic & physical development	-	-	-	163,881	12,433	20,228	131	12,901	209,574
Total expenditures	707,310	-	76,898	163,881	12,433	20,228	131	12,901	993,782
Revenues over (under) expenditures	9,253	43,139	22,682	2,125	(5,948)	(3,499)	877	(1,287)	67,342
OTHER FINANCING SOURCES (USES)									
Installment purchase obligation issued	-	-	-	-	-	-	-	500,000	500,000
Revenues and other sources over (under) expenditures and other uses	9,253	43,139	22,682	2,125	(5,948)	(3,499)	877	498,713	567,342
Fund balances, beginning	(14,150)	120,364	256,608	46	12,354	18,874	1,619	-	395,715
Fund balances, ending	\$ (4,897)	\$ 163,503	\$ 279,290	\$ 2,171	\$ 6,406	\$ 15,375	\$ 2,496	\$ 498,713	\$ 963,057

Pamlico County
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
Fire District Funds
For The Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes	\$ 686,304	\$ 576,715	\$ (109,589)
Other taxes	117,707	118,348	641
Restricted intergovernmental	21,500	21,500	-
Total revenues	825,511	716,563	(108,948)
EXPENDITURES			
Public safety			
Operating expenditures	825,511	707,310	(118,201)
Revenues over (under) expenditures	\$ -	9,253	\$ 9,253
Fund balance, beginning		<u>(14,150)</u>	
Fund balance, ending		<u>\$ (4,897)</u>	

Pamlico County
Schedule of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual
Reappraisal Fund
For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes	\$ 42,000	\$ 43,111	\$ 1,111
Investment earnings	50	28	(22)
Total revenues	42,050	43,139	1,089
EXPENDITURES			
General government			
Operating expenditures	42,050	-	42,050
Revenues over (under) expenditures	\$ -	43,139	\$ 43,139
Fund balance, beginning		<u>120,364</u>	
Fund balance, ending		<u>\$ 163,503</u>	

Pamlico County
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
Emergency Telephone System Fund
For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental	\$ 99,000	\$ 99,580	\$ 580
EXPENDITURES			
Public safety			
Salaries and benefits		791	
Contracted services		66,359	
Operating expenditures		4,250	
Capital outlay		5,498	
Total expenditures	99,000	76,898	22,102
Revenues over (under) expenditures	\$ -	22,682	\$ 22,682
Fund balance, beginning		256,608	
Fund balance, ending		\$ 279,290	

Pamlico County
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance- Budget and Actual
 CDBG Scattered Site Fund
 From Inception and for the Fiscal Year Ended June 30, 2015

	Project Authorization	Prior Year	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
REVENUES					
Restricted revenues:					
CDBG Grant SS-C-2437	\$ 225,000	\$ 11,913	\$ 166,006	\$ 177,919	\$ (47,081)
EXPENDITURES					
Economic and physical development					
Clearance	14,500	-	-	-	14,500
Rehabilitation	188,000	4,372	153,448	157,820	30,180
Administration	22,500	7,495	10,433	17,928	4,572
Total expenditures	225,000	11,867	163,881	175,748	49,252
Revenues over (under) expenditures	\$ -	\$ 46	2,125	\$ 2,171	\$ 2,171
Fund balance, beginning			46		
Fund balance, ending			\$ 2,171		

Pamlico County
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
Register of Deeds Enhancement Preservation Fund
For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Other taxes and license			
Other taxes	\$ 1,998	\$ 6,485	\$ 4,487
EXPENDITURES			
Economic and physical development			
Operating expenditures		6,033	
Capital outlay	-	6,400	
Total expenditures	12,432	12,433	(1)
Revenues over (under) expenditures	(10,434)	(5,948)	4,486
Appropriated fund balance	10,434	-	(10,434)
Net change in fund balance	\$ -	(5,948)	\$ (5,948)
Fund balance, beginning		<u>12,354</u>	
Fund balance, ending		<u>\$ 6,406</u>	

Pamlico County
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
4-H Fund
For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Sales and service	\$ 20,310	\$ 16,727	\$ (3,583)
Investment earnings	-	2	2
Total revenues	20,310	16,729	(3,581)
EXPENDITURES			
Economic and physical development			
Operating expenditures	28,552	20,228	8,324
Revenues over (under) expenditures	(8,242)	(3,499)	4,743
Appropriated fund balance	8,242	-	(8,242)
Net change in fund balance	\$ -	(3,499)	\$ (3,499)
Fund balance, beginning		<u>18,874</u>	
Fund balance, ending		<u>\$ 15,375</u>	

Pamlico County
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
Electronic Management Fund
For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Miscellaneous	\$ 1,942	\$ 1,008	\$ (934)
EXPENDITURES			
Economic and physical development			
Operating expenditures	1,942	131	1,811
Revenues over (under) expenditures	\$ -	877	\$ 877
Fund balance, beginning		<u>1,619</u>	
Fund balance, ending		<u>\$ 2,496</u>	

Pamlico County
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
PCC Roof Replacement Project
From Inception and for the Fiscal Year Ended June 30, 2015

	Project	Actual	Variance
	Authorization	Current	Positive
		Year	(Negative)
REVENUES			
Restricted Intergovernmental	\$ 50,000	\$ 11,607	\$ (38,393)
Investment earnings	-	7	7
Total revenues	50,000	11,614	(38,386)
EXPENDITURES			
Economic and physical development			
Construction	456,000	-	456,000
Professional fees	12,121	11,001	1,120
Administration	22,850	1,900	20,950
Contingency	44,000	-	44,000
Total expenditures	534,971	12,901	522,070
Revenues over (under) expenditures	(484,971)	(1,287)	483,684
OTHER FINANCING SOURCES (USES)			
Installment purchase obligation issued	484,971	500,000	15,029
Total other financing sources (uses)	484,971	500,000	15,029
Revenues and other sources			
over (under) expenditures	\$ -	\$ 498,713	\$ 498,713

Pamlico County
Schedule of Revenues, Expenditures and
Budget and Actual (Non-GAAP)
Water Fund
For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues			
Charges for services	\$ 2,223,494	\$ 2,217,547	\$ (5,947)
Taps and connection fees	47,000	47,300	300
Other operating revenue	20,740	19,630	(1,110)
Total	2,291,234	2,284,477	(6,757)
Nonoperating revenues			
Reimbursements	242,800	147,602	(95,198)
Total revenues	2,534,034	2,432,079	(101,955)
EXPENDITURES			
Water operations			
Salaries and benefits		540,417	
Contract services		328,898	
Monitoring services		46,048	
Utilities		120,203	
Maintenance and repairs		22,337	
Supplies and materials		297,695	
Other operating expenditures		14,504	
Total	1,869,097	1,370,102	498,995
Debt service			
Principal		524,167	
Interest		27,388	
Total	583,751	551,555	32,196
Capital outlay	504,000	69,177	434,823
Total expenditures	2,956,848	1,990,834	966,014
Revenues over (under) expenditures	(422,814)	441,245	864,059

Pamlico County
Schedule of Revenues, Expenditures and
Budget and Actual (Non-GAAP)
Water Fund
For the Fiscal Year Ended June 30, 2015

OTHER FINANCING SOURCES (USES)

Transfer from other funds	517,814	-	(517,814)
Transfer to other funds	(95,000)	(95,000)	-
Total other financing sources (uses)	422,814	(95,000)	(517,814)
Fund balance appropriated		-	-
Revenues and other sources over (under)			
<u>expenditures and other uses</u>	<u>\$ -</u>	<u>346,245</u>	<u>\$ 346,245</u>

Reconciliation from budgetary basis to
full accrual:

Reconciling items:

Decrease in accrued vacation	1,497
Increase in accrued OPEB liability	(9,043)
Capital reserve revenues	33,576
Capital outlay	69,177
Debt principal	524,167
Deferred outflows of resources for contributions made to pension plan in current fiscal year	23,321
Pension expense	(2,235)
Depreciation	(698,932)
Total reconciling items	<u>(58,472)</u>
Change in net position	<u>\$ 287,773</u>

Pamlico County
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water Fund – Capital Reserve Fund
From Inception and for the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
User fees	\$ 40,000	\$ 31,425	\$ (8,575)
Non-operating revenues:			
Investment earnings	2,500	2,151	(349)
Total revenues	42,500	33,576	(8,924)
OTHER FINANCING SOURCES (USES)			
Transfer to other funds	517,814	296,600	221,214
Fund balance appropriated	475,314	-	(475,314)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ (263,024)	\$ (263,024)

Pamlico County
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Minnesott Pressure Improvement Project
For the Fiscal Year Ended June 30, 2015

	Project Authorization	Prior Year	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
REVENUES					
Operating revenues	\$ -	\$ 33,009	\$ -	\$ 33,009	\$ 33,009
Investment earnings	-	4,293	-	4,293	4,293
Total revenues	-	37,302	-	37,302	37,302
EXPENDITURES					
Economic and physical development					
Construction	4,702,421	3,579,413	-	3,579,413	1,123,008
Professional fees	-	2,743	-	2,743	(2,743)
Interest and fees	77,786	93,670	-	93,670	(15,884)
Total expenditures	4,780,207	3,675,826	-	3,675,826	1,104,381
Revenues over (under) expenditures	(4,780,207)	(3,638,524)	-	(3,638,524)	1,141,683
OTHER FINANCING SOURCES (USES)					
Transfer from other funds	487,849	213,006	-	213,006	(274,843)
Long-term debt proceeds	8,292,358	7,888,793	-	7,888,793	(403,565)
Refinance of interim loan	(4,000,000)	(4,000,000)	-	(4,000,000)	-
Total other financing sources (uses)	4,780,207	4,101,799	-	4,101,799	(678,408)
Revenues and other sources over (under) expenditures	\$ -	\$ 463,275	\$ -	\$ 463,275	\$ 463,275

Pamlico County
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Kershaw Water Treatment Plant Project
For the Fiscal Year Ended June 30, 2015

	Project Authorization	Prior Year	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
EXPENDITURES					
Economic and physical development					
Construction	\$ 1,221,000	\$ 895,483	\$ 292,484	\$1,187,967	\$ 33,033
Professional fees	25,600	1,219	10,620	11,839	13,761
Total expenditures	1,246,600	896,702	303,104	1,199,806	46,794
Revenues over (under) expenditures	(1,246,600)	(896,702)	(303,104)	(1,199,806)	46,794
OTHER FINANCING SOURCES					
Transfer from other funds	669,677	373,077	296,600	669,677	-
Long-term debt proceeds	576,923	576,923	-	576,923	-
Total other financing sources (uses)	1,246,600	950,000	296,600	1,246,600	-
Revenues and other sources over (under) expenditures	\$ -	\$ 53,298	\$ (6,504)	\$ 46,794	\$ 46,794

Pamlico County
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Social services:				
Assets:				
Cash and cash equivalents	\$ 32,447	\$ 157,357	\$ 150,440	\$ 39,364
Liabilities:				
Accounts payable	\$ 32,447	\$ 157,357	\$ 150,440	\$ 39,364
Jail Inmate Trust:				
Assets:				
Cash and cash equivalents	\$ 14,805	\$ 160,615	\$ 165,134	\$ 10,286
Liabilities:				
Accounts payable	\$ 14,805	\$ 160,615	\$ 165,134	\$ 10,286
Bay River Metropolitan Sewer District:				
Assets:				
Cash and cash equivalents	\$ 19,222	\$1,226,915	\$ 1,221,169	\$ 24,968
Accounts receivable	192,057	1,210,868	1,220,944	181,981
Total assets	<u>\$ 211,279</u>	<u>\$2,437,783</u>	<u>\$ 2,442,113</u>	<u>\$ 206,949</u>
Liabilities:				
Accounts payable	<u>\$ 211,279</u>	<u>\$1,216,839</u>	<u>\$ 1,221,169</u>	<u>\$ 206,949</u>
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 66,474	\$1,544,887	\$ 1,536,743	\$ 74,618
Accounts receivable	192,057	1,210,868	1,220,944	181,981
Total assets	<u>\$ 258,531</u>	<u>\$2,755,755</u>	<u>\$ 2,757,687</u>	<u>\$ 256,599</u>
Liabilities:				
Accounts payable	<u>\$ 258,531</u>	<u>\$1,534,811</u>	<u>\$ 1,536,743</u>	<u>\$ 256,599</u>

Pamlico County
 Schedule of Ad Valorem Taxes Receivable
 June 30, 2015

Fiscal Year	Uncollected Balance June 30, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2014-2015	\$ -	\$ 10,112,880	\$ 9,697,304	\$ 415,576
2013-2014	528,236	443	261,770	266,909
2012-2013	279,105	253	95,618	183,740
2011-2012	153,937	-	37,834	116,103
2010-2011	129,838	-	30,687	99,151
2009-2010	94,049	-	12,454	81,595
2008-2009	84,154	-	8,786	75,368
2007-2008	64,877	-	8,967	55,910
2006-2007	51,445	-	5,793	45,652
2005-2006	59,042	-	3,598	55,444
2004-2005	34,514	-	34,514	-
	<u>\$ 1,479,197</u>	<u>\$ 10,113,576</u>	<u>\$ 10,197,325</u>	<u>1,395,448</u>
				Less: allowance for uncollectible amounts <u>(350,000)</u>
				Ad valorem taxes receivable - net <u>\$ 1,045,448</u>
				<u>Reconciliation with revenues:</u>
				Ad valorem taxes - General Fund \$ 10,195,767
				Ad valorem taxes - Reappraisal Fund 43,111
				Penalties and interest (112,773)
				Tax garnishment fees collected (17,520)
				Taxes written off 88,740
				<u>Total collections and credits \$ 10,197,325</u>

Pamlico County
Analysis of Current Tax Levy
County-wide Levy
For the Year Ended June 30, 2015

	Property Valuation	Rate	Total Levy	Total Levy	
				Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Property taxed at current	\$ 1,597,859,217	\$ 0.625	9,986,620	\$ 9,280,258	\$ 706,362
Less: Senior Citizens exemptions	(17,711,170)	0.625	(110,694)	(110,694)	-
Public utilities	31,736,054	0.625	198,350	198,350	
Penalties	-		9,344	9,344	-
Discoveries	8,443,667	0.625	52,773	52,773	-
Abatements	(3,762,106)	0.625	(23,513)	(23,513)	-
Total property valuation	<u>\$ 1,616,565,662</u>				
Net levy			\$10,112,880	\$ 9,406,518	\$ 706,362
Uncollected taxes at June 30, 2015			415,576	413,120	2,456
Current year's tax collected			<u>\$ 9,697,304</u>	<u>\$ 8,993,398</u>	<u>\$ 703,906</u>
Current levy collection percentage			<u>95.89%</u>	<u>95.61%</u>	<u>99.65%</u>

Pamlico County
Analysis of Current Tax Levy
County-wide Levy
For the Year Ended June 30, 2015

Secondary Market Disclosures:

Assessed Valuation:

Assessment ratio	100%
Real property	1,463,823,896
Personal property	121,005,712
Public service companies	<u>31,736,054</u>
Total assessed valuation	<u>\$ 1,616,565,662</u>
Tax rate per \$100	<u>\$ 0.625</u>
Levy (includes discoveries, releases and abatements)	<u>\$ 10,112,880</u>

**Pamlico County
Ten Largest Taxpayers
For the Fiscal Year Ended June 30, 2015**

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Weyerhaeuser Co.	Timber Land	\$ 23,433,143	1.45%
Burton Farm Development	Real Estate Developer	15,624,753	0.97%
River Dunes Investment	Real Estate Developer	15,011,287	0.93%
Reserveco Inc.	Real Estate Developer	10,063,288	0.62%
River Dunes Land Holdings LLC	Real Estate Developer	6,937,897	0.43%
RR Doc North III LLC	Real Estate Developer	5,157,730	0.32%
McCotter Farm LLC	Agriculture	4,246,895	0.26%
DC INV LLC	Real Estate Developer	3,940,083	0.24%
Fulcher Point LLC	Real Estate Developer	3,804,133	0.24%
Don Lee Farms Inc.	Agriculture	3,445,586	0.21%
		<u>\$ 91,664,795</u>	<u>5.67%</u>



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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***

Independent Auditor's Report

To the Board of Commissioners
Pamlico County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2015, and the related notes to the financial statements, which collectively comprises Pamlico County's basic financial statements, and have issued our report thereon dated November 23, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. [2015-1]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pamlico County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs. [2015-2]

Response to Findings

The Pamlico County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Carly Riggs & Ingram, L.L.C.

New Bern, North Carolina
November 23, 2015



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**Report On Compliance For Each Major Federal Program and Report on Internal Control
Over Compliance Required by OMB Circular A-133 and the State Single Audit
Implementation Act**

Independent Auditor's Report

To the Board of Commissioners
Pamlico County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Pamlico County, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Pamlico County's major federal programs for the year ended June 30, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Pamlico County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Pamlico County's compliance.

Opinion on Each Major Federal Program

In our opinion, Pamlico County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs. [2015-3] Our opinion on each major federal program is not modified with respect to these matters.

Pamlico County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Pamlico County's response was not subjected to the auditing procedure applied in the audit of compliance, and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Pamlico County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pamlico County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Pamlico County's internal control over compliance.

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

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

accompanying schedule of findings and questioned costs as item 2015-2 that we consider to be significant deficiencies.

Pamlico County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Pamlico County's response was not subjected to the auditing procedure applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Carri Riggs & Ingram, L.L.C.

New Bern, North Carolina
November 23, 2015

Pamlico County
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	___ yes	<u>X</u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u>X</u> yes	___ no
Non-compliance material to financial statements noted	___ yes	<u>X</u> no

Federal Awards

Internal control over financial reporting:		
• Material weakness(es) identified?	___ yes	<u>X</u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u>X</u> yes	___ no

Type of auditor's report issued on compliance for major federal programs:	Unmodified
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Any audit findings disclosure that are required to be reported in accordance with Section 510(a) of Circular A-133	___ yes	<u>X</u> no
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Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
93.778	Medical Assistance Program
97.039	Hazard Mitigation Grant Program
93.596, 93.575, 93.558, 93.658	Subsidized Child Care Program

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 479,653</u>
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Auditee qualified as a low-risk auditee?	___ yes	<u>X</u> no
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Pamlico County
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

State Awards

None

Section II. Financial Statement Findings

Significant Deficiencies

2015-1 Deficit fund balance

Criteria: General Statutes require that all money received and expended by a local government or public authority be included in the budget ordinance.

Condition: The Hazard Mitigation Grant Project and Fire District Funds had a deficit fund balance of \$48,671 and \$4,897, respectively, at June 30, 2015.

Effect: The County was in violation of North Carolina General Statutes by overspending the reserve balance at year end.

Cause: The County overspent its reserve balance due to a timing difference between the receipt and disbursement of funds.

Recommendation: The County should review its budget and reserve amounts to determine if appropriations are available before expenditure is made.

Views of responsible officials: The County agrees with this finding. The deficit fund balance will be restored to positive amounts with future revenues and transfers from other funds.

Section III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services
Passed through NC Dept of Health and Human Services
Program Name: Subsidized Child Care Program
CFDA #: 93.596, 93.575, 93.558, 93.658

Significant Deficiencies

2015-2 Improper file documentation

Criteria: The County is required to maintain proper file documentation and employment verification eligibility for all foster care cases applying for child care assistance.

Condition: The foster care cases selected for sampling did not have the required documentation regarding employment status to determine eligibility. This documentation was maintained in a separate file.

Effect: There is a risk of improper eligibility determination. However of the cases selected for testing; there were no cases determined to be ineligible for benefits.

Cause: There was a change in required documentation for foster care cases that was not properly communicated to the Department of Social Services. Therefore, the proper documentation was not maintained in the files as required.

Recommendation: Department of Social Services has been properly informed of the updated documentation requirements, and is currently maintaining proper file documentation and verification of employment.

Views of responsible officials: The County agrees with this finding, and corrective action has been implemented.

Section IV. State Award Findings and Questioned Costs

None reported.

Section II. Financial Statement Findings

Significant Deficiencies

2015-1 Deficit fund balance

Name of contact person: Bill Fentress, Finance Officer

Corrective Action: The deficit fund balance will be restored to positive amounts with future revenues and transfers from other funds.

Proposed Completion Date: Immediately

Section III. Federal Award Findings and Questioned Costs

Significant Deficiencies

2015-2 Improper file documentation

Name of contact person: Bill Fentress, Finance Officer

Corrective Action: Department of Social Services has been properly informed of the updated documentation requirements, and is currently maintaining proper file documentation and verification of employment.

Proposed Completion Date: Immediately

Section IV. State Award Findings and Questioned Costs

None reported.

Pamlico County
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2015

Section II. Financial Statement Findings

Significant Deficiencies

2014-001 Financial statement preparation

Status: This finding has been corrected, with the hiring and training of staff.

2014-002 Audit adjustments

Status: The finding has been corrected, with the hiring and training of staff.

2014-003 Segregation of duties

Status: The finding has been corrected, with the hiring, training, and reassignment of staff.

2014-004 Budgetary violation

Status: The finding has been partially corrected, as there were no current year expenditures greater than appropriations. However, the County still has two funds maintaining a deficit fund balance.

2014-005 Timely financial reporting

Status: The finding has been corrected, with the hiring and training of staff.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

Pamlico County
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2015

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
Federal Awards:				
<u>U.S. Dept. of Agriculture</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	XXXX	183,998	-
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	XXXX	75,746	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	XXXX	<u>215,791</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>475,535</u>	<u>-</u>
<u>U.S. Dept. of Housing and Urban Development</u>				
Passed-through the N.C. Department of Commerce:				
Community Development Block Grant	14.228	XXXX	<u>163,881</u>	<u>-</u>
Total U.S. Dept. of Transportation			<u>163,881</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Passed-through N.C. Department of Public Safety:				
Division of Emergency Management				
Emergency Management	97.042	XXXX	37,336	-
Hazard Mitigation Grant Program	97.039	XXXX	<u>2,594,355</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>2,631,691</u>	<u>-</u>
<u>U.S. Dept. of Health & Human Services</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Family Planning Services Title X	93.217	XXXX	26,107	1,021
Division of Aging and Adult Services				
<u>Aging Cluster:</u>				
Special Programs for the Aging - Title III B Grants for Supportive Services and Senior Centers	93.044	XXXX	50,061	77,344
Special Programs for the Aging - Title III C Nutrition Services	93.045	XXXX	36,977	26,048
Nutrition Services Incentive Program	93.053	XXXX	<u>12,842</u>	<u>-</u>
Total Aging Cluster			99,880	103,392

Pamlico County
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures
<u>Temporary Assistance for Needy Families Cluster</u>				
Temporary Assistance for Needy Families (TANF) / Work First	93.558	XXXX	141,726	-
TANF / Work First - Direct Benefit Payments	93.558	XXXX	36,536	-
Total TANF Cluster			178,262	-
<u>Foster Care and Adoption Cluster</u>				
Foster Care - Title IV-E	93.658	XXXX	95,180	12,073
Adoption Assistance	93.659	XXXX	1,574	-
Foster Care - Title IV-E - Direct Benefit Payments	93.658	XXXX	22,727	7,830
Adoption Assistance - Direct Benefit Payments	93.659	XXXX	29,003	7,523
Total Foster Care and Adoption Cluster			148,484	27,426
Family Preservation	93.556	XXXX	3,020	-
Child Support Enforcement	93.563	XXXX	93,417	-
Low Income Home Energy Assistance: Administration	93.568	XXXX	112,531	-
Stephanie Tubbs Jones Child Welfare Services Program - Permanency Planning	93.645	XXXX	3,429	-
SSBG - Other Service and Training	93.667	XXXX	52,189	5,658
LINKS	93.674	XXXX	1,280	-
Division of Child Development:				
Subsidized Child Care (Note 4)				
<u>Child Care Development Fund Cluster:</u>				
Division of Social Services:				
Child Care Development Fund-Administration	93.596	XXXX	80,000	-
Division of Child Development:				
Child Care and Development Block Grant	93.575	XXXX	182,869	-
Child Care and Development Fund – Mandatory	93.596	XXXX	79,617	-
Child Care and Development Fund – Match	93.596	XXXX	70,605	24,619
Total Child Care Development Fund Cluster			413,091	24,619
TANF	93.558	XXXX	110,563	-
ARRA—Emergency Contingency Fund for Temporary Foster Care Assistance for Needy Families State Program	93.658	XXXX	4,669	2,418
TANF - MDE		XXXX	-	23,785
State Appropriations		XXXX	-	30,165
Total Subsidized Child Care (Note 4)			528,323	80,987
Passed-through the NC. Dept. of Health and Human Services:				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778	XXXX	10,436,046	5,764,036

Pamlico County

Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2015

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Federal</u> <u>(Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
Administration:				
Medical Assistance Program	93.778	XXXX	647,386	163
Total Medical Assistance Program			11,083,432	5,764,199
Direct Benefit Payments:				
State Children's Insurance Program- NC Health Choice	93.767	XXXX	285,760	89,690
Division of Social Services:				
Administration:				
State Children's Insurance Program- NC Health Choice	93.767	XXXX	8,943	543
Total State Children's Insurance			294,703	90,233
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Cooperative Agreements for State-Based Comprehensive				
Breast and Cervical Cancer Early Detection Programs	93.919	XXXX	6,591	1,274
Preventive Health and Health Services Block Grant	93.991	XXXX	4,566	-
Public Health Emergency Preparedness	93.074	XXXX	29,948	-
Preventive Health Block Grant	93.758	XXXX	13,813	400
HIV Prevention	93.940	XXXX	1,000	-
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Maternal and Child Health Services Block Grant	93.994	XXXX	31,205	27,052
<u>Immunization Cluster</u>				
Immunization Grants	93.268	XXXX	5,153	50
Total U.S. Dept. of Health and Human Services			12,717,333	6,101,692
Total federal awards			15,988,440	6,101,692
State Awards:				
<u>N.C. Department of Environment and Natural Resources</u>				
Division of Waste Management				
Electronics Management		XXXX	-	1,007
Total N.C. Dept. of Environmental and			-	1,007
Natural Resources				
<u>N.C. Dept. of Health and Human Services</u>				
Division of Aging and Adult Services				
Division of Social Services				
State/County Special Assistance for Adults - DBP		XXXX	-	73,194
Child Welfare Benefits		XXXX	-	23,328
CWS Adoption Benefits		XXXX	-	40,665
State Foster Home		XXXX	-	2,850
Total Division of Social Service			-	140,037

Pamlico County
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2015

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Federal</u> <u>(Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
General Aid to Counties		XXXX	-	71,701
General Communicable Disease Control		XXXX	-	10,077
Food and Lodging		XXXX	-	3,999
Tuberculosis		XXXX	-	2,681
Total Division of Public Health			-	88,458
Total N. C. Department of Health and Human Services			-	228,495
 <u>N.C. Dept. of Public Safety</u>				
Juvenile Crime Prevention Programs		XXXX	-	64,880
 <u>N.C. Dept. of Transportation</u>				
Rural Operating Assistance Program (ROAP) Cluster				
- ROAP Elderly and Disabled Transportation Assistance Program		XXXX	-	46,153
- ROAP Rural General Public Program		XXXX	-	42,892
- ROAP Work First Transitional - Employment			-	5,229
Total ROAP Cluster			-	94,274
Construction Grant		XXXX	-	21,500
Total N.C. Department of Transportation			-	115,774
Total State awards			-	410,156
Total federal and State awards			<u>\$ 15,988,440</u>	<u>\$ 6,511,848</u>

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Pamlico County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2015. The information in this SEFSA is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Because the SEFA presents only a selected portion of the operations of Pamlico County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Pamlico County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or cost principles contained in the Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through entity identifying numbers are presented where available.

Pamlico County
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2015

Note 3: Loans Outstanding

Pamlico County had the following loan balances outstanding at June 30, 2015. The loan made during the year are included in the the SEPSA in the federal expenditures presented in the schedule. Balances and transactions related to these programs are included in the County's basic financial statements.

<u>Program Title</u>	<u>Amount Outstanding</u>
NC Drinking Water State Revolving Fund Loan	\$ 3,267,603
NC Eastern Region State Revolving Fund Loan	\$ 752,876

Note 4: Cluster of Programs

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

