

**PAMLICO COUNTY
NORTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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

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

PAMLICO COUNTY, NORTH CAROLINA

**AUDITED FINANCIAL STATEMENTS
JUNE 30, 2010**

BOARD OF COMMISSIONERS

Paul Delamar, III -Chairman

Ann Holton -Vice-Chairwoman

Kenny Heath

Carl J. Ollison

Roy Brinson Sr.

Christine Mele

Jimmy Spain

County Manager

Timothy A. Buck

Finance Officer

Mary Jane Westphal

PAMLICO COUNTY, NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-11
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
A	Statement of Net Assets	12
B	Statement of Activities	13-14
	Fund Financial Statements:	
C	Balance Sheet - Governmental Funds	15
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	17
F	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	18
G	Statement of Net Assets - Proprietary Fund	19
H	Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund	20
I	Statement of Cash Flows - Proprietary Fund	21
J	Statement of Fiduciary Net Assets - Fiduciary Funds	22
	Notes to the Financial Statements	23-56

PAMLICO COUNTY, NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Required Supplementary Information:	
A-1	Law Enforcement Officers' Special Separation Allowance - Required Supplementary Information	57
A-2	Other Post-Employment Benefits - Retiree Health Plan Required Supplementary Information	58
	Supplementary Information:	
	General Fund:	
1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	59-65
	Nonmajor Governmental Funds :	
2	Combining Balance Sheet	66
3	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	67
	Nonmajor Special Revenue Funds:	
4	Combining Balance Sheet	68-69
5	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	70-71
6	All Fire Districts Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	72
7	Reappraisal Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	73
8	Enhanced 911 Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	74

PAMLICO COUNTY, NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Nonmajor Special Revenue Funds (continued):	
9	Baird Shores Special Assessment Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	75
10	CDBG Scattered Sites Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	76
11	Enhanced/Preservation Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	77
12	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	78
13	Human Services Building Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	79
14	Law Enforcement Center Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	80
	Enterprise Funds:	
15	Water Fund - Schedule of Revenues and, Expenditures - Budget and Actual (Non-GAAP)	81-82
16	Water Fund - Capital Reserve Fund - Schedule of Revenues and, Expenditures - Budget and Actual (Non-GAAP)	83

PAMLICO COUNTY, NORTH CAROLINA

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Agency Funds:	
17	Combining Statement of Changes in Assets and Liabilities	84
	Additional Financial Data:	
18	Schedule of Ad Valorem Taxes Receivable - General Fund	85
19	Analysis of Current Tax Levy	86
20	Analysis of Current Tax Levy - County-Wide Levy	87
21	Ten Largest Taxpayers	88

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

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

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Pamlico County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pamlico County, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pamlico County's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Pamlico County ABC Board which represents 100 percent of the assets, net assets, and revenues of the component unit column. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the 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 basic financial statements are free of material misstatement. The financial statements of the Pamlico County ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pamlico County, North Carolina, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 29, 2010 on our consideration of Pamlico County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Contributions and related notes, and Other Post-Employment Benefit Schedule of Funding Progress and Schedule of Employer Contributions and related notes are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the basic financial statements that collectively comprise the basic financial statements of Pamlico County, North Carolina. The combining and individual fund financial statements, budget and actual schedules, and supplementary ad valorem tax schedules 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, budget and actual schedules, and supplementary ad valorem tax schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
September 29, 2010

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, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

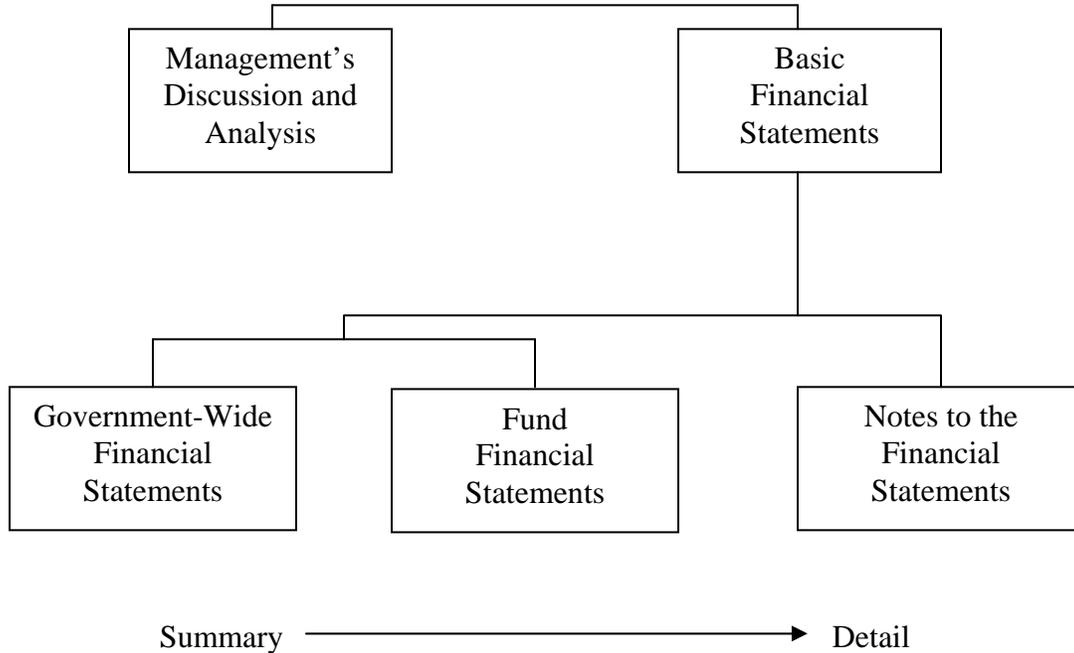
- The assets of Pamlico County exceeded its liabilities at the close of the fiscal year by \$18,029,613 (*net assets*).
- The County's total net assets decreased by \$1,151,766. The decrease was due to a \$700,602 decrease in the Water Fund and a \$451,164 decrease in the governmental activities.
- As of the close of the current fiscal year, Pamlico County's total governmental funds reported combined ending fund balances of \$5,124,858, a decrease of \$829,922 from 2009.
- At the end of the current fiscal year, total fund balance for the General Fund was \$4,065,825, a decrease of \$1,140,475 from 2009.
- Pamlico County's total debt decreased by \$1,118,655 during the current fiscal year.
- In 2010, the County inventoried its governmental capital assets and recorded a prior period adjustment to governmental activities beginning net assets in the amount of \$5,266,822.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Pamlico County's basic financial statements. Pamlico 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 (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 A and B, in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information concerning the County's financial status.

The next statements, Exhibits C through J, are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government, providing 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 and agency fund statements.

The final section of the basic financial statements is the **Notes to the Financial Statements**. The notes to the financial statements offer a detailed explanation about various information contained in the statements. Following the notes, **supplemental information** provides details of the County's nonmajor governmental funds, all of which are combined in one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of Pamlico County's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Pamlico County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused, vacation leave).

Both of the government-wide financial statements distinguish functions of Pamlico County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Pamlico County include general governmental, public safety, economic and physical development, human services, culture and recreation, and education. The business-type activity of Pamlico County is the Water Fund.

The government-wide financial statements include not only Pamlico County itself (known as the primary government), but also the Pamlico County ABC Board for which Pamlico County is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on Exhibits A and B of this report.

Fund Financial Statements

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 other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Pamlico County can be divided into two categories: governmental funds and proprietary 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 which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Pamlico County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board of Commissioners 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 final budget as amended by the Board; 2) the actual resources, charges to appropriations, and ending balances in the General Fund; and 3) the difference or variance between the final budget and the actual resources and charges 4) the comparative prior year actuals. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds. Pamlico County maintains one type of proprietary fund: Enterprise Fund. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. Pamlico County uses an enterprise fund to account for its water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water operations.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Pamlico County has four 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 follow Exhibit J of this report.

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

Government-Wide Financial Analysis

Pamlico County's Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets:						
Current and other assets	\$ 7,513,996	\$ 8,614,398	\$ 5,514,024	\$ 6,332,325	\$ 13,028,020	\$ 14,946,723
Capital assets	11,923,873	12,129,910	9,783,774	9,838,176	21,707,647	21,968,086
Total assets	19,437,869	20,744,308	15,297,798	16,170,501	34,735,667	36,914,809
Liabilities:						
Current liabilities	1,714,445	1,541,220	316,631	278,454	2,031,076	1,819,674
Other liabilities	12,797,336	13,825,836	1,877,642	2,087,920	14,674,978	15,913,756
Total liabilities	14,511,781	15,367,056	2,194,273	2,366,374	16,706,054	17,733,430
Net Assets:						
Invested in capital assets, net of related debt	3,765,846	2,871,573	7,714,722	7,546,644	11,480,568	10,418,217
Unrestricted	1,160,242	2,505,679	5,388,803	6,257,483	6,549,045	8,763,162
Total net assets	\$ 4,926,088	\$ 5,377,252	\$ 13,103,525	\$ 13,804,127	\$ 18,029,613	\$ 19,181,379

As noted earlier, net assets over time may serve as a useful indicator of a government's financial position. For Pamlico County, assets exceeded liabilities by \$18,029,613 at the close of the most recent fiscal year.

By far, the largest portion (64%) of Pamlico County's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. 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 related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to repay these liabilities.

At the end of the current fiscal year, Pamlico County is able to report balances in unrestricted net assets in the amount of \$6,549,045 for the government as a whole.

Pamlico County's Changes in Net Assets

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 1,407,822	\$ 1,230,987	\$ 1,419,002	\$ 1,614,804	\$ 2,826,824	\$ 2,845,791
Operating grants and contributions	3,154,564	3,696,220	-	-	3,154,564	3,696,220
Capital grants and contributions	167,000	420,172	180,814	-	347,814	420,172
General revenues:						
Property taxes	9,324,573	9,593,870	-	-	9,324,573	9,593,870
Local option sales tax	1,761,022	2,776,973	-	-	-	-
Other taxes	195,867	544,362	-	-	195,867	544,362
Investment earnings	20,982	201,645	3,576	27,647	24,558	229,292
Transfer	-	95,707	-	(95,707)	-	-
Total revenues	16,031,830	18,559,936	1,603,392	1,546,744	15,874,200	17,329,707
Expenses:						
General government	2,223,607	742,093	-	-	2,223,607	742,093
Public safety	3,880,568	4,329,481	-	-	3,880,568	4,329,481
Environmental protection	268,354	332,638	-	-	268,354	332,638
Economic and physical development	681,979	1,853,378	-	-	681,979	1,853,378
Human services	5,001,286	4,989,039	-	-	5,001,286	4,989,039
Cultural and recreation	470,486	537,409	-	-	470,486	537,409
Education	3,520,946	3,975,952	-	-	3,520,946	3,975,952
Interest on long-term debt	435,768	619,807	-	-	435,768	619,807
Water	-	-	2,303,994	1,948,195	2,303,994	1,948,195
Total expenses	16,482,994	17,379,797	2,303,994	1,948,195	18,786,988	19,327,992
Increase (decrease) in net assets	(451,164)	1,180,139	(700,602)	(401,451)	(1,151,766)	778,688
Net assets, beginning - July 1	10,644,074	9,463,935	13,804,127	14,205,578	24,448,201	23,669,513
Prior period adjustment	(5,266,822)	-	-	-	(5,266,822)	-
Beginning net assets, restated	5,377,252	9,463,935	13,804,127	14,205,578	19,181,379	23,669,513
Net assets, ending - June 30	\$ 4,926,088	\$ 10,644,074	\$ 13,103,525	\$ 13,804,127	\$ 18,029,613	\$ 24,448,201

Governmental Activities. Governmental activities decreased the County's net assets by \$451,164. Key elements of this decrease are as follows:

- Local option sales tax being down 1,061,373 (38%) in the current year
- General Fund expenditures exceeded revenues by \$1,201,494.

Business-Type Activities. Business-type activities decreased Pamlico County's net assets by \$700,602.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Pamlico County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Pamlico County's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Pamlico County's governmental funds reported combined ending fund balances of \$5,124,858, a decrease of \$829,922 in comparison with 2009. The decrease is attributed to General Fund expenditures exceeding revenues by \$1,140,475. As noted earlier, the primary reason for this is because local option sales tax was down approximately 40%, and General Fund expenditures remained relatively flat compared to the prior year.

The General Fund is the principal operating fund of Pamlico County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$3,443,678, while total fund balance for the General Fund reached \$4,065,825. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance and total fund balance represent 21 and 25 percent of total General Fund expenditures, respectively.

General Fund Budgetary Highlights.

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased expenditures budgeted by \$186,242. The majority of this increase was attributable to economic and physical development and cultural and recreation.

Proprietary Funds. Pamlico County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets at June 30, 2010 were \$5,388,803 for the Water Fund.

Capital Asset and Debt Administration

Capital Assets. Pamlico County reported capital assets for its governmental and business-type activities of \$21,707,647 (net of accumulated depreciation) as of June 30, 2010. These assets include land buildings, other improvements, equipment, vehicles, and plant and systems.

Pamlico County's Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 334,634	\$ 334,634	\$ 70,286	\$ 45,110	\$ 404,920	\$ 379,744
Construction in progress	-	-	332,262	-	332,262	-
Buildings and improvements	12,370,354	12,370,354	3,490,444	4,054,582	15,860,798	16,424,936
Plant	-	-	7,662,290	9,463,661	7,662,290	9,463,661
Equipment and vehicles	3,386,911	3,431,451	2,285,039	173,984	5,671,950	3,605,435
Subtotal	16,091,899	16,136,439	13,840,321	13,737,337	29,932,220	29,873,776
Less accumulated depreciation	(4,168,026)	(4,006,529)	(4,056,547)	(3,899,161)	(8,224,573)	(7,905,690)
Total	\$ 11,923,873	\$ 12,129,910	\$ 9,783,774	\$ 9,838,176	\$ 21,707,647	\$ 21,968,086

As noted earlier in 2010, the County inventoried its governmental capital assets and recorded a prior period adjustment to governmental activities beginning net assets in the amount of \$5,266,822.

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

Long-Term Debt. At the end of the current fiscal year, Pamlico County had no bonded debt outstanding.

Pamlico County's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Installment note	\$ 13,411,060	\$ 14,525,159	\$ 1,211,052	\$ 1,317,532	\$ 14,622,112	\$ 15,842,691
Compensated absences	358,350	262,539	24,514	17,332	382,864	279,871
OPEB	179,623	96,587	12,997	6,497	192,620	103,084
Net pension obligation	50,447	38,049	-	-	50,447	38,049
General obligation bonds	-	-	858,000	974,000	858,000	974,000
Total	\$ 13,999,480	\$ 14,922,334	\$ 2,106,563	\$ 2,315,361	\$ 16,106,043	\$ 17,237,695

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Pamlico County is \$110,546,599.

More detailed information on Pamlico County's long-term debt and capital asset activity can be found in the notes to the financial statements.

Economic Factor and Next Year's Budget and Rates

- Housing starts continue to remain flat.
- Pamlico County's unemployment rate is slightly less than 10% and is near the State average of 10.1%.
- In response to decreases in revenue from sales tax and service fees, the 2010-11 budget decreased by approximately 4% from the prior fiscal year.

These trends are projected to continue in the 2011-12 budget period.

Budget Highlights for the Fiscal Year Ending June 30, 2011

Governmental Activities. Pamlico County is in the 7th year of an 8-year revaluation cycle and as anticipated, the ad valorem tax base is projected to grow at a minimal rate of 1% or less. Additionally, the collection rate remains below 95% in spite of increased collection efforts, and the tax rate will remain unchanged at .6525 per \$100.

Requests for Information

This financial report is designed to provide a general overview of Pamlico County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be directed to the Finance Officer or County Manager, Pamlico County, 302 Main Street, P.O. Box 776, Bayboro, NC 28515.

PAMLICO COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Pamlico County ABC Board
Assets:				
Current assets:				
Cash and cash equivalents	\$ 5,015,010	\$ 5,140,766	\$ 10,155,776	\$ 232,653
Taxes receivable, net	846,986	-	846,986	-
Accounts receivable, net	201,628	349,998	551,626	-
Due from other governments	615,084	-	615,084	-
Inventories	-	23,260	23,260	202,194
Prepaid items	7,063	-	7,063	2,645
Note receivable	828,225	-	828,225	-
Capital assets:				
Land and construction in progress	334,634	402,548	737,182	36,749
Other capital assets, net	11,589,239	9,381,226	20,970,465	91,392
Total assets	<u>19,437,869</u>	<u>15,297,798</u>	<u>34,735,667</u>	<u>565,633</u>
Liabilities:				
Current liabilities:				
Accounts payable	427,672	61,143	488,815	96,718
Customer deposits	-	26,567	26,567	-
Unearned revenues	84,629	-	84,629	-
Current portion of compensated absences	175,000	12,000	187,000	-
Long-term debt, due within one year	1,027,144	216,921	1,244,065	-
Non-current liabilities:				
Non-current portion of compensated absences	183,350	12,514	195,864	-
Due in more than one year	12,613,986	1,865,128	14,479,114	-
Total liabilities	<u>14,511,781</u>	<u>2,194,273</u>	<u>16,706,054</u>	<u>96,718</u>
Net Assets:				
Invested in capital assets, net of related debt	3,765,846	7,714,722	11,480,568	128,141
Restricted for:				
Unrestricted	1,160,242	5,388,803	6,549,045	340,774
Total net assets	<u>\$ 4,926,088</u>	<u>\$ 13,103,525</u>	<u>\$ 18,029,613</u>	<u>\$ 468,915</u>

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

PAMLICO COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Functions/Programs	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General government	\$ 2,223,607	\$ 192,798	\$ 21,156	\$ -
Public safety	3,880,568	827,943	142,263	-
Environmental protection	268,354	55,707	32,467	-
Economic and physical development	681,979	60,560	55,911	-
Human services	5,001,286	256,575	2,902,767	-
Cultural and recreation	470,486	14,239	-	-
Education	3,520,946	-	-	167,000
Interest on long-term debt	435,768	-	-	-
Total governmental activities	<u>16,482,994</u>	<u>1,407,822</u>	<u>3,154,564</u>	<u>167,000</u>
Business-Type Activities:				
Water Fund	<u>2,303,994</u>	<u>1,419,002</u>	<u>-</u>	<u>180,814</u>
Total primary government	<u>\$ 18,786,988</u>	<u>\$ 2,826,824</u>	<u>\$ 3,154,564</u>	<u>\$ 347,814</u>
Component Unit:				
ABC Board	<u>\$ 838,527</u>	<u>\$ 840,770</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Ad valorem taxes
Local option sales tax
Other taxes and licenses
Interest earned on investments
Total general revenues

Change in net assets

Net Assets:

Beginning of year - July 1
Prior period adjustment
Beginning net assets, restated

End of year - June 30

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

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Pamlico County ABC Board
\$ (2,009,653)	\$ -	\$ (2,009,653)	
(2,910,362)	-	(2,910,362)	
(180,180)	-	(180,180)	
(565,508)	-	(565,508)	
(1,841,944)	-	(1,841,944)	
(456,247)	-	(456,247)	
(3,353,946)	-	(3,353,946)	
(435,768)	-	(435,768)	
<u>(11,753,608)</u>	<u>-</u>	<u>(11,753,608)</u>	
-	(704,178)	(704,178)	
<u>(11,753,608)</u>	<u>(704,178)</u>	<u>(12,457,786)</u>	
			<u>\$ 2,243</u>
9,324,573	-	9,324,573	-
1,761,022	-	1,761,022	-
195,867	-	195,867	-
<u>20,982</u>	<u>3,576</u>	<u>24,558</u>	<u>184</u>
<u>11,302,444</u>	<u>3,576</u>	<u>11,306,020</u>	<u>184</u>
<u>(451,164)</u>	<u>(700,602)</u>	<u>(1,151,766)</u>	<u>2,427</u>
10,644,074	13,804,127	24,448,201	466,488
<u>(5,266,822)</u>	<u>-</u>	<u>(5,266,822)</u>	<u>-</u>
<u>5,377,252</u>	<u>13,804,127</u>	<u>19,181,379</u>	<u>466,488</u>
<u>\$ 4,926,088</u>	<u>\$ 13,103,525</u>	<u>\$ 18,029,613</u>	<u>\$ 468,915</u>

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

PAMLICO COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 3,952,728	\$ 1,062,282	\$ 5,015,010
Taxes receivable, net	802,604	44,382	846,986
Accounts receivable, net	17,936	42,692	60,628
Due from other governments	615,084	-	615,084
Prepaid items	7,063	-	7,063
Total assets	<u>\$ 5,395,415</u>	<u>\$ 1,149,356</u>	<u>\$ 6,544,771</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 424,423	\$ 3,249	\$ 427,672
Deferred revenues	905,167	87,074	992,241
Total liabilities	<u>1,329,590</u>	<u>90,323</u>	<u>1,419,913</u>
Fund Balances:			
Reserved by State statute	615,084	-	615,084
Reserved for prepaid items	7,063	-	7,063
Unreserved	3,443,678	-	3,443,678
Unreserved, reported in:			
Special revenue funds	-	1,059,033	1,059,033
Total fund balances	<u>4,065,825</u>	<u>1,059,033</u>	<u>5,124,858</u>
Total liabilities and fund balances	<u>\$ 5,395,415</u>	<u>\$ 1,149,356</u>	

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

Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	11,923,873
Accrued interest receivable, net of uncollectibles, are not reported in the fund statements as the receivable will not be available within 90 days of year-end. These receivables are a component of net assets in the Statement of Net Assets.	141,000
Long-term debt related to Bay River Sewer Authority is offset by a long-term receivable in the Statement of Net Assets to reflect the Bay River assumption of the County's debt.	828,225
Long-term liabilities, compensated absences, unfunded pension obligations, and unfunded other post-retirement benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(13,999,480)
Deferred revenues in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net assets in the Statement of Net Assets.	<u>907,612</u>
Net assets of governmental activities (Exhibit A)	<u>\$ 4,926,088</u>

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

PAMLICO COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad valorem taxes	\$ 9,065,779	\$ 470,519	\$ 9,536,298
Local option sales tax	1,775,719	-	1,775,719
Other taxes and licenses	87,221	108,646	195,867
Unrestricted intergovernmental	611,524	-	611,524
Restricted intergovernmental	3,264,706	275,727	3,540,433
Permits and fees	280,853	-	280,853
Sales and services	279,063	-	279,063
Investment earnings	20,447	535	20,982
Miscellaneous	17,513	-	17,513
Total revenues	<u>15,402,825</u>	<u>855,427</u>	<u>16,258,252</u>
Expenditures:			
Current:			
General government	1,858,224	-	1,858,224
Public safety	3,254,608	555,849	3,810,457
Environmental protection	247,841	-	247,841
Economic and physical development	606,173	71,048	677,221
Health and public assistance	4,860,152	-	4,860,152
Cultural and recreation	639,491	-	639,491
Education	3,520,946	-	3,520,946
Debt service:			
Principal repayments	1,159,659	-	1,159,659
Interest	314,183	-	314,183
Total expenditures	<u>16,461,277</u>	<u>626,897</u>	<u>17,088,174</u>
Revenues over (under) expenditures	<u>(1,058,452)</u>	<u>228,530</u>	<u>(829,922)</u>
Other Financing Sources (Uses):			
Transfers out	(151,668)	(69,645)	(221,313)
Transfers in	69,645	151,668	221,313
Total other financing sources (uses)	<u>(82,023)</u>	<u>82,023</u>	<u>-</u>
Net change in fund balances	(1,140,475)	310,553	(829,922)
Fund Balances:			
Beginning of year - July 1	5,206,300	748,480	5,954,780
End of year - June 30	<u>\$ 4,065,825</u>	<u>\$ 1,059,033</u>	<u>\$ 5,124,858</u>

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

PAMLICO COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Amounts reported for governmental activities in the Statement of Net Assets (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit D) \$ (829,922)

Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected or is expected to be collected within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:

Property taxes	(211,725)
Other taxes and licenses	(14,697)
Interest related to property taxes (general government)	(35,612)

Expenses related to compensated absences, law enforcement officers' separation allowance, and other post-employment benefits that do not require current financial resources are not reported as expenditures in the governmental funds statement. (191,245)

Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets. 299,208

The sale/disposal of capital assets is reported as a revenue in the governmental funds statement without subtracting the net book value of the capital assets sold. (81,931)

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. (423,314)

Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities. Amount is shown net of change in Bay River Sewer Authority debt contribution 1,038,074

Change in net assets of governmental activities, per Exhibit B \$ (451,164)

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

PAMLICO COUNTY, NORTH CAROLINA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance from Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 8,843,000	\$ 9,108,566	\$ 9,065,779	\$ (42,787)
Local option sales tax	2,131,473	1,752,098	1,775,719	23,621
Other taxes and licenses	148,500	107,567	87,221	(20,346)
Unrestricted intergovernmental	672,650	624,825	611,524	(13,301)
Restricted intergovernmental	3,261,370	3,586,288	3,264,706	(321,582)
Permits and fees	265,713	282,873	280,853	(2,020)
Sales and services	143,375	272,479	279,063	6,584
Investment earnings	144,000	35,000	20,447	(14,553)
Miscellaneous	25,000	37,331	17,513	(19,818)
Total revenues	<u>15,635,081</u>	<u>15,807,027</u>	<u>15,402,825</u>	<u>(404,202)</u>
Expenditures:				
Current:				
General government	2,041,749	2,042,612	1,858,224	184,388
Public safety	3,219,969	3,270,250	3,254,608	15,642
Environmental protection	276,559	261,130	247,841	13,289
Economic and physical development	523,467	606,426	606,173	253
Human services	5,119,432	5,059,115	4,860,152	198,963
Cultural and recreation	459,721	641,749	639,491	2,258
Education	3,520,946	3,520,946	3,520,946	-
Debt service:				
Principal repayments	1,405,716	1,220,339	1,159,659	60,680
Interest	92,897	253,424	314,183	(60,759)
Total expenditures	<u>16,660,456</u>	<u>16,875,991</u>	<u>16,461,277</u>	<u>414,714</u>
Revenues over (under) expenditures	<u>(1,025,375)</u>	<u>(1,068,964)</u>	<u>(1,058,452)</u>	<u>10,512</u>
Other Financing Sources (Uses):				
Transfers out	(130,000)	(152,000)	(151,668)	332
Transfers in	100,000	110,000	69,645	(40,355)
Appropriated fund balance	1,055,375	1,110,964	-	(1,110,964)
Total other financing sources (uses)	<u>1,025,375</u>	<u>1,068,964</u>	<u>(82,023)</u>	<u>(1,150,987)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,140,475)</u>	<u>\$ (1,140,475)</u>
Fund Balance:				
Beginning of year - July 1			<u>5,206,300</u>	
End of year - June 30			<u>\$ 4,065,825</u>	

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

PAMLICO COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2010

	<u>Water Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 5,140,766
Trade receivables, net	349,998
Inventories	23,260
Total current assets	<u>5,514,024</u>
Non-current assets:	
Land, improvements, and construction in progress	402,548
Other capital assets, net of depreciation	9,381,226
Total non-current assets	<u>9,783,774</u>
Total assets	<u>15,297,798</u>
Liabilities and Net Assets:	
Liabilities:	
Current liabilities:	
Accounts payable	61,143
Customer deposits	26,567
Compensated absences payable - current	12,000
Current portion of long-term debt	216,921
Total current liabilities	<u>316,631</u>
Non-current liabilities:	
Compensated absences payable - non-current	12,514
Non-current portion of long-term debt	1,852,131
Other post-employment benefits	12,997
Total non-current liabilities	<u>1,877,642</u>
Total liabilities	<u>2,194,273</u>
Net Assets:	
Invested in capital assets, net of related debt	7,714,722
Unrestricted	5,388,803
Total net assets	<u>\$ 13,103,525</u>

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

PAMLICO COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Water Fund</u>
Operating Revenues:	
Charges for services	\$ 1,313,488
Water taps	37,940
User fees	50,925
Other operating revenues	<u>16,649</u>
Total operating revenues	<u>1,419,002</u>
Operating Expenses:	
Water operations	1,498,008
Depreciation	<u>358,502</u>
Total operating expenses	<u>1,856,510</u>
Operating income (loss)	<u>(437,508)</u>
Non-Operating Revenues (Expenses):	
Restricted grants	180,814
Investment earnings	3,576
Loss on disposal of capital assets	(380,786)
Interest and fees	<u>(66,698)</u>
Total non-operating revenues (expenses)	<u>(263,094)</u>
Change in net assets	(700,602)
Net Assets:	
Beginning of year - July 1	<u>13,804,127</u>
End of year - June 30	<u>\$ 13,103,525</u>

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

PAMLICO COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Water Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,402,305
Cash paid for goods and services	(1,442,555)
Cash paid to employees for services	<u>(3,650)</u>
Net cash provided (used) by operating activities	<u>(43,900)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(685,486)
Restricted grants	180,814
Principal paid on long-term debt	(222,480)
Interest and fees	(66,698)
Proceeds from sale of capital assets	<u>600</u>
Net cash provided (used) for capital and related financing activities	<u>(793,250)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>3,576</u>
Net increase (decrease) in cash and cash equivalents	<u>(833,574)</u>
Cash and Cash Equivalents - Beginning of Year	<u>5,974,340</u>
Cash and Cash Equivalents - End of Year	<u>\$ 5,140,766</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (437,508)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	358,502
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(15,272)
Increase (decrease) in accounts payable and accrued liabilities	55,453
Increase (decrease) in customer deposits	(1,425)
Increase (decrease) in accrued vacation pay	(10,150)
Increase (decrease) in OPEB payable	<u>6,500</u>
Net cash provided (used) by operating activities	<u>\$ (43,900)</u>

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

PAMLICO COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2010

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 44,121
Accounts receivable	<u>219,723</u>
Total assets	<u>\$ 263,844</u>
Liabilities:	
Accounts payable	\$ 263,410
Intergovernmental payable	<u>434</u>
Total liabilities	<u>\$ 263,844</u>

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

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

1. Summary of Significant Accounting Policies

The accounting policies of Pamlico County (the "County") and its component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component unit, legally separate 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.

Discretely Presented Component Unit

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 surpluses 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, North Carolina 28515.

B. Basis of Presentation

Government-Wide and Fund Financial Statements

The government-wide financial statements (Exhibit A - Statement of Net Assets and Exhibit B - Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements in all material areas. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The General Fund and Water Fund are the major funds of the County for the year ended June 30, 2010.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The basis of accounting determines when the revenues and expenditures, or expenses, and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All funds of the County are accounted for during the year using the modified accrual basis of accounting in accordance with the North Carolina General Statutes. The financial statements are reported at year-end as discussed below.

The government-wide financial statements, proprietary funds, fiduciary funds, and the ABC Board financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met. With this

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Net assets are segregated into (1) investment in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. Operating statements for these funds present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

As permitted by generally accepted accounting principles, the County has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 90 days of June 30, 2010. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

For modified accrual basis of accounting purposes, ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the subsequent year. Also, as of January 1, 1993, State law altered procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes which were billed during this period are shown as a receivable on the fund financial statements.

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

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County, are recognized as revenue on both the government-wide financial statements and the fund financial statements. Intergovernmental revenues and sales and services are not susceptible to accrual because, generally, they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

The effect of interfund activity has been eliminated from the government-wide financial statements, with the exception of payments in lieu of taxes and other charges between the County's Water Fund and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. Internally dedicated resources are reported as general revenues; therefore, all taxes are reported as general revenues.

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

Basis of Presentation – Fund Accounting

The accounts of the County are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenses or expenditures, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related, legal, and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

The County has the following fund categories:

Governmental Funds. Governmental funds are those used to account for the County's expendable financial resources and related liabilities (except those accounted for in proprietary or agency funds). The following are the County's governmental fund types:

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

Special Revenue Funds. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to specified purposes. The Fire Districts Fund, Reappraisal Fund, Enhanced 911 Fund, Baird Shores Special Assessment Fund, CDBG Scattered Sites Fund, and Register of Deeds Enhancement Preservation Fund are special revenue funds of the County.

Capital Projects Funds. Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The County's capital project funds are: Human Services Building Fund and Law Enforcement Center Fund. Both funds were closed in 2010.

Proprietary Funds. Proprietary funds are used to account for activities that are similar to those often found in the private sector. The following are the proprietary funds of the County:

Enterprise Funds. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Water Fund is the only Enterprise Fund of the County. The Water Fund is a major fund for fund financial statement reporting purposes.

Fiduciary Funds. Fiduciary funds are used for assets held in a trustee capacity. The following are the fiduciary funds of the County:

Agency Funds. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for assets the County holds on behalf of others. The agency funds maintained by the County account for money deposited with the County through Social Services, Bay River Metropolitan Sewer District, and the Prison Inmate Fund at the jail. The agency funds also include the 3% interest payable to the State Fund.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, special revenue funds, and the Water Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for multi-year special revenue funds, capital project funds, and the water projects. 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 enterprise funds, and at 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. The General Fund original budgeted expenditures were increased \$186,242.

D. Assets, Liabilities, and Fund Equity

Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United 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), an SEC-registered (2a-7) money market mutual fund.

The County's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. For purposes of the Statement of Cash Flows, the County considers all deposits and investments with an original maturity date of three months or less, which are not limited to use, to be cash equivalents.

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

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; however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2009.

Allowance for Doubtful Accounts

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

Inventory and Prepaid Items

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

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (including infrastructure assets purchased prior to implementing GASB 34), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost greater than \$500, and an estimated useful life greater than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or significantly extend the asset's life are not capitalized. The County capitalizes interest costs which are incurred during the construction period of capital assets.

The County holds title to certain Pamlico County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisitions and consumption costs and to permit the County to receive refunds of sales tax paid for construction fees. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibilities for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education once all restrictions of the financing agreements have been met. The properties are reflected as capital assets in the financial statements of the Pamlico County Board of Education.

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

<u>Asset</u>	<u>Years</u>
Buildings	50
Improvements	25
Furniture and equipment	5-10
Vehicles	10
Computer equipment	5

Compensated Absences

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

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

The sick leave policy of the County provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither entity has any obligation for accumulated sick leave until it actually taken, no accrual for sick leave has been made by the County or its component units.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Debt issuance costs are recognized as other assets and amortized over the life of the debt using the effective interest method.

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

The bonds for the Water Fund are carried in the Enterprise Fund rather than in the governmental activities funds. The debt service requirements for that debt are met by water revenues, but the taxing power of the County is pledged to make these payments if water revenues should ever be insufficient.

Deferred/Unearned Revenues

In the fund financial statements, ad valorem taxes receivable are not accrued as a revenue, because they are not considered to be both “measurable and available”. Ad valorem taxes receivable that are measurable, but not available, are recorded as deferred revenues in the fund financial statements. In addition, property taxes collected in advance of the fiscal year to which they apply are also recorded as unearned revenue in the government-wide financial statements and deferred revenue in the fund financial statements. Certain receivables are also recorded as deferred revenue in the fund financial statements, because they are not considered to be available at year-end.

Fund Balances

Reservations or restrictions of equity in the fund financial statements represent amounts that are not appropriable or are legally segregated for a specific purpose.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

The governmental fund types classify fund balances as follows:

Reserved

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

Reserved by State Statute - portion of fund balance, in addition to other reserves, which is not available for appropriation under State law. State law restricts the appropriation of fund balance or fund equity to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

Designations of Fund Balance/Net Assets

Designations of equity represent tentative management plans that are subject to change. The unreserved funds of the County had the following designations at June 30, 2010 related to the budget for the year ending June 30, 2011.

Appropriated fund balance - General Fund	\$ 439,414
Appropriated fund balance - Reappraisal Fund	119,500
Appropriated fund balance - ROD Enhancement and Preservation Fund	13,000
Appropriated net assets - Water Fund	383,194

Interfund Transactions

Interfund services provided are accounted for as revenue or expenses in the government-wide financial statements, since they would be treated as such if they involved organizations external to the County. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

2. Stewardship, Compliance, and Accountability

Deficit Fund Balance or Net Assets of Individual Funds

The County had a negative fund balance in the Baird Shores Assessment Fund at June 30, 2010 of \$42,692. The County plans to properly capitalize the fund with collection of special assessment revenues.

3. Detail Notes On All Funds

A. Assets

Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with the securities held by the County's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness on 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 County does not have a policy regarding custodial credit risk for deposits.

At June 30, 2010, the County's deposits had a carrying amount of \$111,266 and a bank balance of \$332,594. The County only has deposits in institutions that collateralize under the Pooling Method. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$82,594 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The County had \$1,332 of cash on hand at year-end.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Investments

At June 30, 2010, the County had \$10,087,299 invested with the North Carolina Capital Management Trust's Cash Portfolio.

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 (NRSROs); 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, 2010.

4. Property Tax – Use-Value Assessment On Certain Land

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.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 388,261	\$ 120,846	\$ 509,107
2008	388,261	57,268	445,529
2009	388,261	28,634	416,895
2010	388,261	-	388,261
Total	<u>\$ 1,553,044</u>	<u>\$ 206,748</u>	<u>\$ 1,759,792</u>

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

5. Receivables

Receivables at Exhibit A at June 30, 2010, were as follows:

	Taxes	Accounts	Due from Other Governments	Total
Governmental Activities:				
Ad valorem taxes	\$ 1,152,604	\$ -	\$ -	\$ 1,152,604
Fire district taxes	44,382	-	-	44,382
Local option sales tax	-	-	269,720	269,720
DSS reimbursements	-	-	119,068	119,068
Other intergovernmental	-	-	177,643	177,643
Sales tax refund	-	-	48,653	48,653
Health Department patient receivables	-	17,936	-	17,936
Baird Shores special assessment	-	42,692	-	42,692
Interest receivable - property taxes, net	-	141,000	-	141,000
Total receivables	1,196,986	201,628	615,084	2,013,698
Allowance for doubtful accounts	(350,000)	-	-	(350,000)
Total governmental activities	\$ 846,986	\$ 201,628	\$ 615,084	\$ 1,663,698
Business-Type Activities:				
Water and sewer	\$ -	\$ 349,998	\$ -	\$ 349,998
Total business-type activities	\$ -	\$ 349,998	\$ -	\$ 349,998

Note Receivable

The County also has recorded an amount due from Bay River Metropolitan Sewer District (BRMSD) for \$828,225 at June 30, 2010, 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, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

6. Capital Assets

A. Governmental Capital Assets

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

	<u>July 1, 2009</u>	<u>Adjustment</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2010</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 415,841	\$ (81,207)	\$ -	\$ -	\$ 334,634
Depreciable Capital Assets:					
Buildings and improvements	16,810,778	(4,440,424)	-	-	12,370,354
Equipment and vehicles	3,466,768	(35,317)	299,208	(343,748)	3,386,911
Total	20,277,546	(4,475,741)	299,208	(343,748)	15,757,265
Less Accumulated Depreciation:					
Buildings	1,018,347	384,219	235,320	-	1,637,886
Equipment	2,278,308	325,655	187,994	(261,817)	2,530,140
Total accumulated depreciation	3,296,655	709,874	423,314	(261,817)	4,168,026
Depreciable capital assets, net	16,980,891	(5,185,615)	(124,106)	(81,931)	11,589,239
Governmental activity capital assets, net	\$ 17,396,732	\$ (5,266,822)	\$ (124,106)	\$ (81,931)	\$ 11,923,873

Prior Period Adjustment - Capital Assets

In 2009, the County erroneously included a school cafeteria in capital assets resulting in an overstatement of Net Assets. A prior period adjustment to reduce governmental activities beginning net assets in the amount of \$5,266,822 was recorded to correct the error.

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

Governmental Activities:	
General government	\$ 211,281
Public safety	88,996
Environmental protection	21,813
Economic and physical development	4,758
Human services	87,266
Cultural and recreation	9,200
Total	\$ 423,314

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

B. Proprietary Capital Assets

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

	<u>July 1, 2009</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2010</u>
Business-Type Activities:					
Water Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 45,110	\$ 25,176	\$ -	\$ -	\$ 70,286
Construction in progress	-	-	332,262	-	332,262
Total non-depreciate capital assets	<u>45,110</u>	<u>25,176</u>	<u>332,262</u>	<u>-</u>	<u>402,548</u>
Depreciable Capital Assets:					
Buildings and improvements	4,054,582	(564,138)	-	-	3,490,444
Plant	9,463,661	(1,801,371)	-	-	7,662,290
Equipment and vehicles	<u>173,984</u>	<u>2,340,333</u>	<u>353,224</u>	<u>(582,502)</u>	<u>2,285,039</u>
Total depreciable capital assets	<u>13,692,227</u>	<u>(25,176)</u>	<u>353,224</u>	<u>(582,502)</u>	<u>13,437,773</u>
Less Accumulated Depreciation:					
Buildings and improvements	1,542,441	(187,940)	98,190	-	1,452,691
Plant	2,264,339	(436,121)	122,144	-	1,950,362
Equipment and vehicles	<u>92,381</u>	<u>665,925</u>	<u>96,304</u>	<u>(201,116)</u>	<u>653,494</u>
Total accumulated depreciation	<u>3,899,161</u>	<u>\$ 41,864</u>	<u>\$ 316,638</u>	<u>\$ (201,116)</u>	<u>4,056,547</u>
Depreciable capital assets, net	<u>9,793,066</u>				<u>9,381,226</u>
Business-type capital assets, net	<u>\$ 9,838,176</u>				<u>\$ 9,783,774</u>

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

C. Invested in Capital Assets, Net of Debt

The total invested in capital assets, net of related debt at June 30, 2010 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 11,923,873	\$ 9,783,774
Total long-term debt	13,999,480	2,106,563
Compensated absences	(358,350)	(24,514)
Unfunded OPEB and LEO obligations	(230,070)	(12,997)
Bay River Sewer District debt (offset by 1-t receivable)	(828,225)	-
Pamlico County Board of Education debt:		
Primary school	(633,141)	-
High school cafeteria	(3,791,667)	-
Long-term debt related to capital assets	8,158,027	2,069,052
Invested in capital assets, net of related debt	\$ 3,765,846	\$ 7,714,722

7. Accounts Payable and Interfund Balances

Disaggregate Information

Type of Payable	Governmental Activities	Business-Type Activities	Total
Trade payables	\$ 116,837	\$ 49,384	\$ 166,221
Salaries payable	153,202	11,666	164,868
Accrued expenses and withholdings	157,633	93	157,726
Total	\$ 427,672	\$ 61,143	\$ 488,815

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

8. Deferred/Unearned Revenues

The balance in deferred revenues in the governmental funds statements at year-end is composed of the following elements:

	General Fund	Special Revenue Funds	Total
Prepaid taxes not yet earned	\$ 84,444	\$ -	\$ 84,444
Taxes receivable, net	802,604	44,382	846,986
Special assessments receivable, net	-	42,692	42,692
Accounts receivable, net	17,934	-	17,934
Other unearned revenues	185	-	185
Total	\$ 905,167	\$ 87,074	\$ 992,241

The balance in unearned items in the government-wide statements at year-end is composed of the following elements:

	Governmental Activities	Business-Type Activities	Total
Prepaid taxes	\$ 84,444	\$ -	\$ 84,444
Other unearned fees	185	-	185
Total	\$ 84,629	\$ -	\$ 84,629

9. Employee Retirement Systems

A. Local Governmental Employees' Retirement System

Plan Description. The County contributes to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.97% and 4.86%, respectively, of annual covered payroll. The County's contributions, including the members' contributions, to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$543,432, \$472,800, and \$453,704, respectively. The contributions made by the County equaled the required contributions for each year.

B. Law Enforcement Officers' Special Separation Allowance

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.

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

Retirees currently receiving benefits and terminated employees entitled to, but not yet receiving benefits	1
Active plan members	13
Total	<u>14</u>

A separate report was not issued for the plan.

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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to the plan is established and may be amended by the North Carolina General Assembly.

The annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5%-12.3% per year. Both (a) and (b) included an inflation component of 3.75%. 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 a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2008 was 22 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	\$ 13,881
Interest on net pension obligation	2,759
Adjustment to annual required contribution	(2,397)
Annual pension costs	14,243
Employer contributions made for fiscal year ended June 30, 2010	1,845
Increase (decrease) in net pension obligation	12,398
Net pension obligation, beginning of fiscal year	38,049
Net pension obligation, end of fiscal year	\$ 50,447

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$ 14,465	76.54%	\$ 35,357
6/30/2009	13,763	80.44%	38,049
6/30/2010	14,243	12.95%	50,447

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Funded Status and Funding Progress

As of December 31 2009, 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 \$137,480. The covered payroll (annual payroll of active employees covered by the plan) was \$572,360, and the ratio of the UAAL to the covered payroll was 24.02 %. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

C. Supplemental Retirement Income Plan for Law Enforcement Officers and Local Employees

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 to the Plan by the County for the year ended June 30, 2010 were \$40,403, which consisted of \$28,733 from the County and \$11,670 from the employees.

D. Local 401(k) Retirement Plans

The County has a supplemental retirement plan for all County employees other than law enforcement officers. The County has no requirement or obligation under State statutes to contribute to this plan; however, the County has adopted the Supplemental Retirement Plan of North Carolina 401(k) for its non-law enforcement employees. The County contributes 4.98% of participants' gross pay, and employees may make voluntary contributions to the plan. The total contribution for the year ended June 30, 2010 was \$151,639, which consisted of \$66,059 from the County and \$85,580 from the employees.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

E. Register of Deeds' Supplemental Pension Fund

Plan Description. The County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any County Register of Deeds who is retired under the Local Government Employees' Retirement System (LERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The 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 Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article I of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93.0) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7.0) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2010, the County's required and actual contributions were \$2,394.

F. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Trust Plan for Members of the Local Governmental Employees' Retirement System (Death Trust Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. Employees who die in active service after one year of contributing membership in the Death Trust Plan, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the Death Trust Plan 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 his/her death, but the benefit may not exceed \$50,000 and will be a minimum of \$25,000. All death benefit payments are made from the Death Trust Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Trust Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2010, the County made contributions to the State for death benefits of \$4,277. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .08% and .14% of covered payroll, respectively. The contributions to the Death Trust Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

G. Other Post-Employment Benefits – Healthcare Benefits

Plan Description. In addition to providing pension benefits, the County has elected to contribute 2.0% of the cost of retiree health insurance to retirees of the County under the North Carolina Local Governmental Employees’ Retirement System (System) or the North Carolina Law Enforcement Officers’ Local Governmental Employees’ Retirement System (LE System) who have their last five years of continuous service with the County at the time of retirement. The benefits are available until the retiree reaches their sixty-fifth 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 sixty-five 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, 2010, the County made payments for post-retirement health benefit premiums of \$7,051. 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, 2008, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	2	N/A
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	138	13
Total	140	13

Funding Policy. The County pays 2.0% of cost of coverage for the healthcare benefits of 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 2.33% of annual covered payroll. For the current year, the County contributed \$7,051, or .16%, of annual covered payroll. The County purchases healthcare coverage through private insurers. The County’s required contributions under a County resolution for employees not engaged in law enforcement and for law enforcement officers represented 2.33% and 2.33% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$-0-. The County’s obligation to contribute to the Plan is established and may be amended by the County Board.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Summary of Significant Accounting Policies

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

Annual OPEB Cost and Net Obligation

The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 103,084
Interest on net OPEB obligation	-
Adjustments to annual required contribution	-
Annual OPEB cost (expense)	103,084
Contributions made	(7,051)
Increase (decrease) in net OPEB obligation	96,033
Net OPEB obligation, beginning of year	96,587
Net OPEB obligation, end of year	\$ 192,620

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2009-2010 were as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2009	\$ 96,587	6.3%	\$ 96,587
2010	96,033	6.8%	192,620

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Fund Status and Funding Progress

The covered payroll (annual payroll of active employees covered by the plan) was \$4,415,117, and the ratio of the UAAL to the covered payroll was 16.9 %. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial accrued liabilities for benefits. As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$746,126.

Actuarial Methods and Assumptions

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

In the December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% 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 10.5% to 5.0% annually. Both rates included a 3.75% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009 was 29 years.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

10. Long-Term Obligations

Changes in Long-Term Debt

The following is a summary of changes in the County's long-term obligations for the year ended June 30, 2010:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Current</u> <u>Portion</u>
Governmental Activities:					
Installment note	\$ 14,525,159	\$ -	\$ (1,114,099)	\$ 13,411,060	\$ 1,027,144
Compensated absences	262,539	345,811	(250,000)	358,350	175,000
Other post-employment benefits	96,587	103,084	(7,051)	179,623	-
Net pension obligation	38,049	12,398	-	50,447	-
Total governmental activities	<u>\$ 14,922,334</u>	<u>\$ 461,293</u>	<u>\$ (1,371,150)</u>	<u>\$ 13,999,480</u>	<u>\$ 1,202,144</u>
Business-Type Activities:					
General obligation bonds	\$ 974,000	\$ -	\$ (116,000)	\$ 858,000	\$ 116,000
Installment notes	1,317,532	-	(106,480)	1,211,052	100,921
Compensated absences	17,332	19,182	(12,000)	24,514	12,000
Other post-employment benefits	6,497	6,500	-	12,997	-
Total	<u>\$ 2,315,361</u>	<u>\$ 25,682</u>	<u>\$ (234,480)</u>	<u>\$ 2,106,563</u>	<u>\$ 228,921</u>

The General Fund is typically used to liquidate governmental activities compensated absences, using a FIFO flow assumption, and pension liabilities.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Installment Notes Payable

Governmental Activities:

Purchased building with an installment purchase contract at interest rates ranging from 4.75% to 5.33% with annual installments of principal and interest, due of \$14,682 through September 22, 2013	\$ 52,917
Register of Deeds' Automated System purchased with an installment loan at an interest rate of 7%, due in annual installments of \$12,574 through January 30, 2012	23,481
Financed the construction of the Pamlico County primary school through an installment purchase contract at a 5.62% interest rate, due in quarterly in quarterly installments of \$110,772.83 through December 1, 2011	633,141
Financed Pamlico County High School Cafeteria with an installment purchase contract, due in semi-annual payments of \$151,666.67, plus interest of 5.62% through September 28, 2022	3,791,667
Agreement to purchase building at an interest rate of 4.125%, payable in yearly installments of \$118,731 through July 1, 2045	2,180,242
Agreement to purchase vehicles with at an interest rate of 3.48%, annum payable in yearly installments of \$96,335 through December 31, 2010	93,096
3.035% installment note, payable in bi-annual interest payments and annual principal payments of \$92,025; with a final payment due in 2019; secured by Bay River Metropolitan Sewer District (BRMSD) system assets <i>(See ** below for further discussion)</i>	828,225
Agreement of payment on a Law Enforcement Center with an interest rate varying between 4.250% and 4.375%, payable in yearly installments of \$322,450 through June 28, 2046	<u>5,808,291</u>
Total installment notes payable	<u>\$ 13,411,060</u>

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

**** Bay River Metropolitan Sewer District** - In 1999, the County obtained installment financing from the North Carolina Department of Environment and Natural Resources (DENR) to finance the construction of sewer system improvements. In 2000, the County transferred the system assets and liabilities to the Bay Ricer 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, BRMSD 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.

Business-Type Activities:

Serviced by the Water Fund:

2.305% note, payable in annual installments of \$100,921, plus interest
with final payment due May 2022; secured by Southeast water tower \$ 1,211,052

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

Governmental Activities:

Year Ending June 30	Principal	Interest	Total
2011	\$ 1,027,144	\$ 545,387	\$ 1,572,531
2012	740,106	499,493	1,239,599
2013	516,251	474,359	990,610
2014	521,535	454,028	975,563
2015	512,013	433,465	945,478
2016-2020	2,546,744	1,862,906	4,409,650
2021-2025	1,573,442	1,421,437	2,994,879
2026-2030	1,003,667	1,202,237	2,205,904
2031-2035	1,235,869	970,033	2,205,902
2036-2040	1,521,817	684,087	2,205,904
2041-2045	1,879,287	331,954	2,211,241
2046-2050	333,185	17,049	350,234
Total	\$ 13,411,060	\$ 8,896,434	\$ 22,307,494

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Business-Type Activities:

Proprietary Funds:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 100,921	\$ 27,914	\$ 128,835
2012	100,921	25,588	126,509
2013	100,921	23,362	124,283
2014	100,921	20,936	121,857
2015	100,921	18,610	119,531
2016-2020	504,605	58,156	562,761
Total	<u>\$ 1,211,052</u>	<u>\$ 181,544</u>	<u>\$ 1,183,776</u>

General Obligation Bonds

The County's general obligation bonds serviced by the governmental funds are collateralized by the full faith, credit, and taxing power of the County. The County issued general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which were recorded in the Water Fund, are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirements are appropriated when due.

The County's general obligation bonds, payable at June 30, 2010, are comprised of the following individual issues:

Serviced by the Water Fund:

Series 1979 bonds; payable annually in \$116,000 retirements through 2018 with semi-annual interest coupons of 5%

Total general obligation bonds, serviced by Water Fund \$ 858,000

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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

<u>Year Ending</u> <u>June 30</u>	<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 116,000	\$ 42,900	\$ 158,900
2012	116,000	37,100	153,100
2013	116,000	31,300	147,300
2014	116,000	25,500	141,500
2015	116,000	19,700	135,700
2016-2018	<u>278,000</u>	<u>24,300</u>	<u>302,300</u>
Total	<u>\$ 858,000</u>	<u>\$ 180,800</u>	<u>\$ 1,038,800</u>

At June 30, 2010, the County had a legal debt margin of \$109,688,000.

11. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The 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 insurance coverage equal to \$10.5 million per occurrence; general, auto, professional, and employment practices liability coverage of \$2 million per occurrence; and workers' compensation up to the statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of \$500,000, up to a \$2 million limit for general liability coverage.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years. The County carries flood insurance in the amounts of \$50,000 for contents and \$500,000 for property through a private insurer. The Finance Officer and Tax Collector are individually bonded for \$50,000 and \$50,000, respectively.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

12. Interfund Balances and Activities

Transfers to/from other funds at June 30, 2010 consist of the following:

Fund:	Transfers		
	From	To	Purpose
General Fund	\$ 151,668	\$ -	
Reappraisal Fund	-	42,000	Local funds for special revenue
Register of Deeds' Enhancement and Preservation Fund	-	109,668	Local funds for special revenue
Law Enforcement Capital Project Fund	1,062	-	Close capital project; return local funds
Human Services Capital Project Fund	68,583	-	Close capital project; return local funds
General Fund	-	69,645	
Total	\$ 221,313	\$ 221,313	

13. Related Organization

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.

14. 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 \$2,990 to the Authority during the fiscal year ended June 30, 2010, which represents the White Goods 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, 2010. 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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

The County participates in a joint venture with several other Counties to operate East Carolina Behavioral Center for Mental Health, Mental Retardation, and Substance Abuse Services. One commissioner from each County serves on the Board of twenty members. The County has an ongoing financial responsibility for the joint venture because of 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, 2010. Money received from the ABC Board designated for alcohol education is passed through to the Center. Complete financial statements for the Center can be obtained from the Center's administrative offices at 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. The County has an ongoing financial responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College's facilities. The County contributed \$520,000 to the Community College during the fiscal year ended June 30, 2010. 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, 2010. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at Highway 306 South, Grantsboro, North Carolina 28529.

15. **Jointly Governed Organization**

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

The Commission is governed by forty-five voting members, consisting of three members from Pamlico County and each of the twelve other participating counties, two members appointed by the Global TransPark Authority, and one member appointed from each of the following organizations: North Carolina State Board of Community Colleges, North Carolina Ports Authority, East Carolina University, and, the Global TransPark Foundation. The voting member from each of the counties is

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

appointed by the Board of County Commissioners of the respective counties. The Commission is responsible for a non-expendable trust fund consisting of an initial State appropriation of \$7.5 million and 85.0% of the quarterly distributions of the \$5 motor vehicle license fee collected by the North Carolina Department of Transportation. The motor vehicle tax was adopted by the legislature and the participating counties and will be collecting it for a period of five years. The principal balance of the trust funds is non-expendable and will revolve as loans are made and repaid to the Commission. At June 30, 2010, the portion of the trust available to be loaned exclusively to Pamlico County was \$788,067.

Craven-Pamlico-Carteret Regional Library. The County, in conjunction with two other counties, governs the operations of the Craven-Pamlico-Carteret Regional Library. Each of the participating governments appoints three Board members to the nine-member Board. For the year ended June 30, 2010, the County was responsible for 50% of the librarian's salary and benefits, 50% match of the expenditures related to Opportunities Grant, and \$5,800 of the cost of computer purchases. 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 inter-local agreement which provides, among other things, that the District will lease (and ultimately own) and operate the Town of Oriental Sewer System. The District will expand geographically to include the Town of Oriental, and the County will contribute certain loan and grant funds to a project for the construction of a regional sewer system in 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 the 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 \$1,840,000.. 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, 2010, as the District assumed liability for payment of this loan, in accordance with the above mentioned inter-local agreement.

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

16. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 13,384,423	\$ 4,681,676
Women, Infants, and Children	233,778	-
Temporary Assistance to Needy Families	79,833	-
Low Income Home Energy Assistance	70,842	-
Foster Care	32,733	6,607
Adoption Assistance	22,808	4,642
LINKS	2,955	739
State/County Special Assistance for Adults	-	115,191
CWS Adoption Subsidy	-	9,794
State Foster Home	-	15,664
Total	<u>\$ 13,827,372</u>	<u>\$ 4,834,313</u>

17. Component Unit Transactions

In the fiscal year 2010, the County and Pamlico County ABC Board, its component unit, reported the following transactions:

<u>Amount</u>	<u>Purpose</u>
\$ 15,000	Profit distribution
1,623	Rehabilitation funds
1,159	ABC Law Enforcement
<u>\$ 17,782</u>	

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

18. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

The County participates in a number of federal and State grant programs. For the fiscal year ended June 30, 2010, these programs were subject to audit in accordance with the Single Audit Act of 1984, the State Single Audit Implementation Act, and the provisions of OMB Circular A-133. The amount, if any, of expenditures which may be disallowed by the granting agencies resulting from such an audit, cannot be determined at this time; although the County expects such amounts, if any, to be immaterial.

At June 30, 2010, the County was a defendant to various lawsuits. Management believes that the ultimate outcome of these legal matters will not have a material adverse effect on the financial position of the County.

PAMLICO COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued		Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
		Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)			
12/31/2009	\$ -	\$ 137,480	\$ 137,480	0.0%	\$ 572,360	24.0%
12/31/2008	-	107,690	107,690	0.0%	496,067	21.7%
12/31/2007	-	104,909	104,909	0.0%	457,115	23.0%
12/31/2006	-	112,411	112,411	0.0%	477,343	23.5%
12/31/2005	-	103,164	103,164	0.0%	402,867	25.6%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution		Percentage of ARC Contributed
	(ARC)	Amount Contributed By Employer	
2010	\$ 18,933	\$ -	0.0%
2009	13,435	-	0.0%
2008	14,112	-	0.0%
2007	12,449	-	0.0%
2006	12,062	-	0.0%

Notes to the Required Schedules:

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

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	22 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases *	4.50%-12.3%
Cost-of-living adjustments	N/A

* Includes inflation at 3.75%

PAMLICO COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS -
 RETIREE HEALTH PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2010**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2008	\$ -	\$ 746,126	\$ 746,126	0.0%	\$ 4,415,117	16.9%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2009	\$ 103,084	\$ -	0.0%
2010	103,084	-	0.0%

Notes to the Required Schedules:

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

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	10.50%-5.00%
Year of Ultimate trend rate	2016

* Includes inflation at 3.75%

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 8,998,566	\$ 8,942,417	\$ (56,149)
Penalties and interest	110,000	123,362	13,362
Total	<u>9,108,566</u>	<u>9,065,779</u>	<u>(42,787)</u>
Local Option Sales Taxes:			
Article 39 - one percent	643,452	701,104	57,652
Article 40 - one-half of one percent	592,376	573,768	(18,608)
Article 42 - one-half of one percent	451,926	465,852	13,926
Article 44 - one-half of one percent	64,344	34,995	(29,349)
Total	<u>1,752,098</u>	<u>1,775,719</u>	<u>23,621</u>
Other Taxes and Licenses:			
Documentary stamps	55,000	48,792	(6,208)
Scrap wire disposal tax	14,067	14,067	-
White goods disposal tax	3,500	2,990	(510)
Medicaid hold harmless	35,000	2,188	(32,812)
Miscellaneous	-	19,184	19,184
Total	<u>107,567</u>	<u>87,221</u>	<u>(20,346)</u>
Unrestricted Intergovernmental:			
Beer and wine tax	44,675	26,775	(17,900)
Controlled substance tax	500	-	(500)
ABC tax distribution	9,000	6,742	(2,258)
School resource officer	40,000	40,000	-
Sheriff/jail fees	509,650	515,743	6,093
Facility fees	21,000	22,264	1,264
Total	<u>624,825</u>	<u>611,524</u>	<u>(13,301)</u>
Restricted Intergovernmental:			
Health department grants	626,520	471,608	(154,912)
Social services State grants	2,276,022	2,072,577	(203,445)
Other State grants	316,947	305,355	(11,592)
Senior Center grants	232,541	220,947	(11,594)
Social services federal grants	77,100	135,635	58,535
Other federal grants	57,158	58,584	1,426
Total	<u>3,586,288</u>	<u>3,264,706</u>	<u>(321,582)</u>

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>
Permits and Fees:			
Building permits	92,800	98,608	5,808
Register of Deeds	55,000	51,448	(3,552)
Other permits and fees	<u>135,073</u>	<u>130,797</u>	<u>(4,276)</u>
Total	<u>282,873</u>	<u>280,853</u>	<u>(2,020)</u>
Sales and Services:			
Rent and concessions	5,455	5,756	301
Recreation revenue	19,370	14,239	(5,131)
Patient fees-Nursing Home and Health Department	35,616	39,679	4,063
Senior services fees	60,275	66,935	6,660
Other	<u>151,763</u>	<u>152,454</u>	<u>691</u>
Total	<u>272,479</u>	<u>279,063</u>	<u>6,584</u>
Investment Earnings	<u>35,000</u>	<u>20,447</u>	<u>(14,553)</u>
Miscellaneous	<u>37,331</u>	<u>17,513</u>	<u>(19,818)</u>
Total revenues	<u>15,807,027</u>	<u>15,402,825</u>	<u>(404,202)</u>
Expenditures:			
General Government:			
Administration:			
Governing body	391,528	333,728	
County Manager	158,262	159,513	
Personnel	123,640	92,553	
Finance	316,059	256,265	
Data processing	<u>40,275</u>	<u>26,700</u>	
Total administration	<u>1,029,764</u>	<u>868,759</u>	<u>161,005</u>
Tax Listing Supervisor	<u>471,799</u>	<u>460,128</u>	<u>11,671</u>
Board of Elections	<u>114,142</u>	<u>115,764</u>	<u>(1,622)</u>
Register of Deeds	<u>117,689</u>	<u>113,729</u>	<u>3,960</u>
Public Buildings	<u>394,925</u>	<u>385,551</u>	<u>9,374</u>

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>
Water Fund Administrative Reimbursement	(85,707)	(85,707)	-
Total general government	<u>2,042,612</u>	<u>1,858,224</u>	<u>184,388</u>
Public Safety:			
Sheriff:			
Sheriff	1,167,085	1,174,338	
Criminal Justice Partnership	42,470	39,515	
Jail	1,585,680	1,575,687	
LEPC Grant	9,300	9,300	
Medical examiner	9,500	9,400	
Total sheriff	<u>2,814,035</u>	<u>2,808,240</u>	<u>5,795</u>
Emergency Management:			
Emergency management	87,827	83,300	
Fire departments	68,388	63,068	
Rescue squad	300,000	300,000	
Total emergency management	<u>456,215</u>	<u>446,368</u>	<u>9,847</u>
Total public safety	<u>3,270,250</u>	<u>3,254,608</u>	<u>15,642</u>
Environmental Protection:			
General:			
Recycling	184,360	177,734	
Landfill monitoring	9,500	9,475	
Total general	<u>193,860</u>	<u>187,209</u>	<u>6,651</u>
Animal Control	<u>67,270</u>	<u>60,632</u>	<u>6,638</u>
Total environmental protection	<u>261,130</u>	<u>247,841</u>	<u>13,289</u>
Economic and Physical Development:			
Planning:			
Planning board	7,346	5,247	
Planning department	72,799	73,847	
Bay Harbor	117,140	117,329	
Total planning	<u>197,285</u>	<u>196,423</u>	<u>862</u>

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>
Soil Conservation:			
Soil conservation cost share	41,740	41,869	
Soil conservation	<u>50,625</u>	<u>51,050</u>	
Total soil conservation	<u>92,365</u>	<u>92,919</u>	(554)
Inspections	<u>148,624</u>	<u>148,484</u>	140
Cooperative Extension	<u>94,086</u>	<u>94,281</u>	(195)
N.C. Division of Forest Resources	<u>74,066</u>	<u>74,066</u>	-
Total economic and physical development	<u>606,426</u>	<u>606,173</u>	253
Human Services:			
Senior Center:			
Senior Center	329,350	207,617	
Care Management	31,070	33,039	
NRCOG health promotion	7,453	6,560	
NRCOG nutrition	69,139	92,596	
Small home repair	3,944	3,663	
ARRA nutrition	9,242	9,242	
CAP - Division of Aging	66,012	160,396	
Kate B. Reynolds Trust	15,990	-	
Senior Center operations	5,717	5,543	
ECC - Family Caregiver Support	18,795	18,646	
Seniors health insurance info program	<u>4,634</u>	<u>3,084</u>	
Total senior center	<u>561,346</u>	<u>540,386</u>	20,960
General Health:			
Health department	183,005	297,283	
Bioterrorism	96,926	90,971	
CDC Pfsteria Grant	6,357	5,056	
Tuberculosis control	19,209	20,343	
Communicable disease	31,107	25,956	
Immunization action plan	54,971	61,553	
Breast cervical cancer	41,534	34,915	
Child health	106,009	57,663	
Maternal health	45,894	34,192	
Women preventative health	106,717	111,703	

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>
Health promotion	42,051	28,175	
WIC client services	60,342	70,454	
WIC nutrition	36,193	15,889	
WIC breast feeding	38,249	3,280	
Child services coordinator	32,550	9,835	
WIC general administration	10,931	5,315	
Wise women program	15,239	16,105	
HIV/STD	10,328	7,567	
Food and lodging	77,878	61,473	
Total general health	<u>1,015,490</u>	<u>957,728</u>	<u>57,762</u>
Environmental Health:			
Environmental health	175,232	162,881	
Mosquito control	20,583	16,515	
Total environmental health	<u>195,815</u>	<u>179,396</u>	<u>16,419</u>
East Carolina Behavioral Healthcare	<u>37,593</u>	<u>35,196</u>	<u>2,397</u>
Social Services:			
Department of Social Services	1,966,154	1,945,845	
Chore State in home	2,942	(129)	
Family violence program	4,560	4,302	
Jobs program	26,000	16,595	
Program integrity	71,613	64,821	
Work First transportation	10,808	7,880	
Medicaid transportation	36,000	33,542	
Links scholarship	2,000	3,634	
Special Assistance aged/disabled	119,000	116,095	
State foster care 50%	30,000	28,480	
AFDC/TANF foster care 34% IV-E	57,102	56,276	
Emergency foster care	2,000	1,244	
Medicaid payment to State	-	(244)	
Aid to the blind	1,200	954	
Adoption assistance	10,000	9,610	
Crisis intervention program	31,087	35,354	
Carolina Power utility program	3,173	2,616	
NRCOG chore services	60,091	66,791	

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>
Day care	635,842	575,471	
Transportation	40,686	40,889	
Transportation - RGP grant	36,540	35,514	
Total social services	<u>3,146,798</u>	<u>3,045,540</u>	101,258
Veterans Services	<u>32,064</u>	<u>31,861</u>	203
Department of Juvenile Justice Partnership:			
DJJP - Juvenile Service Restitution	5,959	6,112	
DJJP - Task Force Certification	117	-	
DJJP - Intervention - delinquency	63,933	63,933	
Total Department of Juvenile Justice Partnership	<u>70,009</u>	<u>70,045</u>	(36)
Total human services	<u>5,059,115</u>	<u>4,860,152</u>	198,963
Cultural and Recreation:			
Regional library	160,720	160,716	4
Recreation	481,029	478,775	2,254
Total cultural and recreation	<u>641,749</u>	<u>639,491</u>	2,258
Education:			
Pamlico County Board of Education:			
Capital	200,000	200,000	-
Current expense	2,800,946	2,800,946	-
Total Pamlico County Board of Education	<u>3,000,946</u>	<u>3,000,946</u>	-
Pamlico County Community College	<u>520,000</u>	<u>520,000</u>	-
Total education	<u>3,520,946</u>	<u>3,520,946</u>	-
Debt Service:			
Principal retirement	1,220,339	1,159,659	
Interest and fees	253,424	314,183	
Total debt service	<u>1,473,763</u>	<u>1,473,842</u>	(79)
Total expenditures	<u>16,875,991</u>	<u>16,461,277</u>	414,714

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>
Revenues over (under) expenditures	<u>(1,068,964)</u>	<u>(1,058,452)</u>	<u>10,512</u>
Other Financing Sources (Uses):			
Transfers out	(152,000)	(151,668)	332
Transfers in	110,000	69,645	(40,355)
Appropriated fund balance	<u>1,110,964</u>	<u>-</u>	<u>(1,110,964)</u>
Total other financing sources (uses)	<u>1,068,964</u>	<u>(82,023)</u>	<u>(1,150,987)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,140,475)</u>	<u>(1,140,475)</u>
Fund Balance:			
Beginning of year - July 1		<u>5,206,300</u>	
End of year - June 30		<u>\$ 4,065,825</u>	

PAMLICO COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Funds	Total
Assets:			
Cash and cash equivalents	\$ 1,062,282	\$ -	\$ 1,062,282
Taxes receivable, net	44,382	-	44,382
Accounts receivable, net	42,692	-	42,692
Total assets	<u>\$ 1,149,356</u>	<u>\$ -</u>	<u>\$ 1,149,356</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 3,249	\$ -	\$ 3,249
Deferred revenue	87,074	-	87,074
Total liabilities	<u>90,323</u>	<u>-</u>	<u>90,323</u>
Fund Balances:			
Undesignated	<u>1,059,033</u>	-	<u>1,059,033</u>
Total fund balances	<u>1,059,033</u>	<u>-</u>	<u>1,059,033</u>
Total liabilities and fund balances	<u>\$ 1,149,356</u>	<u>\$ -</u>	<u>\$ 1,149,356</u>

PAMLICO COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2010**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Funds	Total
Revenues:			
Ad valorem taxes	\$ 470,519	\$ -	\$ 470,519
Restricted intergovernmental	275,727	-	275,727
Other taxes and licenses	108,646	-	108,646
Investment earnings	535	-	535
Total revenues	<u>855,427</u>	<u>-</u>	<u>855,427</u>
Expenditures:			
Current:			
Public safety	556,911	(1,062)	555,849
Economic and physical development	71,048	-	71,048
Total expenditures	<u>627,959</u>	<u>(1,062)</u>	<u>626,897</u>
Revenues over (under) expenditures	<u>227,468</u>	<u>1,062</u>	<u>228,530</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds	151,668	(69,645)	82,023
Total other financing sources (uses)	<u>151,668</u>	<u>(69,645)</u>	<u>82,023</u>
Net change in fund balances	379,136	(68,583)	310,553
Fund Balances:			
Beginning of year - July 1	<u>679,897</u>	<u>68,583</u>	<u>748,480</u>
End of year - June 30	<u>\$ 1,059,033</u>	<u>\$ -</u>	<u>\$ 1,059,033</u>

PAMLICO COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2010

	<u>All Fire Districts Fund</u>	<u>Reappraisal Fund</u>	<u>Enhanced 911 Fund</u>	<u>Baird Shores Special Assessment Fund</u>
Assets:				
Cash and cash equivalents	\$ 25,530	\$ 292,178	\$ 766,329	\$ (42,692)
Accounts receivable, net	-	-	-	42,692
Taxes receivable, net	44,382	-	-	-
Total assets	<u>\$ 69,912</u>	<u>\$ 292,178</u>	<u>\$ 766,329</u>	<u>\$ -</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,758	\$ -	\$ -	\$ -
Deferred revenue	44,382	-	-	42,692
Total liabilities	<u>46,140</u>	<u>-</u>	<u>-</u>	<u>42,692</u>
Fund Balances:				
Undesignated	23,772	292,178	766,329	(42,692)
Total fund balances	<u>23,772</u>	<u>292,178</u>	<u>766,329</u>	<u>(42,692)</u>
Total liabilities and fund balances	<u>\$ 69,912</u>	<u>\$ 292,178</u>	<u>\$ 766,329</u>	<u>\$ -</u>

Schedule 4

CDBG Scattered Sites Fund	Register of Deeds Enhancement Preservation Fund	Total
\$ 2,500	\$ 18,437	\$ 1,062,282
-	-	42,692
-	-	44,382
\$ 2,500	\$ 18,437	\$ 1,149,356

\$ 1,491	\$ -	\$ 3,249
-	-	87,074
1,491	-	90,323

1,009	18,437	1,059,033
1,009	18,437	1,059,033

\$ 2,500	\$ 18,437	\$ 1,149,356
----------	-----------	--------------

PAMLICO COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>All Fire Districts Fund</u>	<u>Reappraisal Fund</u>	<u>Enhanced 911 Fund</u>	<u>Baird Shores Special Assessment Fund</u>
Revenues:				
Ad valorem taxes	\$ 470,519	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	219,816	-
Other taxes and licenses	86,318	-	-	14,697
Investment earnings	-	535	-	-
Total revenues	<u>556,837</u>	<u>535</u>	<u>219,816</u>	<u>14,697</u>
Expenditures:				
Current:				
Public safety	531,307	-	25,604	-
Economic and physical development	-	-	-	-
Total expenditures	<u>531,307</u>	<u>-</u>	<u>25,604</u>	<u>-</u>
Revenues over (under) expenditures	<u>25,530</u>	<u>535</u>	<u>194,212</u>	<u>14,697</u>
Other Financing Sources (Uses):				
Transfers from (to) other funds	-	42,000	-	-
Total other financing sources (uses)	<u>-</u>	<u>42,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	25,530	42,535	194,212	14,697
Fund Balances:				
Beginning of year - July 1	<u>(1,758)</u>	<u>249,643</u>	<u>572,117</u>	<u>(57,389)</u>
End of year - June 30	<u>\$ 23,772</u>	<u>\$ 292,178</u>	<u>\$ 766,329</u>	<u>\$ (42,692)</u>

Schedule 5

CDBG Scattered Sites Fund	Register of Deeds Enhancement Preservation Fund	Total
\$ -	\$ -	\$ 470,519
55,911	-	275,727
-	7,631	108,646
-	-	535
<u>55,911</u>	<u>7,631</u>	<u>855,427</u>
-	-	556,911
54,902	16,146	71,048
<u>54,902</u>	<u>16,146</u>	<u>627,959</u>
<u>1,009</u>	<u>(8,515)</u>	<u>227,468</u>
-	109,668	151,668
<u>-</u>	<u>109,668</u>	<u>151,668</u>
1,009	101,153	379,136
<u>-</u>	<u>(82,716)</u>	<u>679,897</u>
<u>\$ 1,009</u>	<u>\$ 18,437</u>	<u>\$ 1,059,033</u>

PAMLICO COUNTY, NORTH CAROLINA

**ALL FIRE DISTRICTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 425,092	\$ 470,519	\$ 45,427
Other taxes	103,500	86,318	(17,182)
Total revenues	<u>528,592</u>	<u>556,837</u>	<u>28,245</u>
Expenditures:			
Public safety	<u>528,592</u>	<u>531,307</u>	<u>(2,715)</u>
Total expenditures	<u>528,592</u>	<u>531,307</u>	<u>(2,715)</u>
Net change in fund balance	<u>\$ -</u>	25,530	<u>\$ 25,530</u>
Fund Balance:			
Beginning of year - July 1		<u>(1,758)</u>	
End of year - June 30		<u>\$ 23,772</u>	

PAMLICO COUNTY, NORTH CAROLINA

REAPPRAISAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ 4,100	\$ 535	\$ (3,565)
Total revenues	<u>4,100</u>	<u>535</u>	<u>(3,565)</u>
Expenditures:			
General government	<u>46,100</u>	-	<u>46,100</u>
Total expenditures	<u>46,100</u>	-	<u>46,100</u>
Revenues over (under) expenditures	<u>(42,000)</u>	<u>535</u>	<u>42,535</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds	<u>42,000</u>	<u>42,000</u>	<u>-</u>
Total other financing sources (uses)	<u>42,000</u>	<u>42,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>42,535</u>	<u>\$ 42,535</u>
Fund Balance:			
Beginning of year - July 1		<u>249,643</u>	
End of year - June 30		<u>\$ 292,178</u>	

PAMLICO COUNTY, NORTH CAROLINA

**ENHANCED 911 FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 193,000	\$ 219,816	\$ 26,816
Miscellaneous	200	-	(200)
Total revenues	<u>193,200</u>	<u>219,816</u>	<u>26,616</u>
Expenditures:			
Public safety:			
Contracted services	<u>193,200</u>	<u>25,604</u>	<u>167,596</u>
Total expenditures	<u>193,200</u>	<u>25,604</u>	<u>167,596</u>
Net change in fund balance	<u>\$ -</u>	194,212	<u>\$ 194,212</u>
Fund Balance:			
Beginning of year - July 1		<u>572,117</u>	
End of year - June 30		<u>\$ 766,329</u>	

PAMLICO COUNTY, NORTH CAROLINA

**BAIRD SHORES SPECIAL ASSESSMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Owner contributions	\$ 165,621	\$ 108,232	\$ 14,697	\$ 122,929
Total revenues	<u>165,621</u>	<u>108,232</u>	<u>14,697</u>	<u>122,929</u>
Expenditures:				
Welfare:				
Professional services	9,637	9,637	-	9,637
Engineering fees	2,394	2,394	-	2,394
Contracted services	3,240	3,240	-	3,240
Street improvements	<u>150,350</u>	<u>150,350</u>	-	<u>150,350</u>
Total expenditures	<u>165,621</u>	<u>165,621</u>	-	<u>165,621</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (57,389)</u>	14,697	<u>\$ (42,692)</u>
Fund Balance:				
Beginning of year - July 1			<u>(57,389)</u>	
End of year - June 30			<u>\$ (42,692)</u>	

PAMLICO COUNTY, NORTH CAROLINA

**CDBG SCATTERED SITES FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental:				
CDBG SS 09-C-2001	\$ 602,872	\$ -	\$ 28,153	\$ 28,153
TEDG -T-1911	75,000	-	27,758	27,758
Total revenues	<u>677,872</u>	<u>-</u>	<u>55,911</u>	<u>55,911</u>
Expenditures:				
Economic and physical development:				
CDBG SS 09-C-2001:				
Clearance	32,000	-	3,325	3,325
Acquisition	25,000	-	-	-
Relocation	478,000	-	1,141	1,141
Administration	67,872	-	22,678	22,678
Total CDBG SS 09-C-2001 expenditures	<u>602,872</u>	<u>-</u>	<u>27,144</u>	<u>27,144</u>
TEDG -T-1911 grant expenditures	75,000	-	27,758	27,758
Total expenditures	<u>677,872</u>	<u>-</u>	<u>54,902</u>	<u>54,902</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,009	<u>\$ 1,009</u>
Fund Balance:				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ 1,009</u>	

PAMLICO COUNTY, NORTH CAROLINA

**ENHANCEMENT/PRESERVATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes and licenses	\$ 12,500	\$ 7,631	\$ (4,869)
Total revenues	<u>12,500</u>	<u>7,631</u>	<u>(4,869)</u>
Expenditures:			
Economic and physical development	22,500	16,146	6,354
Total expenditures	<u>22,500</u>	<u>16,146</u>	<u>6,354</u>
Revenues over (under) expenditures	<u>(10,000)</u>	<u>(8,515)</u>	<u>1,485</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds	10,000	109,668	99,668
Total other financing sources (uses)	<u>10,000</u>	<u>109,668</u>	<u>99,668</u>
Net change in fund balance	<u>\$ -</u>	101,153	<u>\$ 101,153</u>
Fund Balance:			
Beginning of year - July 1		<u>(82,716)</u>	
End of year - June 30		<u>\$ 18,437</u>	

PAMLICO COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2010**

	Human Services Building Fund	Law Enforcement Center	Total
	<u> </u>	<u> </u>	<u> </u>
Expenditures:			
Current:			
Public safety	\$ -	\$ (1,062)	\$ (1,062)
Total expenditures	<u>-</u>	<u>(1,062)</u>	<u>(1,062)</u>
Revenues over (under) expenditures	<u>-</u>	<u>1,062</u>	<u>1,062</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds	<u>(68,583)</u>	<u>(1,062)</u>	<u>(69,645)</u>
Total other financing sources (uses)	<u>(68,583)</u>	<u>(1,062)</u>	<u>(69,645)</u>
Net change in fund balances	(68,583)	-	(68,583)
Fund Balances:			
Beginning of year - July 1	<u>68,583</u>	<u>-</u>	<u>68,583</u>
End of year - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PAMLICO COUNTY, NORTH CAROLINA

HUMAN SERVICES BUILDING FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Investment earnings	\$ 17,910	\$ 36,240	\$ -	\$ 36,240	\$ 18,330
Total revenues	<u>17,910</u>	<u>36,240</u>	<u>-</u>	<u>36,240</u>	<u>18,330</u>
Expenditures:					
Permits	5,000	-	-	-	5,000
Professional services	516,191	515,340	-	515,340	851
Construction costs	2,207,419	2,163,423	-	2,163,423	43,996
Contingency	<u>39,300</u>	<u>39,300</u>	<u>-</u>	<u>39,300</u>	<u>-</u>
Total expenditures	<u>2,767,910</u>	<u>2,718,063</u>	<u>-</u>	<u>2,718,063</u>	<u>49,847</u>
Revenues over (under) expenditures	<u>(2,750,000)</u>	<u>(2,681,823)</u>	<u>-</u>	<u>(2,681,823)</u>	<u>68,177</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds	400,000	400,406	(68,583)	331,823	(68,177)
Long-term debt issued	<u>2,350,000</u>	<u>2,350,000</u>	<u>-</u>	<u>2,350,000</u>	<u>-</u>
Total other financing sources (uses)	<u>2,750,000</u>	<u>2,750,406</u>	<u>(68,583)</u>	<u>2,681,823</u>	<u>(68,177)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 68,583</u>	<u>\$ (68,583)</u>	<u>\$ -</u>	<u>\$ -</u>

PAMLICO COUNTY, NORTH CAROLINA

LAW ENFORCEMENT CENTER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Investment earnings	\$ 30,000	\$ 244,237	\$ -	\$ 244,237	\$ 214,237
Total revenues	<u>30,000</u>	<u>244,237</u>	<u>-</u>	<u>244,237</u>	<u>214,237</u>
Expenditures:					
Advertising	800	776	-	776	24
Professional services	6,735,237	5,955,509	(1,062)	5,954,447	780,790
Construction costs	1,730,000	1,725,939	-	1,725,939	4,061
Debt service - principal	6,939,389	6,325,064	-	6,325,064	614,325
Debt service - interest	469,968	727,804	-	727,804	(257,836)
Total expenditures	<u>15,875,394</u>	<u>14,735,092</u>	<u>(1,062)</u>	<u>14,734,030</u>	<u>1,141,364</u>
Revenues over (under) expenditures	<u>(15,845,394)</u>	<u>(14,490,855)</u>	<u>1,062</u>	<u>(14,489,793)</u>	<u>1,355,601</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds	2,022,108	2,290,855	(1,062)	2,289,793	267,685
Long-term debt issued	13,823,286	12,200,000	-	12,200,000	(1,623,286)
Total other financing sources (uses)	<u>15,845,394</u>	<u>14,490,855</u>	<u>(1,062)</u>	<u>14,489,793</u>	<u>(1,355,601)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PAMLICO COUNTY, NORTH CAROLINA

WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services	\$ 1,410,000	\$ 1,313,488	\$ (96,512)
Taps and connect fees	36,000	37,940	1,940
Other operating revenue	3,600	16,649	13,049
Total revenues	<u>1,449,600</u>	<u>1,368,077</u>	<u>(81,523)</u>
Non-operating revenues:			
Restricted grants	-	180,814	180,814
Sale of fixed assets	-	600	600
Interest on investments	24,000	3,576	(20,424)
Total non-operating revenues	<u>24,000</u>	<u>184,990</u>	<u>160,990</u>
Total revenues	<u>1,473,600</u>	<u>1,553,067</u>	<u>79,467</u>
Expenditures:			
Personnel services	542,770	552,129	
Contractual services	206,400	253,339	
Operating expenses	478,550	577,764	
Utilities	10,700	8,841	
Insurance	32,000	-	
Printing and binding	3,000	2,436	
Maintenance and repair	291,000	49,206	
Capital outlay	2,128,365	733,279	
Debt service - principal	278,827	222,480	
Debt service - interest	87,991	66,698	
Total expenditures	<u>4,059,603</u>	<u>2,466,172</u>	<u>1,593,431</u>
Revenues over (under) expenditures	<u>(2,586,003)</u>	<u>(913,105)</u>	<u>1,672,898</u>
Other Financing Sources (Uses):			
Transfer from Water Capital Reserve Fund	1,226,974	-	(1,226,974)
Appropriated fund balance	1,359,029	-	(1,359,029)
Total other financing sources (uses)	<u>2,586,003</u>	<u>-</u>	<u>(2,586,003)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (913,105)</u>	<u>\$ (913,105)</u>

PAMLICO COUNTY, NORTH CAROLINA

WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (913,105)	
Reconciling items:			
Capital outlay		685,486	
Depreciation		(358,502)	
Capital reserve revenues		50,925	
Change in OPEB payable		(6,500)	
Debt service - principal		222,480	
Loss on disposal of capital assets		<u>(381,386)</u>	
Change in net assets		<u>\$ (700,602)</u>	

PAMLICO COUNTY, NORTH CAROLINA

**WATER FUND - CAPITAL RESERVE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
User fees		\$ 50,925	
Total revenues	\$ 130,000	<u>50,925</u>	\$ (79,075)
Other Financing Sources (Uses):			
Transfer from (to) Water Fund	(130,000)	-	130,000
Total other financing sources (uses)	<u>(130,000)</u>	<u>-</u>	<u>130,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 50,925</u>	<u>\$ 50,925</u>

PAMLICO COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Social Services:				
Assets:				
Cash and cash equivalents	\$ 40,763	\$ 84,377	\$ 81,453	\$ 43,687
Liabilities:				
Accounts payable	\$ 40,763	\$ 84,377	\$ 81,453	\$ 43,687
North Carolina DMV:				
Assets:				
Cash and cash equivalents	\$ 192	\$ 7,044	\$ 6,802	\$ 434
Liabilities:				
Intergovernmental payable	\$ 192	\$ 7,044	\$ 6,802	\$ 434
Jail Inmate Trust:				
Assets:				
Cash and cash equivalents	\$ 1,090	\$ 56,970	\$ 58,060	\$ -
Liabilities:				
Accounts payable	\$ 1,090	\$ 56,970	\$ 58,060	\$ -
Bay River Metropolitan Sewer District:				
Assets:				
Cash and cash equivalents	\$ (7,928)	\$ 776,577	\$ 768,649	\$ -
Accounts receivable	205,006	779,181	764,464	219,723
Total assets	<u>\$ 197,078</u>	<u>\$ 1,555,758</u>	<u>\$ 1,533,113</u>	<u>\$ 219,723</u>
Liabilities:				
Accounts payable	\$ 197,078	\$ 779,181	\$ 756,536	\$ 219,723
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 34,117	\$ 924,968	\$ 914,964	\$ 44,121
Accounts receivable	205,006	779,181	764,464	219,723
Total assets	<u>\$ 239,123</u>	<u>\$ 1,704,149</u>	<u>\$ 1,679,428</u>	<u>\$ 263,844</u>
Liabilities:				
Accounts payable	\$ 238,931	\$ 920,528	\$ 896,049	\$ 263,410
Intergovernmental payable	192	7,044	6,802	434
Total liabilities	<u>\$ 239,123</u>	<u>\$ 927,572</u>	<u>\$ 902,851</u>	<u>\$ 263,844</u>

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2010

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2009</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2010</u>
2009-2010	\$ -	\$ 9,031,447	\$ 8,545,297	\$ 486,150
2008-2009	530,592	-	340,830	189,762
2007-2008	172,095	-	55,345	116,750
2006-2007	108,796	-	26,727	82,069
2005-2006	87,372	-	13,788	73,584
2004-2005	53,078		8,189	44,889
2003-2004	52,575		6,082	46,493
2002-2003	45,474		5,759	39,715
2001-2002	42,671		1,528	41,143
2000-2001	33,011		962	32,049
1999-2000	32,418	-	32,418	-
Total	<u>\$ 1,158,082</u>	<u>\$ 9,031,447</u>	<u>\$ 9,036,925</u>	1,152,604
Less: Allowance for uncollectible accounts -				<u>(350,000)</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 802,604</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 9,065,779
Reconciling items:				
Interest and penalties collected				(123,362)
Abatements and credits for prior year taxes				105,555
Taxes written off due to statute of limitations				32,186
Miscellaneous adjustments				<u>(43,233)</u>
Total collections and credits				<u>\$ 9,036,925</u>

PAMLICO COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2010

	County-Wide			Total Levy	
	Property	Rate	Total	Property	Registered
	Valuation	Per \$100	Levy	Excluding	Motor
				Registered	Motor
				Vehicles	Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 1,598,558,467	0.6525	\$ 10,430,594	\$ 8,351,893	\$ 2,078,701
Public utilities	17,388,046		113,457	113,457	-
Less: Senior Citizen exemption	(11,414,559)		(74,480)	(74,480)	-
Special paving assessment	2,637,088		17,207	17,207	-
Penalties	-		14,990	14,990	-
Total original levy	<u>1,607,169,042</u>		<u>10,501,768</u>	<u>8,423,067</u>	<u>2,078,701</u>
Discoveries:					
Current year taxes	<u>8,810,115</u>	0.6525	<u>57,486</u>	<u>55,896</u>	<u>1,590</u>
Abatements:					
Current year taxes	<u>(234,146,667)</u>	0.0065	<u>(1,527,807)</u>	<u>(63,702)</u>	<u>(1,464,105)</u>
Total property valuation	<u>\$ 1,381,832,490</u>				
Net Levy			9,031,447	8,415,261	616,186
Uncollected taxes at June 30, 2010			<u>486,150</u>	<u>400,046</u>	<u>86,104</u>
Current Year's Taxes Collected			<u>\$ 8,545,297</u>	<u>\$ 8,015,215</u>	<u>\$ 530,082</u>
Current Levy Collection Percentage			<u>94.62%</u>	<u>95.25%</u>	<u>86.03%</u>

PAMLICO COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2010**

Secondary Market Disclosures:

Assessed Valuation:

Assessment ratio	100%
Real property	\$ 1,277,566,968
Personal property	86,877,476
Public service companies	<u>17,388,046</u>
Total assessed valuation	<u>\$ 1,381,832,490</u>
Tax rate per \$100	0.6525
Levy (includes discoveries, releases, and abatements)	<u>\$ 9,031,447</u>

PAMLICO COUNTY, NORTH CAROLINA

TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
RR Development North III LLC	Real Estate Developer	\$ 38,626,902	2.80%
River Dunes Corp	Real Estate Developer	18,313,457	1.33%
Weyerhaeuser Co.	Timber Land	14,437,403	1.04%
Burton Farm Development	Real Estate Developer	10,491,258	0.76%
Coastal Market & Development	Real Estate Developer	8,415,991	0.61%
Tideland Electric Membership	Utilities	8,168,552	0.59%
CP&L/Progress Energy Services Co.	Utilities	4,945,150	0.36%
Reserveco Inc.	Real Estate Developer	4,669,478	0.34%
Squires CG, LLC	Real Estate Developer	4,329,017	0.31%
Carolina Telephone	Utilities	<u>3,819,331</u>	<u>0.28%</u>
Total		<u>\$ 116,216,539</u>	<u>8.41%</u>