

PAMLICO COUNTY NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

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, 2011**

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PAMLICO COUNTY, NORTH CAROLINA

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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, 2011, 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, 2011, 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 November 29, 2011 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.

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

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements of Pamlico County, North Carolina as a whole. The combining and individual fund financial statements, budget and actual schedules, and supplemental 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 supplemental ad valorem tax schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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.
November 29, 2011

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, 2011. 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

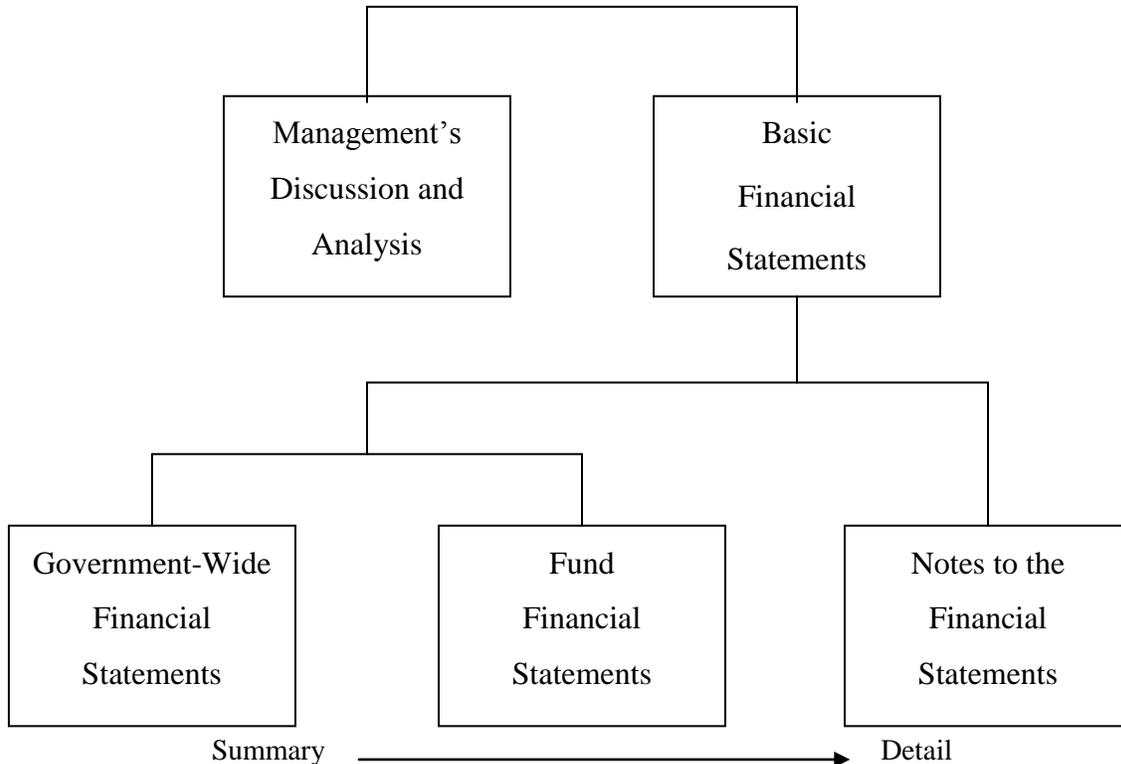
- The assets of Pamlico County exceeded its liabilities at the close of the fiscal year by \$17,325,669 (net assets).
- The government's total net assets decreased by \$703,944, primarily due to decreased net assets in the business-type activities.
- As of the close of the current fiscal year, Pamlico County's governmental funds reported combined ending fund balances of \$4,861,438, after a net decrease in fund balance of \$263,420. Approximately 28% of this total amount, or \$1,348,318, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,194,192, or 20%, of total General Fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Pamlico County's basic financial statements. 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 next 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, public education, and general administration. 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

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Pamlico County, like other State and local governments, uses fund accounting to ensure and demonstrate compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All funds of Pamlico County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, 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 government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

Proprietary Funds. Pamlico County maintains only one type of proprietary fund, an 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.

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.

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.

Pamlico County's Net Assets
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and other assets	\$ 7,166,769	\$ 7,513,996	\$ 6,000,832	\$ 5,514,024	\$ 13,167,601	\$ 13,028,020
Capital assets	12,049,160	11,923,873	11,837,093	9,783,774	23,886,253	21,707,647
Total assets	<u>19,215,929</u>	<u>19,437,869</u>	<u>17,837,925</u>	<u>15,297,798</u>	<u>37,053,854</u>	<u>34,735,667</u>
Liabilities:						
Long-term liabilities, outstanding	12,096,770	12,797,336	5,487,174	1,877,642	17,583,944	14,674,978
Other liabilities	1,568,669	1,714,445	575,572	316,631	2,144,241	2,031,076
Total liabilities	<u>13,665,439</u>	<u>14,511,781</u>	<u>6,062,746</u>	<u>2,194,273</u>	<u>19,728,185</u>	<u>16,706,054</u>
Net Assets:						
Invested in capital assets, net of related debt	4,043,224	3,765,846	8,103,300	7,714,722	12,146,524	11,480,568
Restricted	1,348,318	-	-	-	1,348,318	-
Unrestricted	158,948	1,160,242	3,671,879	5,388,803	3,830,827	6,549,045
Total net assets	<u>\$ 5,550,490</u>	<u>\$ 4,926,088</u>	<u>\$ 11,775,179</u>	<u>\$ 13,103,525</u>	<u>\$ 17,325,669</u>	<u>\$ 18,029,613</u>

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 \$17,325,669 at the close of the most recent fiscal year.

By far, the largest portion (70%) of Pamlico County's net assets reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are 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. An additional portion of Pamlico County's net assets \$1,348,318 (8%) represents resources that are subject to external restrictions on how they may be used. At the end of the current fiscal year, Pamlico County is able to report positive balances in unrestricted net assets in the amount of \$3,830,827 (22%) for the government as a whole.

Pamlico County's Changes in Net Assets

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 1,596,733	\$ 1,407,822	\$ 1,698,603	\$ 1,419,002	\$ 3,295,336	\$ 2,826,824
Operating grants and contributions	3,454,025	3,154,564	-	-	3,454,025	3,154,564
Capital grants and contributions	204,294	167,000	-	180,814	204,294	347,814
General revenues:						
Property taxes	9,659,659	9,324,573	-	-	9,659,659	9,324,573
Local option sales tax	1,574,332	1,761,022	-	-	1,574,332	1,761,022
Other taxes	513,251	195,867	-	-	513,251	195,867
Investment earnings	18,651	20,982	6,337	3,576	24,988	24,558
Total revenues	17,020,945	16,031,830	1,704,940	1,603,392	18,725,885	17,635,222
Expenses:						
General government	2,191,083	2,223,607	-	-	2,191,083	2,223,607
Public safety	3,928,994	3,880,568	-	-	3,928,994	3,880,568
Economic and physical development	890,315	681,979	-	-	890,315	681,979
Environmental protection	260,315	268,354	-	-	260,315	268,354
Human services	4,623,345	5,001,286	-	-	4,623,345	5,001,286
Cultural and recreation	439,543	470,486	-	-	439,543	470,486
Education	3,520,292	3,520,946	-	-	3,520,292	3,520,946
Interest on long-term debt	542,656	435,768	-	-	542,656	435,768
Water Fund	-	-	3,033,286	2,303,994	3,033,286	2,303,994
Total expenses	16,396,543	16,482,994	3,033,286	2,303,994	19,429,829	18,786,988
Change in net assets	624,402	(451,164)	(1,328,346)	(700,602)	(703,944)	(1,151,766)
Net Assets:						
Net assets, beginning as stated	4,926,088	10,644,074	13,103,525	13,804,127	18,029,613	24,448,201
Prior period adjustment	-	(5,266,822)	-	-	-	(5,266,822)
Beginning of year - July 1	4,926,088	5,377,252	13,103,525	13,804,127	18,029,613	19,181,379
End of year - June 30	\$ 5,550,490	\$ 4,926,088	\$ 11,775,179	\$ 13,103,525	\$ 17,325,669	\$ 18,029,613

Governmental Activities. Governmental activities increased the County's net assets by \$624,402. Property taxes provided 57 percent of funding at \$9,659,659. Charges for services funded \$1,596,733, and operating grants funded \$3,454,025 of Pamlico County's governmental activities. The increase in governmental activities net assets of \$624,402 was primarily due to increases in operating grants and contributions and property taxes revenue.

Business-Type Activities. Business-type activities decreased Pamlico County's net assets by \$1,328,346, this decrease is primarily due to the settlement of litigation.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Pamlico County. At the end of the current fiscal year, Pamlico County's fund balance available in the General Fund was \$3,454,395, while total fund balance reached \$4,240,793. The County currently has an available fund balance of 22% of General Fund expenditures and transfers to other funds, while total fund balance represents 27% of that same amount.

As of the end of the current fiscal year, Pamlico County's governmental funds reported combined ending fund balances of \$4,861,438, a decrease of \$263,420 from 2010.

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 total budgeted revenues and expenditures by roughly \$430,000. These amendments were necessary to reflect changes made by the governing board to more accurately reflect expected revenues and to reflect changes implemented by management to improve the financial condition of the County.

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 of the Water Fund at the end of the year totaled \$3,671,879.

Capital Asset and Debt Administration

Capital Assets. Pamlico County's investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounts to \$23,886,253 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery, and equipment.

Pamlico County's Capital Assets
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 334,634	\$ 334,634	\$ 70,286	\$ 70,286	\$ 404,920	\$ 404,920
Construction in progress	-	-	2,199,848	332,262	2,199,848	332,262
Buildings and improvements	12,370,354	12,370,354	3,490,444	3,490,444	15,860,798	15,860,798
Plant	-	-	8,170,483	7,662,290	8,170,483	7,662,290
Equipment and vehicles	3,788,472	3,386,911	2,291,815	2,285,039	6,080,287	5,671,950
Subtotal	16,493,460	16,091,899	16,222,876	13,840,321	32,716,336	29,932,220
Less: accumulated depreciation	(4,444,300)	(4,168,026)	(4,385,783)	(4,056,547)	(8,830,083)	(8,224,573)
Total	<u>\$ 12,049,160</u>	<u>\$ 11,923,873</u>	<u>\$ 11,837,093</u>	<u>\$ 9,783,774</u>	<u>\$ 23,886,253</u>	<u>\$ 21,707,647</u>

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
General Obligation Bonds and Other Debt**
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Installment note	\$ 12,447,433	\$ 13,411,060	\$ 5,129,314	\$ 1,211,052	\$ 17,576,747	\$ 14,622,112
Compensated absences	359,212	358,350	26,773	24,514	385,985	382,864
OPEB	253,404	179,623	17,960	12,997	271,364	192,620
Net pension obligation	69,201	50,447	-	-	69,201	50,447
General obligation bonds	-	-	742,000	858,000	742,000	858,000
Total	<u>\$ 13,129,250</u>	<u>\$ 13,999,480</u>	<u>\$ 5,916,047</u>	<u>\$ 2,106,563</u>	<u>\$ 19,045,297</u>	<u>\$ 16,106,043</u>

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 Pamlico County is \$111,668,000.

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 Factors and Next Year's Budget and Rates

- Housing starts continue to remain flat.
- The unemployment rate for Pamlico County is currently 9.3 percent, which is consistent with the unemployment rate a year ago. This compares to the State's average unemployment rate of 10.4 percent.
- Increase in employer contribution rates for the Local Government Employee Retirement System from 6.51% to 7.02% for regular employees and from 6.41% to 7.04% for law enforcement employees.

All of these factors were considered in preparing Pamlico County's budget for the 2011-2012 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities. Pamlico County is in the 8th 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.

Business-Type Activities. Water revenues are expected to increase in the current year as the County continues to implement the second year of a three year plan to increase water rates. Water rates are budgeted to increase approximately 15% over fiscal year 2010-2011.

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 addressed to the Finance Officer or County Manager, Pamlico County, 302 Main Street, P.O. Box 776, Bayboro, North Carolina 28515.

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PAMLICO COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Pamlico County ABC Board
Assets:				
Current assets:				
Cash and cash equivalents	\$ 4,523,358	\$ 3,430,612	\$ 7,953,970	\$ 267,764
Taxes receivable, net	898,807	-	898,807	-
Accounts receivable, net	135,145	370,449	505,594	-
Due from other governments	786,398	-	786,398	-
Inventories	-	23,260	23,260	205,156
Restricted cash and cash equivalents	86,861	2,176,511	2,263,372	-
Note receivable	736,200	-	736,200	-
Capital assets:				
Land and construction in progress	334,634	2,270,134	2,604,768	36,749
Other capital assets, net	11,714,526	9,566,959	21,281,485	79,474
Total assets	19,215,929	17,837,925	37,053,854	589,143
Liabilities:				
Current liabilities:				
Accounts payable	440,131	107,709	547,840	110,228
Customer deposits	-	38,990	38,990	-
Unearned revenues	96,058	-	96,058	-
Current portion of compensated absences	282,000	19,000	301,000	-
Long-term debt, due within one year	750,480	409,873	1,160,353	-
Non-current liabilities:				
Non-current portion of compensated absences	77,212	7,773	84,985	-
Due in more than one year	12,019,558	5,479,401	17,498,959	-
Total liabilities	13,665,439	6,062,746	19,728,185	110,228
Net Assets:				
Invested in capital assets, net of related debt	4,043,224	8,103,300	12,146,524	116,223
Restricted for:				
Stabilization by State Statute	815,543	-	815,543	-
Other purposes	532,775	-	532,775	200,292
Unrestricted	158,948	3,671,879	3,830,827	162,400
Total net assets	\$ 5,550,490	\$ 11,775,179	\$ 17,325,669	\$ 478,915

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

PAMLICO COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2011

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	\$ 2,191,083	\$ 178,389	\$ 20,337	\$ 409
Public safety	3,928,994	1,140,303	129,822	-
Environmental protection	260,315	62,227	43,394	-
Economic and physical development	890,315	68,297	406,213	-
Human services	4,623,345	138,287	2,854,259	-
Cultural and recreation	439,543	9,230	-	-
Education	3,520,292	-	-	203,885
Interest on long-term debt	542,656	-	-	-
Total governmental activities	<u>16,396,543</u>	<u>1,596,733</u>	<u>3,454,025</u>	<u>204,294</u>
Business-Type Activities:				
Water Fund	<u>3,033,286</u>	<u>1,698,603</u>	-	-
Total primary government	<u>\$ 19,429,829</u>	<u>\$ 3,295,336</u>	<u>\$ 3,454,025</u>	<u>\$ 204,294</u>
Component Unit:				
ABC Board	<u>\$ 824,688</u>	<u>\$ 834,513</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

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
\$ (1,991,948)	\$ -	\$ (1,991,948)	
(2,658,869)	-	(2,658,869)	
(154,694)	-	(154,694)	
(415,805)	-	(415,805)	
(1,630,799)	-	(1,630,799)	
(430,313)	-	(430,313)	
(3,316,407)	-	(3,316,407)	
(542,656)	-	(542,656)	
(11,141,491)	-	(11,141,491)	
-	(1,334,683)	(1,334,683)	
(11,141,491)	(1,334,683)	(12,476,174)	
			\$ 9,825
9,659,659	-	9,659,659	-
1,574,332	-	1,574,332	-
513,251	-	513,251	-
18,651	6,337	24,988	175
11,765,893	6,337	11,772,230	175
624,402	(1,328,346)	(703,944)	10,000
4,926,088	13,103,525	18,029,613	468,915
\$ 5,550,490	\$ 11,775,179	\$ 17,325,669	\$ 478,915

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

PAMLICO COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 3,988,467	\$ 534,891	\$ 4,523,358
Taxes receivable, net	854,425	44,382	898,807
Accounts receivable, net	-	29,145	29,145
Due from other governments	786,398	-	786,398
Due from other funds	-	28,136	28,136
Restricted cash and cash equivalents	-	86,861	86,861
Total assets	<u>\$ 5,629,290</u>	<u>\$ 723,415</u>	<u>\$ 6,352,705</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 438,014	\$ 2,117	\$ 440,131
Due to other funds	-	28,136	28,136
Deferred revenues	950,483	72,517	1,023,000
Total liabilities	<u>1,388,497</u>	<u>102,770</u>	<u>1,491,267</u>
Fund Balances:			
Restricted for Stabilization by State Statute	786,398	29,145	815,543
Restricted, other	-	532,775	532,775
Committed	-	86,861	86,861
Assigned	260,203	-	260,203
Unassigned	3,194,192	(28,136)	3,166,056
Total fund balances	<u>4,240,793</u>	<u>620,645</u>	4,861,438
Total liabilities and fund balances	<u>\$ 5,629,290</u>	<u>\$ 723,415</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.	12,049,160
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.	106,000
Long-term debt related to the 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.	736,200
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.	(13,129,250)
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>926,942</u>
Net assets of governmental activities (Exhibit A)	<u>\$ 5,550,490</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, 2011

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 9,082,542	\$ 498,850	\$ 9,581,392
Local option sales tax	1,588,888	-	1,588,888
Other taxes and licenses	412,477	100,774	513,251
Unrestricted intergovernmental	929,198	-	929,198
Restricted intergovernmental	3,268,097	611,454	3,879,551
Permits and fees	266,673	-	266,673
Sales and services	178,997	-	178,997
Investment earnings	18,333	318	18,651
Miscellaneous	45,014	-	45,014
Total revenues	<u>15,790,219</u>	<u>1,211,396</u>	<u>17,001,615</u>
Expenditures:			
Current:			
General government	1,726,694	217,057	1,943,751
Public safety	3,238,396	1,028,925	4,267,321
Environmental protection	266,209	-	266,209
Economic and physical development	482,181	403,802	885,983
Health and public assistance	4,536,342	-	4,536,342
Cultural and recreation	430,879	-	430,879
Education	3,520,292	-	3,520,292
Debt service:			
Principal repayments	907,352	-	907,352
Interest	542,666	-	542,666
Total expenditures	<u>15,651,011</u>	<u>1,649,784</u>	<u>17,300,795</u>
Revenues over (under) expenditures	<u>139,208</u>	<u>(438,388)</u>	<u>(299,180)</u>
Other Financing Sources (Uses):			
Long-term debt issued	<u>35,760</u>	<u>-</u>	<u>35,760</u>
Net change in fund balances	174,968	(438,388)	(263,420)
Fund Balances:			
Beginning of year - July 1	<u>4,065,825</u>	<u>1,059,033</u>	<u>5,124,858</u>
End of year - June 30	<u>\$ 4,240,793</u>	<u>\$ 620,645</u>	<u>\$ 4,861,438</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, 2011**

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) \$ (263,420)

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	78,267
Other taxes and licenses	(14,556)
Sales and services	(44,381)
Interest related to property taxes (general government)	(35,000)

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. (93,397)

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. 571,084

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. (12,617)

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. (433,180)

Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities. (35,750)

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. 999,377

Contribution by the Bay River Sewer Authority in the form of principal repayments made on debt issued in the County's name. (92,025)

Change in net assets of governmental activities, per Exhibit B \$ 624,402

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, 2011**

	Budgeted Amounts		Actual	Variance from
	Original	Final		Final Budget Over/Under
Revenues:				
Ad valorem taxes	\$ 9,006,600	\$ 9,006,600	\$ 9,082,542	\$ 75,942
Local option sales tax	1,572,344	1,572,344	1,588,888	16,544
Other taxes and licenses	322,097	322,097	412,477	90,380
Unrestricted intergovernmental	1,037,875	1,039,458	929,198	(110,260)
Restricted intergovernmental	3,267,538	3,418,924	3,268,097	(150,827)
Permits and fees	263,707	263,707	266,673	2,966
Sales and services	109,625	137,174	178,997	41,823
Investment earnings	40,915	40,915	18,333	(22,582)
Miscellaneous	-	20,388	45,014	24,626
Total revenues	<u>15,620,701</u>	<u>15,821,607</u>	<u>15,790,219</u>	<u>(31,388)</u>
Expenditures:				
Current:				
General government	1,917,435	1,945,787	1,726,694	219,093
Public safety	3,057,787	3,260,722	3,238,396	22,326
Environmental protection	269,882	299,769	266,209	33,560
Economic and physical development	483,548	510,084	482,181	27,903
Human services	4,873,134	5,008,981	4,536,342	472,639
Cultural and recreation	476,683	486,189	430,879	55,310
Education	3,520,292	3,520,292	3,520,292	-
Debt service:				
Principal repayments	920,164	920,264	907,352	12,912
Interest	541,191	541,191	542,666	(1,475)
Total expenditures	<u>16,060,116</u>	<u>16,493,279</u>	<u>15,651,011</u>	<u>842,268</u>
Revenues over (under) expenditures	<u>(439,415)</u>	<u>(671,672)</u>	<u>139,208</u>	<u>810,880</u>
Other Financing Sources (Uses):				
Long-term debt issued	-	35,750	35,760	10
Appropriated fund balance	<u>439,415</u>	<u>635,922</u>	<u>-</u>	<u>(635,922)</u>
Total other financing sources (uses)	<u>439,415</u>	<u>671,672</u>	<u>35,760</u>	<u>(635,912)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>174,968</u>	<u>\$ 174,968</u>
Fund Balance:				
Beginning of year - July 1			<u>4,065,825</u>	
End of year - June 30			<u>\$ 4,240,793</u>	

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

PAMLICO COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS PROPRIETARY FUND JUNE 30, 2011

	<u>Water Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,430,612
Trade receivables, net	370,449
Inventories	23,260
Restricted cash and cash equivalents	<u>2,176,511</u>
Total current assets	<u>6,000,832</u>
Non-current assets:	
Land, improvements, and construction in progress	2,270,134
Other capital assets, net of depreciation	<u>9,566,959</u>
Total non-current assets	<u>11,837,093</u>
Total assets	<u>17,837,925</u>
Liabilities and Net Assets:	
Liabilities:	
Current liabilities:	
Accounts payable	107,709
Customer deposits	38,990
Compensated absences payable - current	19,000
Current portion of long-term debt	<u>409,873</u>
Total current liabilities	<u>575,572</u>
Non-current liabilities:	
Compensated absences payable - non-current	7,773
Non-current portion of long-term debt	5,461,441
Other post-employment benefits	<u>17,960</u>
Total non-current liabilities	<u>5,487,174</u>
Total liabilities	<u>6,062,746</u>
Net Assets:	
Invested in capital assets, net of related debt	8,103,300
Unrestricted	<u>3,671,879</u>
Total net assets	<u>\$ 11,775,179</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, 2011**

	<u>Water Fund</u>
Operating Revenues:	
Charges for services	\$ 1,598,714
Water taps	40,135
User fees	24,500
Other operating revenues	<u>35,254</u>
Total operating revenues	<u>1,698,603</u>
Operating Expenses:	
Water operations	1,621,714
Depreciation	<u>329,236</u>
Total operating expenses	<u>1,950,950</u>
Operating income (loss)	<u>(252,347)</u>
Non-Operating Revenues (Expenses):	
Investment earnings	6,337
Gain (loss) on disposal of capital assets	1,135
Settlement of prior years capital reserve fees litigation	(1,000,000)
Interest and fees	<u>(83,471)</u>
Total non-operating revenues (expenses)	<u>(1,075,999)</u>
Income (loss) before capital contributions and transfers	<u>(1,328,346)</u>
Change in net assets	(1,328,346)
Net Assets:	
Beginning of year - July 1	<u>13,103,525</u>
End of year - June 30	<u>\$ 11,775,179</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, 2011

	<u>Water Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,690,576
Cash paid for goods and services	(1,563,389)
Cash paid to employees for services	(4,537)
Net cash provided (used) by operating activities	<u>122,650</u>
Cash Flows from Non-Capital Financing Activities:	
Settlement of prior years capital reserve fees litigation	(1,000,000)
Net cash provided (used) by non-capital financing activities	<u>(1,000,000)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(2,382,555)
Proceeds from issuance of long-term debt	4,000,000
Principal paid on long-term debt	(197,738)
Interest and fees	(83,471)
Proceeds from sale of capital assets	1,135
Net cash provided (used) for capital and related financing activities	<u>1,337,371</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>6,337</u>
Net increase (decrease) in cash and cash equivalents	466,358
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>5,140,765</u>
End of year - June 30	<u>\$ 5,607,123</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (252,347)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	329,236
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(20,450)
Increase (decrease) in accounts payable and accrued liabilities	58,325
Increase (decrease) in accrued expenses	(11,759)
Increase (decrease) in customer deposits	12,423
Increase (decrease) in accrued vacation pay	2,259
Increase (decrease) in OPEB payable	4,963
Net cash provided (used) by operating activities	<u>\$ 122,650</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, 2011**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 38,836
Accounts receivable	<u>100,830</u>
Total assets	<u>\$ 139,666</u>
Liabilities:	
Accounts payable	\$ 139,262
Intergovernmental payable	<u>404</u>
Total liabilities	<u>\$ 139,666</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, 2011

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, 2011

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, 2011.

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 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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2011. 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 2010 through February 2011 apply to the fiscal year ended June 30, 2011. 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.

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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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.

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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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. The Minnesott Pressure Improvement Capital Project is included in the Water Fund's financial statements.

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.

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 \$433,163.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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.

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

The unexpended debt proceeds of \$2,137,521 related to the Water Fund's Minnesott Pressure Improvement Capital Project Fund are classified as restricted assets within the Water Fund because their use is completely restricted to the purpose for which the debt was originally issued. Customer deposits in the Water Fund of \$38,990 held by the County before any services are supplied are restricted to the service for which the deposit was collected. Cash and cash equivalents of \$86,861 in the Reappraisal Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. 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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2010.

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.

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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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.

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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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.

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State Statute. Restricted net assets as of June 30, 2011 are as follows:

	Governmental Activities
Stabilization by State Statute	\$ 815,543
Public Safety	519,820
Economic Development	232
General Government	12,723
Total	<u>\$ 1,348,318</u>

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Restricted Fund Balance

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

	General Fund	Special Revenue Funds
<i>Restricted for Stabilization of State Statute</i> - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].	\$ 786,398	\$ 29,145
<i>Restricted for Public Safety - Fire Districts</i> - portion of fund balance that is restricted by revenue source for fire protection expenditures.	-	15,144
<i>Restricted for Public Safety - E-911</i> - portion of fund balance that is restricted by revenue source for E911 expenditures.	-	504,676
<i>Restricted for Economic Development</i> - portion of fund balance that is restricted by revenue source for Community Development Block Grant expenditures.	-	232
<i>Restricted for Register of Deeds</i> - portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds' office.	-	12,723
	\$ 786,398	\$ 561,920

Committed Fund Balance

Committed fund balance is the portion of fund balance that can only be used for specific purpose imposed by majority vote of Pamlico County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

Committed for General Government - portion of fund balance that can only be used for tax revaluation. At June 30, 2011, the County had \$86,861 committed fund balance.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that the Pamlico County governing board has budgeted.

Subsequent Year's Expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation. The Budget Officer may transfer monies from one appropriation to another within the same fund, however, the Board of Commissioners must vote to increase total appropriations in a fund. At June 30, 2011, the County had \$260,203 assigned fund balance for subsequent year's expenditures.

Unassigned Fund Balance

Unassigned fund balance is the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Fund Balance Available for Appropriation

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

Total fund balance - General Fund	\$ 4,240,793
Less:	
Stabilization by State Statute	<u>(786,398)</u>
Fund balance available for appropriation	<u>\$ 3,454,395</u>

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

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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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.

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, 2011 of \$28,136. 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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

At June 30, 2011, the County's deposits had a carrying amount of \$6,234,260 and a bank balance of \$6,481,527. The County only has deposits in institutions that collateralize under the Pooling Method. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$5,731,527 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The County had \$1,922 of cash on hand at year-end.

Investments

At June 30, 2011, the County had \$4,019,996 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, 2011.

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</u> <u>Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 371,829	\$ 88,309	\$ 460,138
2009	371,829	54,845	426,674
2010	371,829	21,380	393,209
2011	371,829	-	371,829
Total	<u>\$ 1,487,316</u>	<u>\$ 164,534</u>	<u>\$ 1,651,850</u>

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

5. Receivables

Receivables at Exhibit A at June 30, 2011, were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
Ad valorem taxes	\$ 1,204,425	\$ -	\$ -	\$ 1,204,425
Allowance for doubtful accounts	(350,000)	-	-	(350,000)
Ad valorem taxes, net	854,425	-	-	854,425
Fire district taxes	44,382	-	-	44,382
CDBG Scatter Site miscellaneous vendor	-	1,009	-	1,009
Local option sales tax	-	-	316,005	316,005
Sales tax refund	-	-	60,395	60,395
Other intergovernmental	-	-	409,998	409,998
Accrued interest, property taxes	-	106,000	-	106,000
Baird Shores special assessment	-	28,136	-	28,136
Total governmental activities	<u>\$ 898,807</u>	<u>\$ 135,145</u>	<u>\$ 786,398</u>	<u>\$ 1,820,350</u>
Business-Type Activities:				
Water and sewer	\$ -	\$ 370,449	\$ -	\$ 370,449
Total business-type activities	<u>\$ -</u>	<u>\$ 370,449</u>	<u>\$ -</u>	<u>\$ 370,449</u>

Note Receivable

The County also has recorded an amount due from Bay River Metropolitan Sewer District (BRMSD) for \$736,200 at June 30, 2011, 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, 2011**

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, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2011</u>
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 334,634	\$ -	\$ -	\$ 334,634
 Depreciable Capital Assets:				
Buildings and improvements	12,370,354	-	-	12,370,354
Equipment and vehicles	<u>3,386,911</u>	<u>571,084</u>	<u>(169,523)</u>	<u>3,788,472</u>
Total depreciable capital assets	<u>15,757,265</u>	<u>571,084</u>	<u>(169,523)</u>	<u>16,158,826</u>
 Less Accumulated Depreciation:				
Buildings	1,637,886	187,940	-	1,825,826
Equipment	<u>2,530,140</u>	<u>245,240</u>	<u>(156,906)</u>	<u>2,618,474</u>
Total accumulated depreciation	<u>4,168,026</u>	<u>433,180</u>	<u>(156,906)</u>	<u>4,444,300</u>
 Depreciable capital assets, net	 <u>11,589,239</u>	 <u>137,904</u>	 <u>(12,617)</u>	 <u>11,714,526</u>
 Governmental activity capital assets, net	 <u>\$ 11,923,873</u>	 <u>\$ 137,904</u>	 <u>\$ (12,617)</u>	 <u>\$ 12,049,160</u>

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

Governmental Activities:	
General government	\$ 216,590
Public safety	90,968
Environmental protection	21,659
Economic and physical development	4,332
Human services	90,968
Cultural and recreation	<u>8,663</u>
Total	<u>\$ 433,180</u>

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

B. Proprietary Capital Assets

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

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2011</u>
Business-Type Activities:				
Water Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 70,286	\$ -	\$ -	\$ 70,286
Construction in progress	332,262	1,867,586	-	2,199,848
Total non-depreciable capital assets	402,548	1,867,586	-	2,270,134
Depreciable Capital Assets:				
Buildings and improvements	3,490,444	-	-	3,490,444
Plant	7,662,290	508,193	-	8,170,483
Equipment and vehicles	2,285,039	6,776	-	2,291,815
Total depreciable capital assets	13,437,773	514,969	-	13,952,742
Less Accumulated Depreciation:				
Buildings and improvements	1,452,691	98,190	-	1,550,881
Plant	1,950,362	122,144	-	2,072,506
Equipment and vehicles	653,494	108,902	-	762,396
Total accumulated depreciation	4,056,547	\$ 329,236	\$ -	4,385,783
Depreciable capital assets, net	9,381,226			9,566,959
Business-type capital assets, net	\$ 9,783,774			\$ 11,837,093

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

C. Invested in Capital Assets, Net of Debt

The total invested in capital assets, net of related debt at June 30, 2011 is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 12,049,160	\$ 11,837,093
Total long-term debt	13,129,250	5,916,047
Unspent debt proceeds	-	(2,137,521)
Compensated absences	(359,212)	(26,773)
Unfunded OPEB and LEO obligations	(322,605)	(17,960)
Bay River Sewer District debt (offset by long-term receivable)	(736,200)	-
Pamlico County Board of Education debt:		
Primary school	(216,963)	-
High school cafeteria	(3,488,334)	-
Long-term debt related to capital assets	<u>8,005,936</u>	<u>3,733,793</u>
Invested in capital assets, net of related debt	<u>\$ 4,043,224</u>	<u>\$ 8,103,300</u>

7. Accounts Payable and Interfund Balances

Disaggregate Information

<u>Type of Payable</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Trade payables	\$ 124,142	\$ 66,984	\$ 191,126
Salaries payable	149,779	36,237	186,016
Accrued expenses and withholdings	166,210	4,488	170,698
Total	<u>\$ 440,131</u>	<u>\$ 107,709</u>	<u>\$ 547,840</u>

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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	\$ 84,111	\$ -	\$ 84,111
Taxes receivable, net	854,425	44,381	898,806
Special assessments receivable, net	-	28,136	28,136
Other unearned revenues	11,947	-	11,947
Total	\$ 950,483	\$ 72,517	\$ 1,023,000

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	\$ 84,111	\$ -	\$ 84,111
Other unearned fees	11,947	-	11,947
Total	\$ 96,058	\$ -	\$ 96,058

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, 2011

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 6.51% and 6.41%, respectively, of annual covered payroll. The County's contributions, including the members' contributions, to LGERS for the years ended June 30, 2011, 2010, and 2009 were \$609,691, \$543,432, and \$472,800, 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, 2010, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits and terminated employees entitled to, but not yet receiving benefits	-
Active plan members	16
Total	<u>16</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, 2011

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, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% 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, 2009 was 21 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	\$	18,933
Interest on net pension obligation		2,522
Adjustment to annual required contribution		<u>(2,701)</u>
Annual pension costs		18,754
Employer contributions made for fiscal year ended June 30, 2011		<u>-</u>
Increase (decrease) in net pension obligation		18,754
Net pension obligation, beginning of fiscal year		<u>50,447</u>
Net pension obligation, end of fiscal year	\$	<u><u>69,201</u></u>

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 13,763	80.44%	\$ 38,049
2010	14,243	12.95%	50,447
2011	18,754	0.00%	69,201

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Funded Status and Funding Progress

As of December 31, 2010, 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 \$120,174. The covered payroll (annual payroll of active employees covered by the plan) was \$595,481, and the ratio of the UAAL to the covered payroll was 20.18%. 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, 2011 were \$35,410, which consisted of \$29,312 from the County and \$6,098 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 does not contribute to the plan, however, employees may make voluntary contributions to the plan. The total contribution, by the employees for the year ended June 30, 2011 was \$88,029.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The 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, 2011, the County's required and actual contributions were \$1,551.

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, 2011, the County made contributions to the State for death benefits of \$13,111. 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, 2011

G. Other Post-Employment Benefits – Healthcare Benefits

Plan Description. In addition to providing pension benefits, the County provides healthcare benefits as a single-employer defined benefit plan for retirees of the County under the North Carolina Local Governmental Employees’ Retirement System (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 County has elected to contribute 2.0% of the cost of retiree health insurance to the plan. 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, 2011, the County made payments for post-retirement health benefit premiums of \$10,400. 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	-
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 \$10,400, or .24%, 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 \$14,998. 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, 2011

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		7,705
Adjustments to annual required contribution		<u>(6,647)</u>
Annual OPEB cost (expense)		104,142
Contributions made		<u>(25,398)</u>
Increase (decrease) in net OPEB obligation		78,744
Net OPEB obligation, beginning of year		<u>192,620</u>
Net OPEB obligation, end of year	\$	<u><u>271,364</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years 2009-2011 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
2011	104,142	24.4%	271,364

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Fund Status and Funding Progress

As of December 31, 2008, the date of the last actuarial valuation, 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 plan was not funded. As of December 31, 2008, 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, 2010 was 30 years.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2011:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2011</u>	<u>Current Portion</u>
Governmental Activities:					
Installment note	\$ 12,582,835	\$ 35,750	\$ (907,352)	\$ 11,711,233	\$ 658,455
Installment note serviced by					
Bay River Sewer Authority	828,225	-	(92,025)	736,200	92,025
Compensated absences	358,350	283,038	(282,176)	359,212	282,000
Other post-employment benefits	179,623	97,578	(23,797)	253,404	-
Net pension obligation	50,447	18,754	-	69,201	-
Total governmental activities	<u>\$ 13,999,480</u>	<u>\$ 435,120</u>	<u>\$ (1,305,350)</u>	<u>\$ 13,129,250</u>	<u>\$ 1,032,480</u>
Business-Type Activities:					
General obligation bonds	\$ 858,000	\$ -	\$ (116,000)	\$ 742,000	\$ 116,000
Installment notes	1,211,052	4,000,000	(81,738)	5,129,314	293,873
Compensated absences	24,514	21,427	(19,168)	26,773	19,000
Other post-employment benefits	12,997	6,564	(1,601)	17,960	-
Total	<u>\$ 2,106,563</u>	<u>\$ 4,027,991</u>	<u>\$ (218,507)</u>	<u>\$ 5,916,047</u>	<u>\$ 428,873</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, 2011

Installment Notes Payable

Governmental Activities:

\$155,000 note for purchase of building, issued September 1998, interest ranging from 4.75% to 5.33%, due in annual installments ranging from \$14,682 to \$15,038 including interest, final payment September 2013, secured by building	\$ 40,700
\$55,653 note for Register of Deeds' Automated System, issued January 2007, interest at 3.7%, due in annual installments of \$12,396 including interest, final payment January 2012, secured by equipment	11,954
\$2,474,727 note for construction of the Pamlico County primary school, issued March 2005, interest at 5.62%, due in quarterly installment of \$110,773 including interest, final payment December 2011, secured by building	216,963
\$4,550,000 note for Pamlico County High School Cafeteria, issued September 2007, interest at 5.62%, due in semi-annual payments of \$151,667, plus interest, final payment September 28, 2022, secured by building	3,488,334
\$2,207,897 USDA loan to purchase building, issued July 2009, interest at 4.125%, due in annual installments of \$118,731 including interest, final payment July 2045, secured by building	2,178,788
\$35,750 note for purchase of transport van, issued October 2010, interest at 3.57%, payable in annual installments of \$12,777 including interest, final payment October 2013, secured by vehicle	35,750
\$1,840,500 State Revolving Loan issued December 1998, interest at 3.035%, payable in bi-annual interest payments and annual principal payments of \$92,025; final payment due in 2019; secured by Bay River Metropolitan Sewer District (BRMSD) system assets (<i>See ** below for further discussion</i>)	736,200
\$5,938,685 USDA loan for Law Enforcement Center, issued June 2009, interest ranging from 4.250% to 4.375%, payable in annual installments of \$322,450 including interest, final payment June 2046, secured by building	<u>5,738,744</u>
Total installment notes payable	<u>\$ 12,447,433</u>

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

**** 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 River Metropolitan Sewer District (BRMSD). The inter-local agreement between the County and BRMSD requires BRMSD to pay the principal and interest of the loan directly to the State from revenues derived from the Sewer System. The note is legally in the name of the County; therefore, a note receivable, 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:

\$1,513,819 State Revolving Loan, issued September 2007, interest at 2.305%, payable in annual installments of \$100,921, plus interest, final payment May 2022; secured by Southeast Water Tower	\$ 1,129,314
\$4,000,000 note, issued February 2011, interest at 4.00%, payable in annual installments of \$359,764, plus interest, final payment February 2026; secured by system assets	4,000,000
	\$ 5,129,314

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

Governmental Activities:

Year Ended June 30	Principal	Interest	Total
2012	\$ 750,480	\$ 501,897	\$ 1,252,377
2013	526,925	476,462	1,003,387
2014	532,585	455,756	988,341
2015	510,672	434,806	945,478
2016	515,574	414,856	930,430
2017-2021	2,474,954	1,770,226	4,245,180
2022-2026	1,295,086	1,375,014	2,670,100
2027-2031	1,034,496	1,171,408	2,205,904
2032-2036	1,273,922	931,980	2,205,902
2037-2041	1,568,785	637,119	2,205,904
2042-2046	1,963,954	273,981	2,237,935
Total	\$ 12,447,433	\$ 8,443,504	\$ 20,890,937

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Business-Type Activities:

Proprietary Funds:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 293,873	\$ 26,031	\$ 319,904
2013	301,864	175,371	477,235
2014	310,174	164,635	474,809
2015	318,817	153,667	472,484
2016	327,805	142,352	470,157
2017-2020	<u>1,786,949</u>	<u>528,941</u>	<u>2,315,890</u>
Total	<u>\$ 5,129,314</u>	<u>\$ 1,390,539</u>	<u>\$ 4,530,479</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, 2011, are comprised of the following individual issues:

Serviced by the Water Fund:

\$2,000,747 Series 1979 bonds, issued April 1979; payable annually in \$116,000 retirements through 2018 with semi-annual interest coupons of 5%

\$ 742,000

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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

<u>Year Ended</u> <u>June 30</u>	<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	116,000	13,900	129,900
2017-2018	<u>162,000</u>	<u>10,400</u>	<u>172,400</u>
Total	<u>\$ 742,000</u>	<u>\$ 137,900</u>	<u>\$ 879,900</u>

At June 30, 2011, the County had a legal debt margin of \$111,668,000.

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. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

12. Interfund Balances and Activities

Transfers to/from other funds at June 30, 2011 consist of the following:

	Transfers		
	From	To	Purpose
Fund:			
Water Capital Reserve	\$ 844,622	\$ -	
Water Fund	-	844,622	Capital outlay

Due to/from as of June 30, 2011 consist of the following: Baird Shores Special Assessment Special Revenue Fund owes the Reappraisal Special Revenue Fund \$28,136 to fund short-term cash flow deficiencies.

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 \$11,326 to the Authority during the fiscal year ended June 30, 2011, 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, 2011. Complete financial statements for the Authority can be obtained from the Authority's administrative offices at 7400 Old Highway 70 West, P.O. Box 128, Cove City, North Carolina 28560.

The County participates in a joint venture 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, 2011. 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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 \$519,346 to the Community College during the fiscal year ended June 30, 2011. 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, 2011. 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 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, 2011, 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, 2011, the County was responsible for 93% of the librarian's salary and benefits and 50% match of the expenditures related to Opportunities Grant. The library is dependent upon future funding of Pamlico County and the State of North Carolina's continued funding.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2011, as the District assumed liability for payment of this loan, in accordance with the above mentioned inter-local agreement.

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.

	Federal	State
Medicaid	\$ 11,986,994	\$ 4,952,555
Women, Infants, and Children	233,606	-
Temporary Assistance to Needy Families	59,111	-
Low Income Home Energy Assistance	97,642	-
Foster Care	31,167	6,811
Adoption Assistance	29,589	6,592
Independent Living Grant	5,281	-
State/County Special Assistance for Adults	-	108,095
CWS Adoption Subsidy	-	23,372
State Foster Home	-	2,565
Total	\$ 12,443,390	\$ 5,099,990

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

17. Component Unit Transactions

In the fiscal year 2011, the County and Pamlico County ABC Board, its component unit, reported the following transactions:

<u>Amount</u>	<u>Purpose</u>
\$ 10,000	Profit distribution
1,657	Rehabilitation funds
<u>1,184</u>	ABC Law Enforcement
<u>\$ 12,841</u>	

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, 2011, 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, 2011, 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.

19. Settlement of Dispute – Water Fund Capital Reserve Fees

During the fiscal year ended June 30, 2011, the County settled a dispute and avoided threatened litigation regarding capital reserve fees charged by the Water Fund. The County refunded \$1,000,000 of capital reserve fees collected in prior years to settle the dispute.

20. Subsequent Event

Hurricane Irene

In August 2011, as a result of Hurricane Irene, significant damage was done to County buildings and property as well as individual homes and businesses. The impact of the damages on fund balance or retained earnings cannot be determined due to pending FEMA grant requests. No adjustments for the contingency have been recorded in the financial statements as of June 30, 2011.

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PAMLICO COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2010	\$ -	\$ 120,174	\$ 120,174	0.0%	\$ 595,481	20.18%
12/31/2009	-	137,480	137,480	0.0%	572,360	24.02%
12/31/2008	-	107,690	107,690	0.0%	496,067	21.71%
12/31/2007	-	104,909	104,909	0.0%	457,115	22.95%
12/31/2006	-	112,411	112,411	0.0%	477,343	23.55%
12/31/2005	-	103,164	103,164	0.0%	402,867	25.61%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2011	\$ 18,933	\$ -	0.0%
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	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	21 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases *	4.5% - 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, 2011**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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%
2011	103,084	25,398	24.6%

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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			2010
	Budget	Actual	Variance Over /Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 8,876,600	\$ 8,978,659	\$ 102,059	\$ 8,942,417
Penalties and interest	130,000	103,883	(26,117)	123,362
Total	<u>9,006,600</u>	<u>9,082,542</u>	<u>75,942</u>	<u>9,065,779</u>
Local Option Sales Taxes:				
Article 39 - one percent	611,596	680,945	69,349	701,104
Article 40 - one-half of one percent	624,950	583,817	(41,133)	573,768
Article 42 - one-half of one percent	305,798	340,505	34,707	465,852
Article 44 - one-half of one percent	30,000	(16,379)	(46,379)	34,995
Total	<u>1,572,344</u>	<u>1,588,888</u>	<u>16,544</u>	<u>1,775,719</u>
Other Taxes and Licenses:				
Documentary stamps	60,000	74,259	14,259	48,792
Scrap wire disposal tax	14,250	18,899	4,649	14,067
White goods disposal tax	3,500	5,057	1,557	2,990
Medicaid hold harmless	225,162	294,581	69,419	2,188
Miscellaneous	19,185	19,681	496	19,184
Total	<u>322,097</u>	<u>412,477</u>	<u>90,380</u>	<u>87,221</u>
Unrestricted Intergovernmental:				
Beer and wine tax	59,675	43,858	(15,817)	26,775
Controlled substance tax	2,083	1,583	(500)	-
ABC tax distribution	9,000	6,194	(2,806)	6,742
School resource officer	40,000	40,000	-	40,000
Sheriff/jail fees	907,700	820,671	(87,029)	515,743
Facility fees	21,000	16,483	(4,517)	22,264
Sales tax refunds	-	409	409	-
Total	<u>1,039,458</u>	<u>929,198</u>	<u>(110,260)</u>	<u>611,524</u>
Restricted Intergovernmental:				
Health department grants	534,716	536,207	1,491	471,608
Social services State grants	2,182,332	2,026,112	(156,220)	2,072,577
Other State grants	329,863	357,226	27,363	305,355
Senior Center grants	224,485	220,787	(3,698)	220,947
Social services federal grants	84,510	69,153	(15,357)	135,635
Other federal grants	63,018	58,612	(4,406)	58,584
Total	<u>3,418,924</u>	<u>3,268,097</u>	<u>(150,827)</u>	<u>3,264,706</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011		Variance Over /Under	2010
	Budget	Actual		Actual
Permits and Fees:				
Building permits	106,300	102,580	(3,720)	98,608
Register of Deeds	55,000	54,997	(3)	51,448
Other permits and fees	102,407	109,096	6,689	130,797
Total	<u>263,707</u>	<u>266,673</u>	<u>2,966</u>	<u>280,853</u>
Sales and Services:				
Rent and concessions	5,800	8,014	2,214	5,756
Recreation revenue	13,090	9,230	(3,860)	14,239
Patient fees - Nursing Home and Health Department	43,205	51,377	8,172	39,679
Senior services fees	48,759	67,044	18,285	66,935
Other	26,320	43,332	17,012	152,454
Total	<u>137,174</u>	<u>178,997</u>	<u>41,823</u>	<u>279,063</u>
Investment Earnings	<u>40,915</u>	<u>18,333</u>	<u>(22,582)</u>	<u>20,447</u>
Miscellaneous	<u>20,388</u>	<u>45,014</u>	<u>24,626</u>	<u>17,513</u>
Total revenues	<u>15,821,607</u>	<u>15,790,219</u>	<u>(31,388)</u>	<u>15,402,825</u>
Expenditures:				
General Government:				
Administration:				
Governing body	409,351	317,288		333,728
County Manager	157,048	155,997		159,513
Personnel	113,010	105,688		92,553
Finance	316,125	260,936		256,265
Data processing	37,292	31,035		26,700
Total administration	<u>1,032,826</u>	<u>870,944</u>	<u>161,882</u>	<u>868,759</u>
Tax Listing Supervisor	<u>408,541</u>	<u>392,945</u>	<u>15,596</u>	<u>460,128</u>
Board of Elections	<u>95,703</u>	<u>88,601</u>	<u>7,102</u>	<u>115,764</u>
Register of Deeds	<u>116,135</u>	<u>115,985</u>	<u>150</u>	<u>113,729</u>
Public Buildings	<u>377,582</u>	<u>343,219</u>	<u>34,363</u>	<u>385,551</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			2010
	Budget	Actual	Variance Over /Under	Actual
Water Fund Administrative Reimbursement	(85,000)	(85,000)	-	(85,707)
Total general government	1,945,787	1,726,694	219,093	1,858,224
Public Safety:				
Sheriff:				
Sheriff	1,182,377	1,173,708		1,174,338
Criminal Justice Partnership	42,470	40,909		39,515
Jail	1,354,994	1,351,821		1,575,687
Dispatch	226,116	223,185		-
LEPC Grant	-	-		9,300
Medical examiner	8,500	5,500		9,400
Total sheriff	2,814,457	2,795,123	19,334	2,808,240
Emergency Management:				
Emergency management	77,877	76,965		83,300
Fire departments	68,388	66,308		63,068
Rescue squad	300,000	300,000		300,000
Total emergency management	446,265	443,273	2,992	446,368
Total public safety	3,260,722	3,238,396	22,326	3,254,608
Environmental Protection:				
General:				
Recycling	222,775	195,692		177,734
Landfill monitoring	10,500	9,846		9,475
Total general	233,275	205,538	27,737	187,209
Animal Control	66,494	60,671	5,823	60,632
Total environmental protection	299,769	266,209	33,560	247,841
Economic and Physical Development:				
Planning:				
Planning board	7,353	7,057		5,247
Planning department	83,562	83,169		73,847
Bay Harbor	-	(23,345)		117,329
Total planning	90,915	66,881	24,034	196,423

PAMLICO COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			2010
	Budget	Actual	Variance Over /Under	Actual
Soil Conservation:				
Soil conservation cost share	41,137	41,253		41,869
Soil conservation	49,862	49,402		51,050
Total soil conservation	90,999	90,655	344	92,919
Other:				
Inspections	149,920	150,217	(297)	148,484
Cooperative Extension	94,810	90,988	3,822	94,281
N.C. Division of Forest Resources	74,771	74,771	-	74,066
Hurricane Earl relief	8,669	8,669	-	-
Total other	328,170	324,645	3,525	316,831
Total economic and physical development	510,084	482,181	27,903	606,173
Human Services:				
Senior Center:				
Senior Center	290,267	182,721		207,617
Care Management	34,406	29,198		33,039
NRCOG health promotion	7,455	5,502		6,560
NRCOG nutrition	77,676	95,366		92,596
Small home repair	3,944	3,113		3,663
ARRA nutrition	-	-		9,242
CAP - Division of Aging	56,932	138,395		160,396
Senior Center operations	5,443	4,818		5,543
ECC - Family Caregiver Support	9,056	3,036		18,646
Seniors health insurance info program	2,358	2,031		3,084
Total senior center	487,537	464,180	23,357	540,386
General Health:				
Health Department	1,005,194	321,346		297,283
Bioterrorism	90,361	82,689		90,971
CDC Pfsteria Grant	-	-		5,056
Tuberculosis control	3,407	18,223		20,343
Communicable disease	2,835	26,138		25,956
Immunization action plan	13,116	42,684		61,553
Primary care	5,455	96,953		-
Breast cervical cancer	13,765	26,374		34,915
Child health	15,237	34,524		57,663
Maternal health	3,721	22,760		34,192
Women preventative health	33,281	117,675		111,703
Health promotion	4,450	20,035		28,175

PAMLICO COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011		Variance Over /Under	2010
	Budget	Actual		Actual
WIC client services	(720)	51,656		70,454
WIC nutrition	1,900	16,436		15,889
WIC breast feeding	(3,100)	7,555		3,280
Child services coordinator	8,965	6,018		9,835
WIC general administration	8,000	5,865		5,315
Wise women program	1,785	-		16,105
Environmental health	11,443	136,322		162,881
Mosquito control	10,647	12,460		16,515
HIV/STD	1,620	8,920		7,567
Food and lodging	1,800	41,878		61,473
Total general health	<u>1,233,162</u>	<u>1,096,511</u>	136,651	<u>1,137,124</u>
East Carolina Behavioral Healthcare	<u>35,897</u>	<u>35,898</u>	(1)	<u>35,196</u>
Social Services:				
Department of Social Services	1,964,814	1,858,466		1,945,845
Chore State in home	2,692	-		(129)
Family violence program	8,470	8,232		4,302
Jobs program	41,500	9,528		16,595
Program integrity	8,223	(1,263)		64,821
Work First transportation	10,808	10,602		7,880
Medicaid transportation	35,000	37,243		33,542
Links scholarship	5,000	4,280		3,634
Special Assistance aged/disabled	120,000	106,748		116,095
State foster care 50%	63,308	5,484		28,480
AFDC/TANF foster care 34% IV-E	85,496	44,603		56,276
Emergency foster care	3,000	644		1,244
Medicaid payment to State	1,000	1,373		(244)
Aid to the blind	1,200	996		954
Adoption assistance	22,266	14,665		9,610
Crisis intervention program	27,953	15,954		35,354
Carolina Power utility program	3,718	3,243		2,616
NRCOG chore services	66,491	57,637		66,791
Day care	553,238	557,851		575,471
Transportation	60,764	62,412		40,889
Transportation - RGP Grant	58,343	35,935		35,514
Total social services	<u>3,143,284</u>	<u>2,834,633</u>	308,651	<u>3,045,540</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011		Variance Over /Under	2010
	Budget	Actual		Actual
Veterans Services	<u>30,656</u>	<u>30,183</u>	<u>473</u>	<u>31,861</u>
Department of Juvenile Justice Partnership:				
DJJP - Juvenile Service Restitution	26,696	23,438		6,112
DJJP - Task Force Certification	482	232		-
DJJP - Intervention - delinquency	<u>51,267</u>	<u>51,267</u>		63,933
Total Department of Juvenile Justice Partnership	<u>78,445</u>	<u>74,937</u>	<u>3,508</u>	<u>70,045</u>
Total human services	<u>5,008,981</u>	<u>4,536,342</u>	<u>472,639</u>	<u>4,860,152</u>
Cultural and Recreation:				
Regional library	185,720	185,720		160,716
Recreation	<u>300,469</u>	<u>245,159</u>		<u>478,775</u>
Total cultural and recreation	<u>486,189</u>	<u>430,879</u>	<u>55,310</u>	<u>639,491</u>
Education:				
Pamlico County Board of Education:				
Capital	125,000	125,000		200,000
Current expense	<u>2,875,946</u>	<u>2,875,946</u>		<u>2,800,946</u>
Total Pamlico County Board of Education	<u>3,000,946</u>	<u>3,000,946</u>	<u>-</u>	<u>3,000,946</u>
Pamlico County Community College	<u>519,346</u>	<u>519,346</u>	<u>-</u>	<u>520,000</u>
Total education	<u>3,520,292</u>	<u>3,520,292</u>	<u>-</u>	<u>3,520,946</u>
Debt Service:				
Principal retirement	920,264	907,352		1,159,659
Interest and fees	<u>541,191</u>	<u>542,666</u>		<u>314,183</u>
Total debt service	<u>1,461,455</u>	<u>1,450,018</u>	<u>11,437</u>	<u>1,473,842</u>
Total expenditures	<u>16,493,279</u>	<u>15,651,011</u>	<u>842,268</u>	<u>16,461,277</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over /Under	Actual
Revenues over (under) expenditures	(671,672)	139,208	810,880	(1,058,452)
Other Financing Sources (Uses):				
Transfers out	-	-	-	(151,668)
Transfers in	-	-	-	69,645
Long-term debt issued	35,750	35,760	10	-
Appropriated fund balance	635,922	-	(635,922)	-
Total other financing sources (uses)	671,672	35,760	(635,912)	(82,023)
Net change in fund balance	\$ -	174,968	174,968	(1,140,475)
Fund Balance:				
Beginning of year - July 1		4,065,825		5,206,300
End of year - June 30		\$ 4,240,793		\$ 4,065,825

PAMLICO COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011**

	<u>All Fire Districts Fund</u>	<u>Reappraisal Fund</u>	<u>Enhanced 911 Fund</u>
Assets:			
Cash and cash equivalents	\$ 16,901	\$ -	\$ 505,035
Accounts receivable, net	-	-	-
Taxes receivable, net	44,382	-	-
Restricted cash and cash equivalents	-	86,861	-
Due from other funds	-	28,136	-
Total assets	<u>\$ 61,283</u>	<u>\$ 114,997</u>	<u>\$ 505,035</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,758	\$ -	\$ 359
Due to other funds	-	-	-
Deferred revenue	44,381	-	-
Total liabilities	<u>46,139</u>	<u>-</u>	<u>359</u>
Fund Balances:			
Restricted for stabilization of State Statute	-	28,136	-
Restricted, other	15,144	-	504,676
Committed by purpose	-	86,861	-
Unassigned	-	-	-
Total fund balances	<u>15,144</u>	<u>114,997</u>	<u>504,676</u>
Total liabilities and fund balances	<u>\$ 61,283</u>	<u>\$ 114,997</u>	<u>\$ 505,035</u>

Schedule 2

Baird Shores Special Assessment Fund	CDBG Scattered Sites Fund	Register of Deeds Enhancement Preservation Fund	Total
\$ -	\$ 232	\$ 12,723	\$ 534,891
28,136	1,009	-	29,145
-	-	-	44,382
-	-	-	86,861
-	-	-	28,136
<u>\$ 28,136</u>	<u>\$ 1,241</u>	<u>\$ 12,723</u>	<u>\$ 723,415</u>
\$ -	\$ -	\$ -	\$ 2,117
28,136	-	-	28,136
<u>28,136</u>	<u>-</u>	<u>-</u>	<u>72,517</u>
<u>56,272</u>	<u>-</u>	<u>-</u>	<u>102,770</u>
-	1,009	-	29,145
-	232	12,723	532,775
-	-	-	86,861
<u>(28,136)</u>	<u>-</u>	<u>-</u>	<u>(28,136)</u>
<u>(28,136)</u>	<u>1,241</u>	<u>12,723</u>	<u>620,645</u>
<u>\$ 28,136</u>	<u>\$ 1,241</u>	<u>\$ 12,723</u>	<u>\$ 723,415</u>

PAMLICO COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011**

	All Fire Districts Fund	Reappraisal Fund	Enhanced 911 Fund
Revenues:			
Ad valorem taxes	\$ 459,292	\$ 39,558	\$ -
Restricted intergovernmental	-	-	219,816
Other taxes and licenses	79,536	-	-
Investment earnings	-	318	-
Total revenues	<u>538,828</u>	<u>39,876</u>	<u>219,816</u>
Expenditures:			
Current:			
General government	-	217,057	-
Public safety	547,456	-	481,469
Economic and physical development	-	-	-
Total expenditures	<u>547,456</u>	<u>217,057</u>	<u>481,469</u>
Net change in fund balances	(8,628)	(177,181)	(261,653)
Fund Balances:			
Beginning of year - July 1	<u>23,772</u>	<u>292,178</u>	<u>766,329</u>
End of year - June 30	<u>\$ 15,144</u>	<u>\$ 114,997</u>	<u>\$ 504,676</u>

Schedule 3

Baird Shores Special Assessment Fund	CDBG Scattered Sites Fund	Register of Deeds Enhancement Preservation Fund	Total
\$ -	\$ -	\$ -	\$ 498,850
-	391,638	-	611,454
14,556	-	6,682	100,774
-	-	-	318
<u>14,556</u>	<u>391,638</u>	<u>6,682</u>	<u>1,211,396</u>
-	-	-	217,057
-	-	-	1,028,925
<u>-</u>	<u>391,406</u>	<u>12,396</u>	<u>403,802</u>
<u>-</u>	<u>391,406</u>	<u>12,396</u>	<u>1,649,784</u>
14,556	232	(5,714)	(438,388)
<u>(42,692)</u>	<u>1,009</u>	<u>18,437</u>	<u>1,059,033</u>
<u>\$ (28,136)</u>	<u>\$ 1,241</u>	<u>\$ 12,723</u>	<u>\$ 620,645</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 472,848	\$ 459,292	\$ (13,556)
Other taxes	75,109	79,536	4,427
Total revenues	<u>547,957</u>	<u>538,828</u>	<u>(9,129)</u>
Expenditures:			
Public safety	<u>547,957</u>	<u>547,456</u>	<u>501</u>
Total expenditures	<u>547,957</u>	<u>547,456</u>	<u>501</u>
Net change in fund balance	<u>\$ -</u>	<u>(8,628)</u>	<u>\$ (8,628)</u>
Fund Balance:			
Beginning of year - July 1		<u>23,772</u>	
End of year - June 30		<u>\$ 15,144</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 39,307	\$ 39,558	\$ 251
Investment earnings	505	318	(187)
Total revenues	<u>39,812</u>	<u>39,876</u>	<u>64</u>
Expenditures:			
General government	<u>217,157</u>	<u>217,057</u>	<u>100</u>
Total expenditures	<u>217,157</u>	<u>217,057</u>	<u>100</u>
Revenues over (under) expenditures	<u>(177,345)</u>	<u>(177,181)</u>	<u>164</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>177,345</u>	-	<u>(177,345)</u>
Total other financing sources (uses)	<u>177,345</u>	-	<u>(177,345)</u>
Net change in fund balance	<u>\$ -</u>	<u>(177,181)</u>	<u>\$ (177,181)</u>
Fund Balance:			
Beginning of year - July 1		<u>292,178</u>	
End of year - June 30		<u>\$ 114,997</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, 2011**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 193,000	\$ 219,816	\$ 26,816
Miscellaneous	<u>200</u>	<u>-</u>	<u>(200)</u>
Total revenues	<u>193,200</u>	<u>219,816</u>	<u>26,616</u>
Expenditures:			
Public safety:			
Contracted services	<u>540,167</u>	<u>481,469</u>	<u>58,698</u>
Total expenditures	<u>540,167</u>	<u>481,469</u>	<u>58,698</u>
Revenues over (under) expenditures	<u>(346,967)</u>	<u>(261,653)</u>	<u>85,314</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>346,967</u>	<u>-</u>	<u>(346,967)</u>
Total other financing sources (uses)	<u>346,967</u>	<u>-</u>	<u>(346,967)</u>
Net change in fund balance	<u>\$ -</u>	<u>(261,653)</u>	<u>\$ (261,653)</u>
Fund Balance:			
Beginning of year - July 1		<u>766,329</u>	
End of year - June 30		<u>\$ 504,676</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, 2011**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Owner contributions	\$ 165,621	\$ 122,929	\$ 14,556	\$ 137,485
Total revenues	<u>165,621</u>	<u>122,929</u>	<u>14,556</u>	<u>137,485</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>-</u>	<u>150,350</u>
Total expenditures	<u>165,621</u>	<u>165,621</u>	<u>-</u>	<u>165,621</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (42,692)</u>	14,556	<u>\$ (28,136)</u>
Fund Balance:				
Beginning of year - July 1			<u>(42,692)</u>	
End of year - June 30			<u>\$ (28,136)</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, 2011**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental:				
CDBG SS 09-C-2001	\$ 1,987,872	\$ 28,153	\$ 344,396	\$ 372,549
TEDG -T-1911	75,000	27,758	47,242	75,000
Total revenues	<u>2,062,872</u>	<u>55,911</u>	<u>391,638</u>	<u>447,549</u>
Expenditures:				
Economic and physical development:				
CDBG SS 09-C-2001:				
Clearance	129,500	3,325	24,624	27,949
Acquisition	75,000	-	-	-
Relocation	886,000	1,141	275,731	276,872
Rehabilitation	24,000	-	-	-
Capital outlay	269,000	-	-	-
Reconstruction	398,000	-	-	-
Administration	206,372	22,678	43,809	66,487
Total CDBG SS 09-C-2001 expenditures	<u>1,987,872</u>	<u>27,144</u>	<u>344,164</u>	<u>371,308</u>
TEDG -T-1911 grant expenditures	<u>75,000</u>	<u>27,758</u>	<u>47,242</u>	<u>75,000</u>
Total expenditures	<u>2,062,872</u>	<u>54,902</u>	<u>391,406</u>	<u>446,308</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,009</u>	232	<u>\$ 1,241</u>
Fund Balance:				
Beginning of year - July 1			<u>1,009</u>	
End of year - June 30			<u>\$ 1,241</u>	

PAMLICO COUNTY, NORTH CAROLINA

**REGISTER OF DEEDS ENHANCEMENT PRESERVATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes and licenses	\$ 12,500	\$ 6,682	\$ (5,818)
Total revenues	<u>12,500</u>	<u>6,682</u>	<u>(5,818)</u>
Expenditures:			
Economic and physical development	<u>26,250</u>	<u>12,396</u>	<u>13,854</u>
Total expenditures	<u>26,250</u>	<u>12,396</u>	<u>13,854</u>
Revenues over (under) expenditures	<u>(13,750)</u>	<u>(5,714)</u>	<u>8,036</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds	<u>13,750</u>	<u>-</u>	<u>(13,750)</u>
Total other financing sources (uses)	<u>13,750</u>	<u>-</u>	<u>(13,750)</u>
Net change in fund balance	<u>\$ -</u>	<u>(5,714)</u>	<u>\$ (5,714)</u>
Fund Balance:			
Beginning of year - July 1		<u>18,437</u>	
End of year - June 30		<u>\$ 12,723</u>	

PAMLICO COUNTY, NORTH CAROLINA

WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services	\$ 1,762,500	\$ 1,598,714	\$ (163,786)
Taps and connect fees	38,000	40,135	2,135
Other operating revenue	46,900	35,254	(11,646)
Total operating revenues	<u>1,847,400</u>	<u>1,674,103</u>	<u>(173,297)</u>
Non-operating revenues:			
Sale of fixed assets	649	1,135	486
Interest on investments	3,000	-	(3,000)
Total non-operating revenues	<u>3,649</u>	<u>1,135</u>	<u>(2,514)</u>
Total revenues	<u>1,851,049</u>	<u>1,675,238</u>	<u>(175,811)</u>
Expenditures:			
Personnel services	588,960	578,535	
Contractual services	193,425	155,283	
Operating expenses	783,598	805,805	
Utilities	9,890	9,628	
Insurance	32,000	-	
Printing and binding	2,800	2,374	
Maintenance and repair	63,659	42,573	
Capital outlay	825,189	528,081	
Debt service - principal	278,827	197,738	
Debt service - interest	87,991	83,471	
Total expenditures	<u>2,866,339</u>	<u>2,403,488</u>	462,851
Revenues over (under) expenditures	<u>(1,015,290)</u>	<u>(728,250)</u>	287,040
Other Financing Sources (Uses):			
Transfer from Water Capital Reserve Fund	844,622	844,622	-
Appropriated fund balance	170,668	-	(170,668)
Total other financing sources (uses)	<u>1,015,290</u>	<u>844,622</u>	<u>(170,668)</u>

PAMLICO COUNTY, NORTH CAROLINA

**WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	116,372	\$ 116,372
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Reconciling items:			
Capital reserve revenues		28,251	
Transfer from Water Capital Reserve Fund		(844,622)	
Capital reserve expenses		(1,000,000)	
Capital project revenues		2,586	
Capital outlay		514,969	
Depreciation		(329,236)	
Change in accrued vacation		(9,441)	
Change in OPEB payable		(4,963)	
Debt service - principal		<u>197,738</u>	
Change in net assets		<u>\$ (1,328,346)</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, 2011**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
User fees		\$ 24,500	
Total revenues	\$ 540,000	24,500	\$ (515,500)
Non-operating revenues:			
Interest on investments	-	3,751	3,751
Total revenues	540,000	28,251	(511,749)
Other Financing Sources (Uses):			
Transfer from (to) Water Fund	(821,209)	(844,622)	(23,413)
Settlement of prior years' capital reserve fees - refund	(1,000,000)	(1,000,000)	-
Appropriated fund balance	1,281,209	-	(1,281,209)
Total other financing sources (uses)	(540,000)	(1,844,622)	(1,304,622)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (1,816,371)	\$ (1,816,371)

PAMLICO COUNTY, NORTH CAROLINA

**MINNESOTT PRESSURE IMPROVEMENT PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Non-operating revenues:					
Investment earnings	\$ -	\$ -	\$ 2,586	\$ 2,586	\$ 2,586
Total revenues	<u>-</u>	<u>-</u>	<u>2,586</u>	<u>2,586</u>	<u>2,586</u>
Expenditures:					
Economic and physical development:					
Construction costs	4,069,326	-	1,848,567	1,848,567	2,220,759
Debt service:					
Interest and fees	<u>75,200</u>	<u>-</u>	<u>19,019</u>	<u>19,019</u>	<u>56,181</u>
Total expenditures	<u>4,144,526</u>	<u>-</u>	<u>1,867,586</u>	<u>1,867,586</u>	<u>2,276,940</u>
Revenues over (under) expenditures	<u>(4,144,526)</u>	<u>-</u>	<u>(1,865,000)</u>	<u>(1,865,000)</u>	<u>(2,274,354)</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds	144,526	-	-	-	(144,526)
Long-term debt issued	<u>4,000,000</u>	<u>-</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>-</u>
Total other financing sources (uses)	<u>4,144,526</u>	<u>-</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>(144,526)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,135,000</u>	<u>\$ 2,135,000</u>	<u>\$ (2,418,880)</u>

PAMLICO COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
Social Services:				
Assets:				
Cash and cash equivalents	\$ 43,687	\$ 77,648	\$ 89,099	\$ 32,236
Liabilities:				
Accounts payable	\$ 43,687	\$ 77,648	\$ 89,099	\$ 32,236
North Carolina DMV:				
Assets:				
Cash and cash equivalents	\$ 434	\$ 5,538	\$ (5,568)	\$ 404
Liabilities:				
Intergovernmental payable	\$ 434	\$ 5,538	\$ (5,568)	\$ 404
Jail Inmate Trust:				
Assets:				
Cash and cash equivalents	\$ -	\$ 113,847	\$ 108,200	\$ 5,647
Liabilities:				
Accounts payable	\$ -	\$ 113,847	\$ 108,200	\$ 5,647
Bay River Metropolitan Sewer District:				
Assets:				
Cash and cash equivalents	\$ -	\$ 1,030,663	\$ (1,030,114)	\$ 549
Accounts receivable	219,723	911,770	(1,030,663)	100,830
Total assets	<u>\$ 219,723</u>	<u>\$ 1,942,433</u>	<u>\$ (2,060,777)</u>	<u>\$ 101,379</u>
Liabilities:				
Accounts payable	<u>\$ 219,723</u>	<u>\$ 911,770</u>	<u>\$ (1,030,114)</u>	<u>\$ 101,379</u>
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 44,121	\$ 1,227,696	\$ (838,383)	\$ 38,836
Accounts receivable	219,723	911,770	(1,030,663)	100,830
Total assets	<u>\$ 263,844</u>	<u>\$ 2,139,466</u>	<u>\$ (1,869,046)</u>	<u>\$ 139,666</u>
Liabilities:				
Accounts payable	\$ 263,410	\$ 1,103,265	\$ (832,815)	\$ 139,262
Intergovernmental payable	434	5,538	(5,568)	404
Total liabilities	<u>\$ 263,844</u>	<u>\$ 1,108,803</u>	<u>\$ (838,383)</u>	<u>\$ 139,666</u>

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2011

Fiscal Year	Uncollected Balance July 1, 2010	Additions	Collections and Credits	Uncollected Balance June 30, 2011
2010-2011	\$ -	\$ 9,131,204	\$ 8,657,475	\$ 473,729
2009-2010	486,150	-	288,587	197,563
2008-2009	189,762	-	49,798	139,964
2007-2008	116,750	-	20,960	95,790
2006-2007	82,069	-	13,825	68,244
2005-2006	73,584	-	5,397	68,187
2004-2005	44,889	-	4,350	40,539
2003-2004	46,493	-	2,847	43,646
2002-2003	39,715	-	2,057	37,658
2001-2002	41,143	-	2,038	39,105
2000-2001	32,049	-	32,049	-
Total	\$ 1,152,604	\$ 9,131,204	\$ 9,079,383	1,204,425
Less: Allowance for uncollectible accounts				<u>(350,000)</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 854,425</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 9,082,542
Reconciling items:				
Interest and penalties collected				(103,883)
Tax garnishment fees collected				(6,970)
Abatements and credits for prior year taxes				26,802
Taxes written off due to statute of limitations				32,049
Miscellaneous adjustments				<u>48,843</u>
Total collections and credits				<u>\$ 9,079,383</u>

PAMLICO COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2011

	County-Wide			Total Levy	
	Property Valuation	Rate Per \$100	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 2,698,089,502	\$ 0.6525	\$ 17,605,034	\$ 17,605,034	\$ -
Less: Senior Citizen exemption	(107,978,544)	0.6525	(704,560)	(704,560)	-
Registered motor vehicles	81,423,295	0.6525	531,287	-	531,287
Public utilities	17,813,660		116,234	116,234	-
Special paving assessment	2,472,184		16,131	16,131	-
Penalties	-		23,307	23,307	-
Total original levy	<u>2,691,820,097</u>		<u>17,587,433</u>	<u>17,056,146</u>	<u>531,287</u>
Discoveries:					
Current year taxes	<u>2,106,973</u>	0.6525	<u>13,748</u>	<u>13,748</u>	<u>-</u>
Abatements:					
Current year taxes	<u>(1,298,080,766)</u>	0.6525	<u>(8,469,977)</u>	<u>(8,469,977)</u>	<u>-</u>
Total property valuation	<u>\$ 1,395,846,304</u>				
Net Levy			9,131,204	8,599,917	531,287
Uncollected taxes at June 30, 2011			<u>473,729</u>	<u>373,019</u>	<u>100,710</u>
Current Year's Taxes Collected			<u>\$ 8,657,475</u>	<u>\$ 8,226,898</u>	<u>\$ 430,577</u>
Current Levy Collection Percentage			<u>94.81%</u>	<u>95.66%</u>	<u>81.04%</u>

PAMLICO COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2011**

Secondary Market Disclosures:

Assessed Valuation:

Assessment ratio	100%
Real property	\$ 1,212,726,336
Personal property	165,306,308
Public service companies	<u>17,813,660</u>
Total assessed valuation	<u>\$ 1,395,846,304</u>
Tax rate per \$100	0.6525
Levy (includes discoveries, releases, and abatements)	<u>\$ 9,131,204</u>

PAMLICO COUNTY, NORTH CAROLINA

**TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2011**

<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	2.77%
River Dunes Corp	Real Estate Developer	18,402,082	1.32%
Weyerhaeuser Co.	Timber Land	14,453,224	1.04%
Burton Farm Development	Real Estate Developer	10,664,410	0.76%
Coastal Market & Development	Real Estate Developer	8,019,366	0.57%
Reserveco Inc.	Real Estate Developer	4,669,478	0.33%
Neuse River Land and Timber LLC	Timber Land	3,930,926	0.28%
Harbor Associates	Real Estate Developer	3,161,977	0.23%
Minnesott Beach Holdings LLC	Real Estate Developer	3,015,366	0.22%
Bagwell Holdings of Virginia	Real Estate Developer	2,954,034	0.21%
Total		<u>\$ 107,897,765</u>	<u>7.73%</u>