

**PAMLICO COUNTY
NORTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

**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, 2012**

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**Finance Officer
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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, 2012, 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 auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pamlico County, North Carolina, as of June 30, 2012, 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 October 24, 2012 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 Officers' 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 of Pamlico County's financial statements 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 additional 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.
October 24, 2012

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, 2012. 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

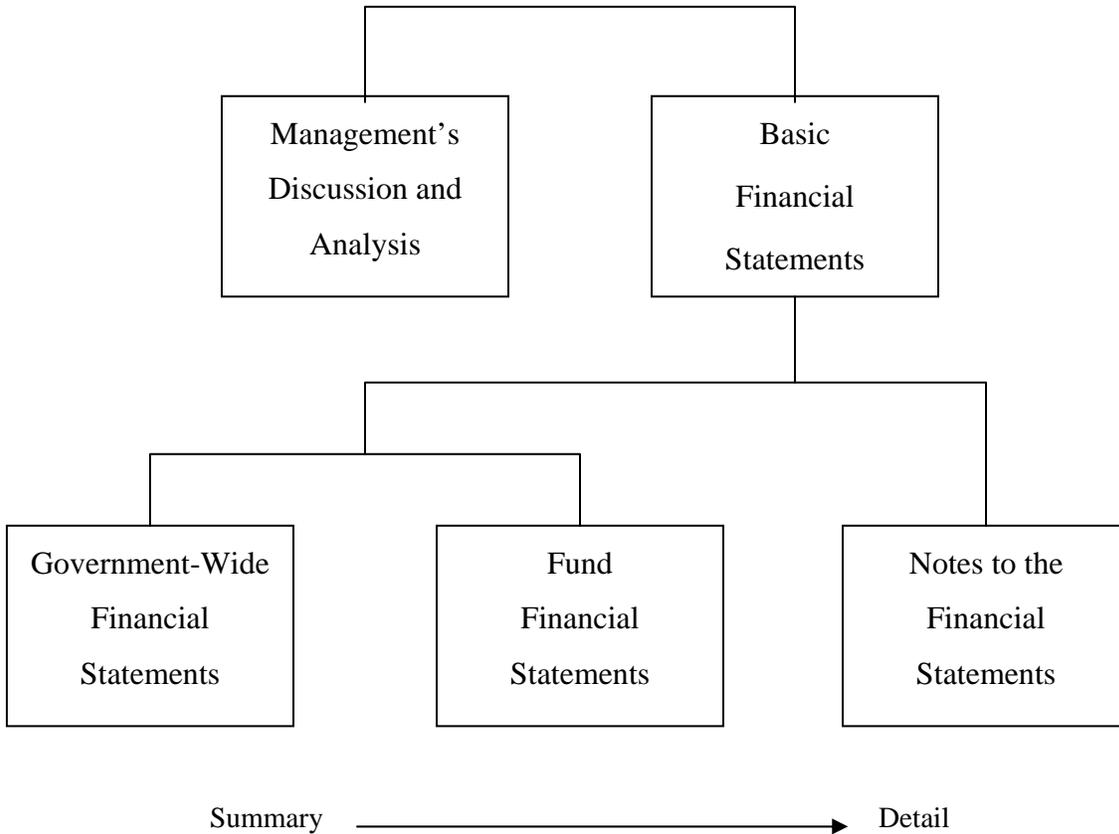
- The assets of Pamlico County exceeded its liabilities at the close of the fiscal year by \$17,691,390 (net assets).
- The government's total net assets increased by \$365,721, primarily due to a decrease in debt for both governmental and business-type activities.
- As of the close of the current fiscal year, Pamlico County's governmental funds reported combined ending fund balances of \$4,770,283, after a net decrease in fund balance of \$91,155. Approximately 37% of this total amount, or \$1,775,193, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,681,900, or 13% of total General Fund expenditures for the fiscal year. The large change in fund balance percentage is due to inflated expenditures related to Hurricane Irene.

Overview of the Financial Statements

This discussion and analysis is 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 governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Pamlico County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board of Commissioners about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the 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	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and other assets	\$ 7,118,603	\$ 7,166,769	\$ 4,338,754	\$ 6,000,832	\$ 11,457,357	\$ 13,167,601
Capital assets	11,662,172	12,049,160	12,908,914	11,837,093	24,571,086	23,886,253
Total assets	<u>18,780,775</u>	<u>19,215,929</u>	<u>17,247,668</u>	<u>17,837,925</u>	<u>36,028,443</u>	<u>37,053,854</u>
Liabilities:						
Long-term liabilities, outstanding	11,789,824	12,096,770	4,817,918	5,487,174	16,607,742	17,583,944
Other liabilities	1,168,151	1,568,669	561,160	575,572	1,729,311	2,144,241
Total liabilities	<u>12,957,975</u>	<u>13,665,439</u>	<u>5,379,078</u>	<u>6,062,746</u>	<u>18,337,053</u>	<u>19,728,185</u>
Net Assets:						
Invested in capital assets, net of related debt	3,793,989	4,043,224	7,678,507	8,103,300	11,472,496	12,146,524
Restricted	1,775,033	1,348,318	-	-	1,775,033	1,348,318
Unrestricted	253,778	158,948	4,190,083	3,671,879	4,443,861	3,830,827
Total net assets	<u>\$ 5,822,800</u>	<u>\$ 5,550,490</u>	<u>\$ 11,868,590</u>	<u>\$ 11,775,179</u>	<u>\$ 17,691,390</u>	<u>\$ 17,325,669</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 \$17,691,390 at the close of the most recent fiscal year.

By far, the largest portion (65%) 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 \$1,775,033 (10%) 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 \$4,443,861 (25%) for the government as a whole.

Pamlico County's Changes in Net Assets

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 1,114,759	\$ 1,596,733	\$ 2,020,156	\$ 1,698,603	\$ 3,134,915	\$ 3,295,336
Operating grants and contributions	5,054,685	3,454,025	-	-	5,054,685	3,454,025
Capital grants and contributions	981,437	204,294	-	-	981,437	204,294
General revenues:						
Property taxes	9,813,639	9,659,659	-	-	9,813,639	9,659,659
Local option sales tax	1,673,866	1,574,332	-	-	1,673,866	1,574,332
Other taxes	549,113	513,251	-	-	549,113	513,251
Investment earnings	10,618	18,651	3,403	6,337	14,021	24,988
Total revenues	<u>19,198,117</u>	<u>17,020,945</u>	<u>2,023,559</u>	<u>1,704,940</u>	<u>21,221,676</u>	<u>18,725,885</u>
Expenses:						
General government	2,209,826	2,191,083	-	-	2,209,826	2,191,083
Public safety	4,086,741	3,928,994	-	-	4,086,741	3,928,994
Economic and physical development	2,830,234	890,315	-	-	2,830,234	890,315
Environmental protection	233,535	260,315	-	-	233,535	260,315
Human services	4,350,092	4,623,345	-	-	4,350,092	4,623,345
Cultural and recreation	487,631	439,543	-	-	487,631	439,543
Education	4,141,268	3,520,292	-	-	4,141,268	3,520,292
Interest on long-term debt	586,480	542,656	-	-	586,480	542,656
Water Fund	-	-	1,930,148	3,033,286	1,930,148	3,033,286
Total expenses	<u>18,925,807</u>	<u>16,396,543</u>	<u>1,930,148</u>	<u>3,033,286</u>	<u>20,855,955</u>	<u>19,429,829</u>
Change in net assets	272,310	624,402	93,411	(1,328,346)	365,721	(703,944)
Net Assets:						
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 5,822,800</u>	<u>\$ 5,550,490</u>	<u>\$ 11,868,590</u>	<u>\$ 11,775,179</u>	<u>\$ 17,691,390</u>	<u>\$ 17,325,669</u>

Governmental Activities. Governmental activities increased the County's net assets by \$272,310. Property taxes provided 51 percent of funding at \$9,813,639. Charges for services funded \$1,114,759, and operating grants funded \$5,054,685 of Pamlico County's governmental activities. The increase in governmental activities net assets of \$272,310 was primarily due to increases in operating grants and contributions and property taxes revenue.

Business-Type Activities. Business-type activities increased Pamlico County's net assets by \$93,411; this increase is primarily due to the purchase of new equipment.

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 \$3,050,209, while total fund balance reached \$4,396,915. The County currently has an available fund balance of 14% of General Fund expenditures and transfers to other funds, while total fund balance represents 21% of that same amount.

As of the end of the current fiscal year, Pamlico County's governmental funds reported combined ending fund balances of \$4,770,283, a decrease of \$91,155 from 2011.

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 \$5,880,000. These amendments were necessary to reflect expenditures and reimbursements for damages incurred by Hurricane Irene and to reflect the refinance of school debt 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 \$4,190,083.

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, 2012 amounts to \$24,571,086 (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	
	2012	2011	2012	2011	2012	2011
Land	\$ 334,634	\$ 334,634	\$ 70,286	\$ 70,286	\$ 404,920	\$ 404,920
Construction in progress	-	-	7,800	2,199,848	7,800	2,199,848
Buildings and improvements	12,355,277	12,370,354	7,155,435	3,490,444	19,510,712	15,860,798
Plant	-	-	8,149,903	8,170,483	8,149,903	8,170,483
Equipment and vehicles	3,017,533	3,788,472	2,245,388	2,291,815	5,262,921	6,080,287
Subtotal	15,707,444	16,493,460	17,628,812	16,222,876	33,336,256	32,716,336
Less: accumulated depreciation	(4,045,272)	(4,444,300)	(4,719,898)	(4,385,783)	(8,765,170)	(8,830,083)
Total	<u>\$ 11,662,172</u>	<u>\$ 12,049,160</u>	<u>\$ 12,908,914</u>	<u>\$ 11,837,093</u>	<u>\$ 24,571,086</u>	<u>\$ 23,886,253</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	
	2012	2011	2012	2011	2012	2011
Installment note	\$ 11,809,620	\$ 12,447,433	\$ 5,230,407	\$ 5,129,314	\$ 17,040,027	\$ 17,576,747
Compensated absences	324,314	359,212	23,480	26,773	347,794	385,985
OPEB	333,363	253,404	23,338	17,960	356,701	271,364
Net pension obligation	85,442	69,201	-	-	85,442	69,201
General obligation bonds	-	-	-	742,000	-	742,000
Total	<u>\$ 12,552,739</u>	<u>\$ 13,129,250</u>	<u>\$ 5,277,225</u>	<u>\$ 5,916,047</u>	<u>\$ 17,829,964</u>	<u>\$ 19,045,297</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 \$114,104,000.

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 as well as sales of unimproved property.
- The unemployment rate for Pamlico County is currently 10 percent, which is an increase from the unemployment rate a year ago. This compares to the State's average unemployment rate of 9.7 percent, which reflects a decrease from a year ago.
- 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, 2013

Governmental Activities. Pamlico County completed the scheduled 8-year revaluation, and the ad valorem tax base increased by 17.6%. Additionally, the collection rate remains below 95% due to slow pay by large property owners, and the tax rate is non-revenue neutral at .625 per \$100.

Business-Type Activities. Water revenues are expected to increase in the current year as the County continues to implement the third year of a three-year plan to increase water rates. Water rates are budgeted to increase approximately 15% over fiscal year 2011-2012.

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. You can also call (252) 745-5195, visit our website www.pamlicocounty.org, or send an email to maryjane.westphal@pamlicocounty.org for more information.

PAMLICO COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		Pamlico County ABC Board
Assets:				
Current assets:				
Cash and cash equivalents	\$ 3,786,415	\$ 3,956,415	\$ 7,742,830	\$ 300,407
Taxes receivable, net	1,215,329	-	1,215,329	-
Accounts receivable, net	100,822	320,414	421,236	-
Due from other governments	1,329,304	-	1,329,304	-
Inventories	-	23,260	23,260	252,043
Prepaid items	160	-	160	-
Restricted cash and cash equivalents	42,398	38,665	81,063	-
Note receivable	644,175	-	644,175	-
Capital assets:				
Land and construction in progress	334,634	78,086	412,720	36,749
Other capital assets, net	11,327,538	12,830,828	24,158,366	72,250
Total assets	18,780,775	17,247,668	36,028,443	661,449
Liabilities:				
Current liabilities:				
Accounts payable	329,731	63,188	392,919	172,534
Customer deposits	-	38,665	38,665	-
Unearned revenues	75,505	-	75,505	-
Current portion of compensated absences	196,000	23,000	219,000	-
Long-term debt, due within one year	566,915	436,307	1,003,222	-
Non-current liabilities:				
Non-current portion of compensated absences	128,314	480	128,794	-
Due in more than one year	11,661,510	4,817,438	16,478,948	-
Total liabilities	12,957,975	5,379,078	18,337,053	172,534
Net Assets:				
Invested in capital assets, net of related debt	3,793,989	7,678,507	11,472,496	108,999
Restricted for:				
Stabilization by State statute	1,346,546	-	1,346,546	-
Other purposes	428,487	-	428,487	202,580
Unrestricted	253,778	4,190,083	4,443,861	177,336
Total net assets	\$ 5,822,800	\$ 11,868,590	\$ 17,691,390	\$ 488,915

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

PAMLICO COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	<u>Program Revenue:</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government:			
Governmental Activities:			
General government	\$ 2,209,826	\$ 228,223	\$ 17,504
Public safety	4,086,741	703,211	178,655
Environmental protection	233,535	45,456	19,760
Economic and physical development	2,830,234	105,166	2,224,731
Human services	4,350,092	21,873	2,614,035
Cultural and recreation	487,631	10,830	-
Education	4,141,268	-	-
Interest on long-term debt	586,480	-	-
Total governmental activities	<u>18,925,807</u>	<u>1,114,759</u>	<u>5,054,685</u>
Business-Type Activities:			
Water Fund	<u>1,930,148</u>	<u>2,020,156</u>	<u>-</u>
Total primary government	<u>\$ 20,855,955</u>	<u>\$ 3,134,915</u>	<u>\$ 5,054,685</u>
Component Unit:			
ABC Board	<u>\$ 877,965</u>	<u>\$ 887,691</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

<u>Net (Expense) Revenue and Changes in Net Assets</u>				
<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>		<u>Pamlico County ABC Board</u>
\$ 50,540	\$ (1,913,559)	\$ -	\$ (1,913,559)	
18,847	(3,186,028)	-	(3,186,028)	
-	(168,319)	-	(168,319)	
81,373	(418,964)	-	(418,964)	
-	(1,714,184)	-	(1,714,184)	
-	(476,801)	-	(476,801)	
830,677	(3,310,591)	-	(3,310,591)	
-	(586,480)	-	(586,480)	
<u>981,437</u>	<u>(11,774,926)</u>	<u>-</u>	<u>(11,774,926)</u>	
<u>-</u>	<u>-</u>	<u>90,008</u>	<u>90,008</u>	
<u>\$ 981,437</u>	<u>(11,774,926)</u>	<u>90,008</u>	<u>(11,684,918)</u>	
<u>\$ -</u>				<u>\$ 9,726</u>
	9,813,639	-	9,813,639	-
	1,673,866	-	1,673,866	-
	549,113	-	549,113	-
	10,618	3,403	14,021	274
	<u>12,047,236</u>	<u>3,403</u>	<u>12,050,639</u>	<u>274</u>
	272,310	93,411	365,721	10,000
	<u>5,550,490</u>	<u>11,775,179</u>	<u>17,325,669</u>	<u>478,915</u>
	<u>\$ 5,822,800</u>	<u>\$ 11,868,590</u>	<u>\$ 17,691,390</u>	<u>\$ 488,915</u>

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

PAMLICO COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 3,453,263	\$ 333,152	\$ 3,786,415
Taxes receivable, net	1,155,829	59,500	1,215,329
Accounts receivable, net	29,822	-	29,822
Due from other governments	1,329,304	-	1,329,304
Prepaid items	160	-	160
Restricted cash and cash equivalents	-	42,398	42,398
Total assets	<u>\$ 5,968,378</u>	<u>\$ 435,050</u>	<u>\$ 6,403,428</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 327,549	\$ 2,182	\$ 329,731
Deferred revenues	1,243,914	59,500	1,303,414
Total liabilities	<u>1,571,463</u>	<u>61,682</u>	<u>1,633,145</u>
Fund Balances:			
Non-spendable	160	-	160
Restricted for Stabilization by State statute	1,346,546	-	1,346,546
Restricted, other	97,517	330,970	428,487
Committed	-	42,398	42,398
Assigned	270,792	-	270,792
Unassigned	2,681,900	-	2,681,900
Total fund balances	<u>4,396,915</u>	<u>373,368</u>	<u>4,770,283</u>
Total liabilities and fund balances	<u>\$ 5,968,378</u>	<u>\$ 435,050</u>	

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

Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	11,662,172
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.	71,000
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.	644,175
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.	(12,552,739)
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>1,227,909</u>
Net assets of governmental activities (Exhibit A)	<u>\$ 5,822,800</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, 2012

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad valorem taxes	\$ 9,005,134	\$ 507,101	\$ 9,512,235
Local option sales tax	1,689,422	-	1,689,422
Other taxes and licenses	445,257	103,856	549,113
Unrestricted intergovernmental	646,031	-	646,031
Restricted intergovernmental	5,775,836	205,039	5,980,875
Permits and fees	264,454	-	264,454
Sales and services	110,267	4,283	114,550
Investment earnings	10,560	58	10,618
Miscellaneous	114,720	15,132	129,852
Total revenues	<u>18,061,681</u>	<u>835,469</u>	<u>18,897,150</u>
Expenditures:			
Current:			
General government	1,770,285	112,590	1,882,875
Public safety	3,237,808	828,948	4,066,756
Environmental protection	227,263	-	227,263
Economic and physical development	2,667,398	156,969	2,824,367
Health and public assistance	4,227,922	-	4,227,922
Cultural and recreation	485,586	-	485,586
Education	4,141,268	-	4,141,268
Debt service:			
Principal repayments	4,080,154	-	4,080,154
Interest	349,376	-	349,376
Total expenditures	<u>21,187,060</u>	<u>1,098,507</u>	<u>22,285,567</u>
Revenues over (under) expenditures	<u>(3,125,379)</u>	<u>(263,038)</u>	<u>(3,388,417)</u>
Other Financing Sources (Uses):			
Transfers in (out)	(15,761)	15,761	-
Long-term debt issued	3,297,262	-	3,297,262
Total other financing sources (uses)	<u>3,281,501</u>	<u>15,761</u>	<u>3,297,262</u>
Net change in fund balances	156,122	(247,277)	(91,155)
Fund Balances:			
Beginning of year - July 1	4,240,793	620,645	4,861,438
End of year - June 30	<u>\$ 4,396,915</u>	<u>\$ 373,368</u>	<u>\$ 4,770,283</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, 2012**

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) \$ (91,155)

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	301,404
Other taxes and licenses	(15,556)
Sales and services	15,119
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. (61,302)

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. 199,638

Capital assets disposed of during the year, not recognized on the modified accrual basis of accounting (123,464)

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. (463,162)

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. (3,297,262)

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. 3,935,075

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 \$ 272,310

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, 2012**

	Budgeted Amounts		Actual	Variance from Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 8,975,130	\$ 8,975,130	\$ 9,005,134	\$ 30,004
Local option sales tax	1,664,483	1,664,483	1,689,422	24,939
Other taxes and licenses	305,202	306,273	445,257	138,984
Unrestricted intergovernmental	1,167,953	1,218,493	646,031	(572,462)
Restricted intergovernmental	3,036,980	5,447,302	5,775,836	328,534
Permits and fees	232,757	232,757	264,454	31,697
Sales and services	117,286	124,456	110,267	(14,189)
Investment earnings	25,710	25,710	10,560	(15,150)
Miscellaneous	-	6,648	114,720	108,072
Total revenues	<u>15,525,501</u>	<u>18,001,252</u>	<u>18,061,681</u>	<u>60,429</u>
Expenditures:				
Current:				
General government	1,927,177	1,893,396	1,770,285	123,111
Public safety	3,297,792	3,305,125	3,237,808	67,317
Environmental protection	255,949	238,146	227,263	10,883
Economic and physical development	463,415	2,757,723	2,667,398	90,325
Human services	4,730,651	4,337,210	4,227,922	109,288
Cultural and recreation	491,188	496,205	485,586	10,619
Education	3,479,292	4,202,597	4,141,268	61,329
Debt service:				
Principal repayments	227,755	3,772,943	4,080,154	(307,211)
Interest	903,984	654,637	349,376	305,261
Total expenditures	<u>15,777,203</u>	<u>21,657,982</u>	<u>21,187,060</u>	<u>470,922</u>
Revenues over (under) expenditures	<u>(251,702)</u>	<u>(3,656,730)</u>	<u>(3,125,379)</u>	<u>531,351</u>
Other Financing Sources (Uses):				
Transfers out	-	-	(15,761)	(15,761)
Long-term debt issued	-	4,018,617	3,297,262	(721,355)
Appropriated fund balance (contingency)	251,702	(361,887)	-	361,887
Total other financing sources (uses)	<u>251,702</u>	<u>3,656,730</u>	<u>3,281,501</u>	<u>(375,229)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	156,122	<u>\$ 156,122</u>
Fund Balance:				
Beginning of year - July 1			<u>4,240,793</u>	
End of year - June 30			<u>\$ 4,396,915</u>	

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

PAMLICO COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012

	<u>Water Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,956,415
Trade receivables, net	320,414
Inventories	23,260
Restricted cash and cash equivalents	38,665
Total current assets	<u>4,338,754</u>
Non-current assets:	
Land, improvements, and construction in progress	78,086
Other capital assets, net of depreciation	12,830,828
Total non-current assets	<u>12,908,914</u>
Total assets	<u>17,247,668</u>
Liabilities and Net Assets:	
Liabilities:	
Current liabilities:	
Accounts payable	63,188
Customer deposits	38,665
Compensated absences payable - current	23,000
Current portion of long-term debt	436,307
Total current liabilities	<u>561,160</u>
Non-current liabilities:	
Compensated absences payable - non-current	480
Non-current portion of long-term debt	4,794,100
Other post-employment benefits	23,338
Total non-current liabilities	<u>4,817,918</u>
Total liabilities	<u>5,379,078</u>
Net Assets:	
Invested in capital assets, net of related debt	7,678,507
Unrestricted	4,190,083
Total net assets	<u>\$ 11,868,590</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, 2012**

	<u>Water Fund</u>
Operating Revenues:	
Charges for services	\$ 1,892,363
Water taps	40,119
User fees	33,000
Other operating revenues	54,674
Total operating revenues	<u>2,020,156</u>
 Operating Expenses:	
Water operations	1,381,153
Depreciation	441,845
Total operating expenses	<u>1,822,998</u>
 Operating income (loss)	 <u>197,158</u>
 Non-Operating Revenues (Expenses):	
Investment earnings	3,403
Gain (loss) on disposal of capital assets	(45,769)
Interest and fees	(61,381)
Total non-operating revenues (expenses)	<u>(103,747)</u>
 Change in net assets	 93,411
 Net Assets:	
Beginning of year - July 1	<u>11,775,179</u>
 End of year - June 30	 <u>\$ 11,868,590</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, 2012

	<u>Water Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 2,069,867
Cash paid for goods and services	(1,384,949)
Cash paid to employees for services	(38,640)
Net cash provided (used) by operating activities	<u>646,278</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(1,562,683)
Proceeds from issuance of long-term debt	4,195,202
Principal paid on long-term debt	(4,836,109)
Interest and fees	(61,381)
Proceeds from sale of capital assets	3,247
Net cash provided (used) for capital and related financing activities	<u>(2,261,724)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>3,403</u>
Net increase (decrease) in cash and cash equivalents	(1,612,043)
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>5,607,123</u>
End of year - June 30	<u>\$ 3,995,080</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 197,158
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	441,845
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	50,036
Increase (decrease) in accounts payable and accrued liabilities	(3,796)
Increase (decrease) in accrued expenses	(40,725)
Increase (decrease) in customer deposits	(325)
Increase (decrease) in accrued vacation pay	(3,293)
Increase (decrease) in OPEB payable	5,378
Net cash provided (used) by operating activities	<u>\$ 646,278</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, 2012

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 34,920
Accounts receivable	<u>208,098</u>
Total assets	<u>\$ 243,018</u>
 Liabilities:	
Accounts payable	\$ 242,564
Intergovernmental payable	<u>454</u>
Total liabilities	<u>\$ 243,018</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, 2012

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 Statement of Net Assets and the Statement of Activities report information about the primary government (the County) and its component units. These statements include financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. 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, 2012

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues for each function of the County's governmental activities. 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.

The fund financial statements provide information about the County's funds, including its fiduciary funds. 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. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. 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, 2012.

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. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue for property taxes is recognized as revenues in the year for which they are levied.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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.

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, 2012. 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 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes which were billed during this period are shown as a receivable on the fund financial statements.

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

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues; therefore, all taxes are reported as general revenues.

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

Basis of Presentation – Fund Accounting

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

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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, Emergency Telephone System Fund, Fund, Baird Shores Special Assessment Fund, CDBG Scattered Sites Fund, Register of Deeds Enhancement Preservation Fund, 4-H Fund, and Electronic Management Fund are special revenue funds of the County.

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 \$5,880,778.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

Customer deposits in the Water Fund of \$38,665 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 \$42,398 in the Reappraisal Fund are 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.

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, 2011.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 \$5,000 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, 2012

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

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

Compensated Absences

The vacation policies of the County provide for the accumulation of up to 30 days earned vacation leave, with such leave being fully vested when earned. 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 County has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Deferred Revenues/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.

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.

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

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

Restricted Fund Balance

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>
<i>Restricted for Stabilization of State Statute</i> - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].	\$ 1,346,546	\$ -
<i>Restricted for Education - Pamlico Middle School repairs</i> - portion of fund balance that is restricted by revenue source for repairs to the school.	61,329	-
<i>Restricted for Public Safety - Controlled Substance</i> - portion of fund balance that is restricted by revenue source for controlled substance expenditures.	10,455	-
<i>Restricted for Public Safety - 911 Funds</i> - portion of fund balance that is restricted by revenue source for 911 expenditures.	25,733	-
<i>Restricted for Public Safety - Fire Districts</i> - portion of fund balance that is restricted by revenue source for fire protection expenditures.	-	15,078
<i>Restricted for Public Safety - Emergency Telephone System</i> - portion of fund balance that is restricted by revenue source for Emergency Telephone System expenditures.	-	303,144
<i>Restricted for Economic Development - Community Development Block Grant</i> - portion of fund balance that is restricted by revenue source for Community Development Block Grant expenditures.	-	244
<i>Restricted for Economic Development - 4-H</i> - portion of fund balance that is restricted by revenue source for 4-H expenditures.	-	5,619
<i>Restricted for Economic Development - Electronic Management</i> - portion of fund balance that is restricted by revenue source for electronic management expenditures.	-	1,018
<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.	-	5,867
Total	<u>\$ 1,444,063</u>	<u>\$ 330,970</u>

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Committed Fund Balance

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of Pamlico County's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for General Government - portion of fund balance that can only be used for tax revaluation. At June 30, 2012, the County had \$42,398 committed fund balance.

Assigned Fund Balance

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

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, 2012, the County had \$270,792 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	\$ 4,396,915
Less:	
Prepays	(160)
Stabilization by State statute	<u>(1,346,546)</u>
Fund balance available for appropriation	<u>\$ 3,050,209</u>

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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.

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. 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

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness on any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County does not have a policy regarding custodial credit risk for deposits.

At June 30, 2012, the County's deposits had a carrying amount of \$407,042 and a bank balance of \$774,726. The County only has deposits in institutions that collateralize under the Pooling Method. Of the bank balance, \$259,008 was covered by federal depository insurance, and \$515,718 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The County had \$2,186 of cash on hand at year-end.

Investments

At June 30, 2012, the County had \$7,449,585 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, 2012.

3. 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.

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
2009	\$ 363,754	\$ 86,392	\$ 450,146
2010	372,528	54,948	427,476
2011	371,829	21,380	393,209
2012	486,826	-	486,826
Total	\$ 1,594,937	\$ 162,720	\$ 1,757,657

4. Receivables

Receivables at Exhibit A at June 30, 2012 were as follows:

	Taxes	Accounts	Due from Other Governments	Total
Governmental Activities:				
Ad valorem taxes	\$ 1,505,829	\$ -	\$ -	\$ 1,505,829
Allowance for doubtful accounts	(350,000)	-	-	(350,000)
Ad valorem taxes, net	1,155,829	-	-	1,155,829
Fire district taxes	59,500	-	-	59,500
Health department	-	6,947	-	6,947
Local option sales tax	-	-	336,472	336,472
Sales tax refund	-	-	41,737	41,737
Other intergovernmental	-	-	951,095	951,095
Accrued interest, property taxes	-	71,000	-	71,000
Baird Shores special assessment	-	12,580	-	-
Law enforcement center	-	10,295	-	10,295
Total governmental activities	\$ 1,215,329	\$ 100,822	\$ 1,329,304	\$ 2,632,875
Business-Type Activities:				
Water and sewer	\$ -	\$ 320,414	\$ -	\$ 320,414
Total business-type activities	\$ -	\$ 320,414	\$ -	\$ 320,414

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

Note Receivable

The County also has recorded an amount due from Bay River Metropolitan Sewer District (BRMSD) for \$644,175 at June 30, 2012, 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.

5. Capital Assets

A. Governmental Capital Assets

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

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2012</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 334,634	\$ -	\$ -	\$ -	\$ 334,634
Depreciable Capital Assets:					
Buildings and improvements	12,370,354	-	(15,077)	-	12,355,277
Equipment and vehicles	<u>3,788,472</u>	<u>199,638</u>	<u>(998,582)</u>	<u>28,005</u>	<u>3,017,533</u>
Total depreciable capital assets	<u>16,158,826</u>	<u>199,638</u>	<u>(1,013,659)</u>	<u>28,005</u>	<u>15,372,810</u>
Less Accumulated Depreciation:					
Buildings	1,825,826	274,273	(15,077)	-	2,085,022
Equipment	<u>2,618,474</u>	<u>188,889</u>	<u>(864,585)</u>	<u>17,472</u>	<u>1,960,250</u>
Total accumulated depreciation	<u>4,444,300</u>	<u>463,162</u>	<u>(879,662)</u>	<u>17,472</u>	<u>4,045,272</u>
Depreciable capital assets, net	<u>11,714,526</u>				<u>11,327,538</u>
Governmental activity capital assets, net	<u>\$ 12,049,160</u>				<u>\$ 11,662,172</u>

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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

Governmental Activities:	
General government	\$ 231,581
Public safety	97,264
Environmental protection	23,158
Economic and physical development	4,632
Human services	97,264
Cultural and recreation	9,263
Total	<u>\$ 463,162</u>

B. Proprietary Capital Assets

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

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2012</u>
Business-Type Activities:					
Water Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 70,286	\$ -	\$ -	\$ -	\$ 70,286
Construction in progress	2,199,848	1,479,349	-	(3,671,397)	7,800
Total non-depreciable capital assets	<u>2,270,134</u>	<u>1,479,349</u>	<u>-</u>	<u>(3,671,397)</u>	<u>78,086</u>
Depreciable Capital Assets:					
Buildings and improvements	3,490,444	-	(6,406)	3,671,397	7,155,435
Plant	8,170,483	13,113	(5,688)	(28,005)	8,149,903
Equipment and vehicles	2,291,815	70,221	(116,648)	-	2,245,388
Total depreciable capital assets	<u>13,952,742</u>	<u>83,334</u>	<u>(128,742)</u>	<u>3,643,392</u>	<u>17,550,726</u>
Less Accumulated Depreciation:					
Buildings and improvements	1,550,881	190,852	(6,406)	-	1,735,327
Plant	2,072,506	148,876	(5,688)	-	2,215,694
Equipment and vehicles	762,396	102,116	(78,163)	(17,472)	768,877
Total accumulated depreciation	<u>4,385,783</u>	<u>\$ 441,844</u>	<u>\$ (90,257)</u>	<u>\$ (17,472)</u>	<u>4,719,898</u>
Depreciable capital assets, net	<u>9,566,959</u>				<u>12,830,828</u>
Business-type capital assets, net	<u>\$ 11,837,093</u>				<u>\$ 12,908,914</u>

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

C. Invested in Capital Assets, Net of Debt

The total invested in capital assets, net of related debt, at June 30, 2012 is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 11,662,172	\$ 12,908,914
Total long-term debt	12,552,739	5,277,225
Compensated absences	(324,314)	(23,480)
Unfunded OPEB and LEO obligations	(418,805)	(23,338)
Bay River Sewer District debt (offset by long-term receivable)	(644,175)	-
Pamlico County Board of Education debt:		
High school cafeteria	<u>(3,297,262)</u>	<u>-</u>
Long-term debt related to capital assets	<u>7,868,183</u>	<u>5,230,407</u>
Invested in capital assets, net of related debt	<u>\$ 3,793,989</u>	<u>\$ 7,678,507</u>

6. 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	\$ 24,223	\$ 18,291	\$ 42,514
Salaries payable	174,871	38,090	212,961
Accrued expenses and withholdings	<u>130,637</u>	<u>6,807</u>	<u>137,444</u>
Total	<u>\$ 329,731</u>	<u>\$ 63,188</u>	<u>\$ 392,919</u>

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

7. 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	\$ 71,127	\$ -	\$ 71,127
Taxes receivable, net	1,155,829	59,500	1,215,329
Other unearned revenues	16,958	-	16,958
Total	\$ 1,243,914	\$ 59,500	\$ 1,303,414

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	\$ 71,127	\$ -	\$ 71,127
Other unearned fees	4,378	-	4,378
Total	\$ 75,505	\$ -	\$ 75,505

8. Employee Retirement Systems

A. Local Governmental Employees' Retirement System

Plan Description. The County contributes to the State-wide 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, 2012

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 7.02% and 7.04%, respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$645,368, \$609,691, and \$543,432, 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, 2011, the Separation Allowance's membership consisted of:

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

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

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

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

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, 2010 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 4.25%-7.85% per year. Both (a) and (b) included an inflation component of 3.00%. 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, 2010 was 20 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	\$	16,909
Interest on net pension obligation		3,460
Adjustment to annual required contribution		(4,128)
Annual pension costs		16,241
Employer contributions made for fiscal year ended June 30, 2012		-
Increase (decrease) in net pension obligation		16,241
Net pension obligation:		
Beginning of year - July 1		69,201
End of year - June 30		\$ 85,442

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 14,243	12.95%	\$ 50,447
2011	18,754	0.00%	69,201
2012	16,241	0.00%	85,442

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Funded Status and Funding Progress

As of December 31, 2011, 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 \$124,001. The covered payroll (annual payroll of active employees covered by the plan) was \$617,646, and the ratio of the UAAL to the covered payroll was 20.08%. 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, 2012 were \$79,969, which consisted of \$71,129 from the County and \$8,840 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, 2012 was \$64,317.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 one and one-half percent (1.5%) 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%) fiscal year ended June 30, 2012, the County's required and actual contributions were \$1,177.

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. The beneficiaries of those 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. The contributions to the Death Trust Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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 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, for each year of service. The benefits are available until the retiree reaches their 65th birthday, or obtains Medicare, whichever comes first.

Retirees can purchase coverage for their dependents at the County’s group rates until the retiree reaches age 65, or until the retiree obtains Medicare, whichever comes first. Currently, two retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2012, the County made payments for post-retirement health benefit premiums of \$11,054. 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, 2011, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	4	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	<u>134</u>	<u>14</u>
Total	<u>138</u>	<u>14</u>

Funding Policy. The County pays 2.0% of cost of coverage for the healthcare benefits, for each year of service, for qualified retirees under a County resolution that can be amended by the County Board. The County’s members pay the current active employee rate for dependent coverage, if the retiree elects to purchase the coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 2.32% of annual covered payroll. For the current year, the County contributed \$27,113, or .23%, 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%, respectively, of covered payroll. There were no contributions made by employees, except for dependent coverage in the amount of \$16,059. 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, 2012**

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 No. 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 30 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	\$ 110,960
Interest on net OPEB obligation	10,855
Adjustments to annual required contribution	<u>(9,365)</u>
Annual OPEB cost (expense)	112,450
Contributions made	<u>(27,113)</u>
Increase (decrease) in net OPEB obligation	85,337
Net OPEB obligation:	
Beginning of year - July 1	<u>271,364</u>
End of year - June 30	<u><u>\$ 356,701</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 2010-2012 were as follows:

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 96,033	6.84%	\$ 192,620
2011	104,142	24.39%	271,364
2012	112,450	24.11%	356,701

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Fund Status and Funding Progress

As of December 31, 2011, the date of the last actuarial valuation, the covered payroll (annual payroll of active employees covered by the plan) was \$4,788,430, and the ratio of the UAAL to the covered payroll was 18.55%. 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, 2011, the plan was not funded. As of December 31, 2011, the actuarial accrued liability for benefits and thus, the unfunded actuarial accrued liability (UAAL), was \$888,047.

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, 2011 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 9.5% to 5.0% annually. Both rates included a 3.00% 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, 2011 was 30 years.

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

9. 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, 2012:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Current</u> <u>Portion</u>
Governmental Activities:					
Installment note	\$ 11,711,233	\$ 3,297,262	\$ (3,843,050)	\$ 11,165,445	\$ 474,890
Installment note serviced by					
Bay River Sewer Authority	736,200	-	(92,025)	644,175	92,025
Compensated absences	359,212	161,992	(196,890)	324,314	196,000
Other post-employment benefits	253,404	105,363	(25,404)	333,363	-
Net pension obligation	69,201	16,241	-	85,442	-
Total governmental activities	<u>\$ 13,129,250</u>	<u>\$ 3,580,858</u>	<u>\$ (4,157,369)</u>	<u>\$ 12,552,739</u>	<u>\$ 762,915</u>
Business-Type Activities:					
General obligation bonds	\$ 742,000	\$ -	\$ (742,000)	\$ -	\$ -
Installment notes	5,129,314	4,195,202	(4,094,109)	5,230,407	436,307
Compensated absences	26,773	20,528	(23,821)	23,480	23,000
Other post-employment benefits	17,960	7,087	(1,709)	23,338	-
Total	<u>\$ 5,916,047</u>	<u>\$ 4,222,817</u>	<u>\$ (4,861,639)</u>	<u>\$ 5,277,225</u>	<u>\$ 459,307</u>

Compensated absences and the net pension and other post-employment benefit obligations typically have been liquidated in the General Fund. Compensated absences are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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	\$ 27,832
\$3,297,262 note for Pamlico County High School Cafeteria, issued April 2012, interest at 2.59%, due in semi-annual payments ranging from \$144,970 to \$177,846, plus interest, final payment September 2022; secured by building	3,297,262
\$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	2,149,932
\$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	24,249
\$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>)	644,175
\$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>5,666,170</u>
Total installment notes payable	<u>\$ 11,809,620</u>

**** 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.

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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	\$ 1,035,205
\$4,289,772 State Revolving Loan, issued April 2012, interest at 0.00%, payable in annual installments of \$214,489, final payment February 2032; secured by system assets	3,542,464
\$652,738 Kershaw Road Loan, issued April 2012, interest at 1.97%, payable in annual installments ranging from \$42,925 to \$141,925, including interest, final payment June 11; secured by building	<u>652,738</u>
Total	<u>\$ 5,230,407</u>

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

Governmental Activities:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 566,915	\$ 430,111	\$ 997,026
2014	557,433	422,905	980,338
2015	531,740	405,733	937,473
2016	532,765	389,661	922,426
2017	533,895	373,483	907,378
2018-2022	2,414,582	1,628,897	4,043,479
2023-2027	1,020,766	1,331,986	2,352,752
2028-2032	1,078,477	1,127,426	2,205,903
2033-2037	1,328,088	877,815	2,205,903
2038-2042	1,635,490	570,414	2,205,904
2043-2047	<u>1,609,469</u>	<u>187,690</u>	<u>1,797,159</u>
Total	<u>\$ 11,809,620</u>	<u>\$ 7,746,121</u>	<u>\$ 19,555,741</u>

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

Business-Type Activities:

Proprietary Funds:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 436,307	\$ 40,247	\$ 476,554
2014	434,380	33,705	468,085
2015	431,058	28,801	459,859
2016	427,671	24,063	451,734
2017	424,671	19,391	444,062
2018-2022	1,584,631	47,353	1,631,984
2023-2027	1,166,560	2,326	1,168,886
2028-2032	325,129	-	325,129
Total	<u>\$ 5,230,407</u>	<u>\$ 195,886</u>	<u>\$ 5,426,293</u>

At June 30, 2012, the County had a legal debt margin of \$114,104,000.

10. 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, 2012**

11. Interfund Balances and Activities

Transfers to/from other funds at June 30, 2012 consist of the following:

	Transfers		Purpose
	From	To	
Fund:			
General Fund	\$ 15,761	\$ -	
Special Revenue Fund	-	2,822	Operations for Emergency Telephone System
Special Revenue Fund	-	12,939	To close out fund
Total	\$ 15,761	\$ 15,761	

12. 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.

13. 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 \$15,891 to the Authority during the fiscal year ended June 30, 2012, which represents the Scrap Tire Disposal tax collected by the County. The participating governments did not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2012. 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 20 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, 2012. 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, 2012

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 \$478,346 to the Community College during the fiscal year ended June 30, 2012. 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, 2012. 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.

14. 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 45 voting members, consisting of three members from Pamlico County and each of the 12 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, 2012, 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, 2012, 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, 2012

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 \$1,840,500. Both the agreement and the project were complete during a prior fiscal year, and the respective assets were transferred to the Bay River Metropolitan Sewer District. As the revolving loan debt was received by the County and the debt is still outstanding, the County has reported the liability for this loan in the accompanying financial statements. The County has also recorded corresponding assets – due from Bay River Metropolitan Sewer District – in the same amount, which represents the outstanding loan due to the State at June 30, 2012, as the District assumed liability for payment of this loan, in accordance with the above mentioned inter-local agreement.

15. 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	\$ 10,416,735	\$ 6,166,864
Women, Infants, and Children	217,701	-
Temporary Assistance to Needy Families	48,511	-
Foster Care	72,984	6,983
Adoption Assistance	29,718	7,953
LINKS	1,210	-
CWS Adoption Subsidy	-	22,659
F/C At Risk Maximization	-	1,041
SC/SA Domiciliary Care Payment	-	91,172
State Foster Home	-	1,268
Total	\$ 10,786,859	\$ 6,297,940

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

16. Component Unit Transactions

In the fiscal year 2012, the County and Pamlico County ABC Board, its component unit, reported the following transactions:

<u>Amount</u>	<u>Purpose</u>
\$ 23,716	Profit distribution
713	Rehabilitation funds
1,619	ABC Law Enforcement
<u>\$ 26,048</u>	

17. 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, 2012, 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.

PAMLICO COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
12/31/2011	\$ -	\$ 124,001	\$ 124,001	0.00%	\$ 617,646	20.08%
12/31/2010	-	120,174	120,174	0.00%	595,481	20.18%
12/31/2009	-	137,480	137,480	0.00%	572,360	24.02%
12/31/2008	-	107,690	107,690	0.00%	496,067	21.71%
12/31/2007	-	104,909	104,909	0.00%	457,115	22.95%
12/31/2006	-	112,411	112,411	0.00%	477,343	23.55%
12/31/2005	-	103,164	103,164	0.00%	402,867	25.61%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2012	\$ 16,909	\$ -	0.00%
2011	18,754	-	0.00%
2010	14,243	-	0.00%
2009	13,435	-	0.00%
2008	14,112	-	0.00%
2007	12,449	-	0.00%
2006	12,062	-	0.00%

Notes to the Required Schedules:

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	19 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases *	4.25% - 7.85%
Cost-of-living adjustments	N/A

* Includes inflation at 3.0%

PAMLICO COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS -
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

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	0.00%	\$ 4,415,117	16.90%
12/31/2011	-	888,047	888,047	0.00%	4,788,430	18.55%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2010	\$ 96,033	\$ -	0.00%
2011	104,142	25,398	24.39%
2012	110,960	27,113	24.43%

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	12/31/2011
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	9.50% - 5.00%
Year of Ultimate trend rate	2018

* Includes inflation at 3.0%

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over /Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 8,865,130	\$ 8,911,862	\$ 46,732	\$ 8,978,659
Penalties and interest	110,000	93,272	(16,728)	103,883
Total	8,975,130	9,005,134	30,004	9,082,542
Local Option Sales Taxes:				
Article 39 - one percent	688,060	787,771	99,711	680,945
Article 40 - one-half of one percent	616,202	564,672	(51,530)	583,817
Article 42 - one-half of one percent	370,221	332,903	(37,318)	340,505
Article 44 - one-half of one percent	(10,000)	4,076	14,076	(16,379)
Total	1,664,483	1,689,422	24,939	1,588,888
Other Taxes and Licenses:				
Documentary stamps	65,000	37,138	(27,862)	74,259
Scrap wire disposal tax	15,891	12,027	(3,864)	18,899
White goods disposal tax	4,368	3,064	(1,304)	5,057
Medicaid hold harmless	202,464	375,965	173,501	294,581
Miscellaneous	18,550	17,063	(1,487)	19,681
Total	306,273	445,257	138,984	412,477
Unrestricted Intergovernmental:				
Beer and wine tax	30,222	57,381	27,159	43,858
Controlled substance tax	-	10,455	10,455	1,583
ABC tax distribution	8,200	6,181	(2,019)	6,194
School resource officer	40,000	40,000	-	40,000
Sheriff/jail fees	1,072,355	464,580	(607,775)	820,671
Facility fees	17,176	16,894	(282)	16,483
Sales tax refunds	50,540	50,540	-	409
Total	1,218,493	646,031	(572,462)	929,198
Restricted Intergovernmental:				
Health department grants	475,639	471,767	(3,872)	536,207
Social services State grants	2,332,327	1,935,736	(396,591)	2,026,112
Other State grants	250,650	1,000,482	749,832	357,226
Senior Center grants	134,732	121,664	(13,068)	220,787
Social Services federal grants	93,610	83,416	(10,194)	69,153
Other federal grants	66,976	77,338	10,362	58,612
Hurricane grants	2,093,368	2,085,433	(7,935)	-
Total	5,447,302	5,775,836	328,534	3,268,097

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over /Under	Actual
Permits and Fees:				
Building permits	93,681	163,598	69,917	102,580
Register of Deeds	53,891	54,352	461	54,997
Other permits and fees	85,185	46,504	(38,681)	109,096
Total	232,757	264,454	31,697	266,673
Sales and Services:				
Rent and concessions	5,800	6,403	603	8,014
Recreation revenue	10,290	10,830	540	9,230
Patient fees - Nursing Home and Health Department	36,570	41,577	5,007	51,377
Senior services fees	48,396	26,533	(21,863)	67,044
Other	23,400	24,924	1,524	43,332
Total	124,456	110,267	(14,189)	178,997
Investment Earnings	25,710	10,560	(15,150)	18,333
Miscellaneous	6,648	114,720	108,072	45,014
Total revenues	18,001,252	18,061,681	60,429	15,790,219
Expenditures:				
General Government:				
Administration:				
Governing body	342,673	306,062		317,288
County Manager	158,566	158,356		155,997
Personnel	145,258	141,098		105,688
Finance	313,393	303,213		260,936
Data processing	29,587	25,247		31,035
Total administration	989,477	933,976	55,501	870,944
Tax Listing Supervisor	411,733	396,753	14,980	392,945
Board of Elections	116,773	109,264	7,509	88,601
Register of Deeds	118,532	114,854	3,678	115,985
Public Buildings	341,881	300,438	41,443	343,219
Water Fund Administrative Reimbursement	(85,000)	(85,000)	-	(85,000)
Total general government	1,893,396	1,770,285	123,111	1,726,694

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over /Under	2011
	Budget	Actual		Actual
Public Safety:				
Sheriff:				
Sheriff	1,143,929	1,116,509		1,173,708
Criminal Justice Partnership	44,470	44,373		40,909
Jail	1,391,122	1,372,065		1,351,821
Dispatch	224,336	212,928		223,185
LEPC Grant	9,000	9,000		-
Medical examiner	8,500	7,400		5,500
Total sheriff	<u>2,821,357</u>	<u>2,762,275</u>	59,082	<u>2,795,123</u>
Emergency Management:				
Emergency management	79,460	71,582		76,965
Fire departments	66,308	65,951		66,308
Rescue squad	<u>338,000</u>	<u>338,000</u>		<u>300,000</u>
Total emergency management	<u>483,768</u>	<u>475,533</u>	8,235	<u>443,273</u>
Total public safety	<u>3,305,125</u>	<u>3,237,808</u>	67,317	<u>3,238,396</u>
Environmental Protection:				
General:				
Recycling	153,656	146,265		195,692
Landfill monitoring	<u>10,500</u>	<u>9,546</u>		<u>9,846</u>
Total general	<u>164,156</u>	<u>155,811</u>	8,345	<u>205,538</u>
Animal Control	<u>73,990</u>	<u>71,452</u>	2,538	<u>60,671</u>
Total environmental protection	<u>238,146</u>	<u>227,263</u>	10,883	<u>266,209</u>
Economic and Physical Development:				
Planning:				
Planning board	8,058	8,058		7,057
Planning department	78,780	76,946		83,169
Bay Harbor	<u>-</u>	<u>-</u>		<u>(23,345)</u>
Total planning	<u>86,838</u>	<u>85,004</u>	1,834	<u>66,881</u>
Soil Conservation:				
Soil conservation cost share	37,735	35,639		41,253
Soil conservation	<u>44,996</u>	<u>41,869</u>		<u>49,402</u>
Total soil conservation	<u>82,731</u>	<u>77,508</u>	5,223	<u>90,655</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, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over /Under	Actual
Other:				
Inspections	162,054	161,185	869	150,217
Cooperative Extension	94,205	94,233	(28)	90,988
N.C. Division of Forest Resources	74,000	74,000	-	74,771
Hurricane Irene relief	2,257,895	2,175,468	82,427	-
Hurricane Earl relief	-	-	-	8,669
Total other	2,588,154	2,504,886	83,268	324,645
Total economic and physical development	2,757,723	2,667,398	90,325	482,181
Human Services:				
Senior Center:				
Senior Center	116,001	101,409		182,721
Senior Services Title V	14,555	13,360		-
Care Management	167	167		29,198
NRCOG health promotion	7,065	5,891		5,502
NRCOG nutrition	106,925	107,712		95,366
Small home repair	3,544	2,979		3,113
CAP - Division of Aging	2,812	2,812		138,395
Senior Center operations	5,425	5,425		4,818
Seniors health insurance info program	3,867	3,757		2,031
Total senior center	260,361	243,512	16,849	464,180
General Health:				
Health Department	250,404	236,583		321,346
Bioterrorism	37,578	32,801		82,689
Tuberculosis control	18,390	16,650		18,223
Communicable disease	30,489	30,470		26,138
Immunization action plan	34,668	32,539		42,684
Primary care	82,920	79,945		96,953
Breast cervical cancer	32,612	27,912		26,374
Child health	38,415	36,396		34,524
Maternal health	46,359	36,774		22,760
Women preventative health	99,132	96,919		117,675
Health promotion	29,664	22,062		20,035
WIC client services	55,651	55,414		51,656
WIC nutrition	17,126	17,039		16,436
WIC breast feeding	3,114	2,294		7,555
Child services coordinator	23,352	22,985		6,018
WIC general administration	4,592	3,988		5,865
Environmental health	125,539	122,492		136,322

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over /Under	2011
	Budget	Actual		Actual
Mosquito control	31,096	30,548		12,460
HIV/STD	19,700	18,491		8,920
Food and lodging	55,098	52,876		41,878
Total general health	1,035,899	975,178	60,721	1,096,511
East Carolina Behavioral Healthcare	35,802	35,802	-	35,898
Social Services:				
Department of Social Services	1,823,307	1,830,121		1,858,466
Chore State in home	1,400	1,006		-
Family violence program	500	488		8,232
Jobs program	2,850	2,829		9,528
Program integrity	57,900	58,705		(1,263)
Work First transportation	9,527	9,018		10,602
Medicaid transportation	65,831	66,176		37,243
Recipient payments AFDC/TANF	500	163		-
Links scholarship	2,000	1,210		4,280
Special Assistance aged/disabled	100,000	90,997		106,748
State foster care 50%	7,265	7,263		5,484
AFDC/TANF foster care 34% IV-E	38,182	35,064		44,603
Emergency foster care	500	192		644
Medicaid payment to State	500	(243)		1,373
Aid to the blind	1,500	1,297		996
Adoption assistance	15,000	13,182		14,665
Crisis intervention program	75,000	70,414		15,954
Carolina Power utility program	2,970	2,970		3,243
NRCOG chore services	61,087	64,168		57,637
Daycare	542,129	542,129		557,851
Transportation	63,601	54,574		62,412
Transportation - RGP Grant	42,167	32,719		35,935
Total social services	2,913,716	2,884,442	29,274	2,834,633
Veterans Services	17,889	16,998	891	30,183
Department of Juvenile Justice Partnership:				
DJJP - Juvenile Service Restitution	26,279	24,730		23,438
DJJP - Task Force Certification	825	821		232
DJJP - Intervention - delinquency	46,439	46,439		51,267
Total Department of Juvenile Justice Partnership	73,543	71,990	1,553	74,937
Total human services	4,337,210	4,227,922	109,288	4,536,342

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over /Under	2011
	Budget	Actual		Actual
Cultural and Recreation:				
Regional library	185,720	185,720		185,720
Recreation	310,485	299,866		245,159
Total cultural and recreation	496,205	485,586	10,619	430,879
Education:				
Pamlico County Board of Education:				
Capital	108,013	108,013		125,000
Current expense	2,892,933	2,892,933		2,875,946
Emergency repairs	723,305	661,976		-
Total Pamlico County Board of Education	3,724,251	3,662,922	61,329	3,000,946
Pamlico County Community College	478,346	478,346	-	519,346
Total education	4,202,597	4,141,268	61,329	3,520,292
Debt Service:				
Principal retirement	3,772,943	4,080,154		1,325,692
Interest and fees	654,637	349,376		124,326
Total debt service	4,427,580	4,429,530	(1,950)	1,450,018
Total expenditures	21,657,982	21,187,060	470,922	15,651,011
Revenues over (under) expenditures	(3,656,730)	(3,125,379)	531,351	139,208
Other Financing Sources (Uses):				
Transfers out	-	(15,761)	(15,761)	-
Long-term debt issued	4,018,617	3,297,262	(721,355)	35,760
Appropriated fund balance	(361,887)	-	361,887	-
Total other financing sources (uses)	3,656,730	3,281,501	(375,229)	35,760
Net change in fund balance	\$ -	156,122	156,122	174,968
Fund Balance:				
Beginning of year - July 1		4,240,793		4,065,825
End of year - June 30		\$ 4,396,915		\$ 4,240,793

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PAMLICO COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012**

	All Fire Districts Fund	Reappraisal Fund	Emergency Telephone System Fund
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 16,836	\$ -	\$ 303,517
Taxes receivable, net	59,500	-	-
Restricted cash and cash equivalents	-	42,398	-
Total assets	<u>\$ 76,336</u>	<u>\$ 42,398</u>	<u>\$ 303,517</u>
 Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,758	\$ -	\$ 373
Deferred revenue	<u>59,500</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>61,258</u>	<u>-</u>	<u>373</u>
 Fund Balances:			
Restricted, other	15,078	-	303,144
Committed by purpose	<u>-</u>	<u>42,398</u>	<u>-</u>
Total fund balances	<u>15,078</u>	<u>42,398</u>	<u>303,144</u>
 Total liabilities and fund balances	<u>\$ 76,336</u>	<u>\$ 42,398</u>	<u>\$ 303,517</u>

Schedule 2

Baird Shores Special Assessment Fund	CDBG Scattered Sites Fund	Register of Deeds Enhancement Preservation Fund	4-H Fund	Electronic Management Fund	Total
\$ -	\$ 244	\$ 5,867	\$ 4,745	\$ 1,943	\$ 333,152
-	-	-	-	-	59,500
-	-	-	-	-	42,398
<u>\$ -</u>	<u>\$ 244</u>	<u>\$ 5,867</u>	<u>\$ 4,745</u>	<u>\$ 1,943</u>	<u>\$ 435,050</u>
\$ -	\$ -	\$ -	\$ 51	\$ -	\$ 2,182
-	-	-	-	-	59,500
-	-	-	51	-	61,682
-	244	5,867	5,619	1,018	330,970
-	-	-	-	-	42,398
<u>-</u>	<u>244</u>	<u>5,867</u>	<u>5,619</u>	<u>1,018</u>	<u>373,368</u>
<u>\$ -</u>	<u>\$ 244</u>	<u>\$ 5,867</u>	<u>\$ 5,670</u>	<u>\$ 1,018</u>	<u>\$ 435,050</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, 2012**

	All Fire Districts Fund	Reappraisal Fund	Emergency Telephone System Fund
Revenues:			
Ad valorem taxes	\$ 467,167	\$ 39,934	\$ -
Restricted intergovernmental	-	-	75,666
Other taxes and licenses	81,695	-	-
Sales and services	-	-	-
Investment earnings	-	57	-
Miscellaneous	-	-	-
Total revenues	<u>548,862</u>	<u>39,991</u>	<u>75,666</u>
Expenditures:			
Current:			
General government	-	112,590	-
Public safety	548,928	-	280,020
Economic and physical development	-	-	-
Total expenditures	<u>548,928</u>	<u>112,590</u>	<u>280,020</u>
Revenues over (under) expenditures	<u>(66)</u>	<u>(72,599)</u>	<u>(204,354)</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds	-	-	2,822
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,822</u>
Net change in fund balances	(66)	(72,599)	(201,532)
Fund Balances:			
Beginning of year - July 1	<u>15,144</u>	<u>114,997</u>	<u>504,676</u>
End of year - June 30	<u>\$ 15,078</u>	<u>\$ 42,398</u>	<u>\$ 303,144</u>

Schedule 3

Baird Shores Special Assessment Fund	CDBG Scattered Sites Fund	Register of Deeds Enhancement Preservation Fund	4-H Fund	Electronic Management Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 507,101
-	129,373	-	-	-	205,039
15,197	-	6,964	-	-	103,856
-	-	-	3,265	1,018	4,283
-	-	-	1	-	58
-	-	-	15,132	-	15,132
<u>15,197</u>	<u>129,373</u>	<u>6,964</u>	<u>18,398</u>	<u>1,018</u>	<u>835,469</u>
-	-	-	-	-	112,590
-	-	-	-	-	828,948
-	130,370	13,820	12,779	-	156,969
-	130,370	13,820	12,779	-	1,098,507
<u>15,197</u>	<u>(997)</u>	<u>(6,856)</u>	<u>5,619</u>	<u>1,018</u>	<u>(263,038)</u>
<u>12,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,761</u>
<u>12,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,761</u>
28,136	(997)	(6,856)	5,619	1,018	(247,277)
<u>(28,136)</u>	<u>1,241</u>	<u>12,723</u>	<u>-</u>	<u>-</u>	<u>620,645</u>
<u>\$ -</u>	<u>\$ 244</u>	<u>\$ 5,867</u>	<u>\$ 5,619</u>	<u>\$ 1,018</u>	<u>\$ 373,368</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 463,484	\$ 467,167	\$ 3,683
Other taxes	<u>79,536</u>	<u>81,695</u>	<u>2,159</u>
Total revenues	<u>543,020</u>	<u>548,862</u>	<u>5,842</u>
Expenditures:			
Public safety	<u>543,020</u>	<u>548,928</u>	<u>(5,908)</u>
Total expenditures	<u>543,020</u>	<u>548,928</u>	<u>(5,908)</u>
Net change in fund balance	<u>\$ -</u>	(66)	<u>\$ (66)</u>
Fund Balance:			
Beginning of year - July 1		<u>15,144</u>	
End of year - June 30		<u>\$ 15,078</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 44,345	\$ 39,934	\$ (4,411)
Investment earnings	302	57	(245)
Total revenues	<u>44,647</u>	<u>39,991</u>	<u>(4,656)</u>
Expenditures:			
General government	<u>112,843</u>	<u>112,590</u>	<u>253</u>
Total expenditures	<u>112,843</u>	<u>112,590</u>	<u>253</u>
Revenues over (under) expenditures	<u>(68,196)</u>	<u>(72,599)</u>	<u>(4,403)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>68,196</u>	-	<u>(68,196)</u>
Total other financing sources (uses)	<u>68,196</u>	-	<u>(68,196)</u>
Net change in fund balance	<u>\$ -</u>	<u>(72,599)</u>	<u>\$ (72,599)</u>
Fund Balance:			
Beginning of year - July 1		<u>114,997</u>	
End of year - June 30		<u>\$ 42,398</u>	

PAMLICO COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 75,666	\$ 75,666	\$ -
Total revenues	<u>75,666</u>	<u>75,666</u>	<u>-</u>
Expenditures:			
FICA expense	160	235	(75)
Medicare expense	40	55	(15)
Retirement expense	90	314	(224)
Group expense	263	1,238	(975)
Contracted services	53,161	53,009	152
Maintenance and repairs - equipment	15,000	8,798	6,202
Capital outlay	14,098	11,089	3,009
Technical/administrative cost	5,000	4,462	538
S.L. 2011-158 Public Safety Need Expenditures	<u>200,753</u>	<u>200,820</u>	<u>(67)</u>
Total expenditures	<u>288,565</u>	<u>280,020</u>	<u>8,545</u>
Revenues over (under) expenditures	<u>(212,899)</u>	<u>(204,354)</u>	<u>8,545</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds	2,465	2,822	357
Appropriated fund balance	<u>210,434</u>	<u>-</u>	<u>(210,434)</u>
Total other financing sources (uses)	<u>212,899</u>	<u>2,822</u>	<u>(210,077)</u>
Net change in fund balance	<u>\$ -</u>	<u>(201,532)</u>	<u>\$ (201,532)</u>
Fund Balance:			
Beginning of year - July 1		<u>504,676</u>	
End of year - June 30		<u>\$ 303,144</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, 2012**

	<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	\$ 137,485	\$ 15,197	\$ 152,682
Total revenues	<u>165,621</u>	<u>137,485</u>	<u>15,197</u>	<u>152,682</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>
Revenues over (under) expenditures	<u>-</u>	<u>(28,136)</u>	<u>15,197</u>	<u>(12,939)</u>
Other Financing Sources (Uses):				
Transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>12,939</u>	<u>12,939</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>12,939</u>	<u>12,939</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (28,136)</u>	28,136	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>(28,136)</u>	
End of year - June 30			<u>\$ -</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, 2012

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental:				
CDBG SS 09-C-2074	\$ 800,000	\$ 10,000	\$ 2,645	\$ 12,645
CDBG SS 09-C-2001	400,000	362,549	37,114	399,663
CDBG SS Contingency 05-D-2162	85,000	-	84,378	84,378
CDBG-ER SS 10-C-2156	500,000	-	5,236	5,236
Total revenues	<u>1,785,000</u>	<u>372,549</u>	<u>129,373</u>	<u>501,922</u>
Expenditures:				
Economic and physical development:				
CDBG SS 09-C-2074:				
Clearance	50,000	-	-	-
Acquisition	50,000	-	-	-
Relocation	327,000	-	-	-
Rehabilitation	24,000	-	-	-
Capital outlay	269,000	-	-	-
Administration	80,000	10,000	2,645	12,645
Total CDBG SS 09-C-2074 expenditures	<u>800,000</u>	<u>10,000</u>	<u>2,645</u>	<u>12,645</u>
CDBG SS 09-C-2001:				
Clearance	43,500	27,949	15,219	43,168
Relocation	316,500	276,872	39,628	316,500
Administration	40,000	56,487	(16,736)	39,751
Total CDBG SS 09-C-2001 expenditures	<u>400,000</u>	<u>361,308</u>	<u>38,111</u>	<u>399,419</u>
CDBG SS Contingency 05-D-2162:				
Reconstruction	76,500	-	75,879	75,879
Administration	8,500	-	8,499	8,499
Total CDBG SS Contingency 05-D-2162 expenditures	<u>85,000</u>	<u>-</u>	<u>84,378</u>	<u>84,378</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, 2012

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
CDBG-ER SS 10-C-2156:				
Clearance	36,000	-	-	-
Relocation	16,000	-	-	-
Reconstruction	398,000	-	-	-
Administration	50,000	-	5,236	5,236
Total CDBG-ER SS 10-C-2156 expenditures	<u>500,000</u>	<u>-</u>	<u>5,236</u>	<u>5,236</u>
Total expenditures	<u>1,785,000</u>	<u>371,308</u>	<u>130,370</u>	<u>501,678</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,241</u>	(997)	<u>\$ 244</u>
Fund Balance:				
Beginning of year - July 1			<u>1,241</u>	
End of year - June 30			<u>\$ 244</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes and licenses	\$ 13,820	\$ 6,964	\$ (6,856)
Total revenues	<u>13,820</u>	<u>6,964</u>	<u>(6,856)</u>
Expenditures:			
Economic and physical development	<u>13,820</u>	<u>13,820</u>	<u>-</u>
Total expenditures	<u>13,820</u>	<u>13,820</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(6,856)</u>	<u>\$ (6,856)</u>
Fund Balance:			
Beginning of year - July 1		<u>12,723</u>	
End of year - June 30		<u><u>\$ 5,867</u></u>	

PAMLICO COUNTY, NORTH CAROLINA

4-H FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Sales and services	\$ -	\$ 3,265	\$ 3,265
Investment earnings	-	1	1
Miscellaneous	<u>13,118</u>	<u>15,132</u>	<u>2,014</u>
Total revenues	<u>13,118</u>	<u>18,398</u>	<u>5,280</u>
Expenditures:			
Economic and physical development	<u>13,118</u>	<u>12,779</u>	<u>339</u>
Total expenditures	<u>13,118</u>	<u>12,779</u>	<u>339</u>
Net change in fund balance	<u>\$ -</u>	<u>5,619</u>	<u>\$ 5,619</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 5,619</u>	

PAMLICO COUNTY, NORTH CAROLINA

**ELECTRONIC MANAGEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Sales and services	\$ 924	\$ 1,018	\$ 94
Total revenues	<u>924</u>	<u>1,018</u>	<u>94</u>
Expenditures:			
Economic and physical development	924	-	924
Total expenditures	<u>924</u>	<u>-</u>	<u>924</u>
Net change in fund balance	<u>\$ -</u>	1,018	<u>\$ 1,018</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 1,018</u>	

PAMLICO COUNTY, NORTH CAROLINA

WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services	\$ 1,674,981	\$ 1,892,363	\$ 217,382
Taps and connect fees	35,000	40,119	5,119
Other operating revenue	54,575	54,674	99
Total operating revenues	<u>1,764,556</u>	<u>1,987,156</u>	<u>222,600</u>
Non-operating revenues:			
Sale of fixed assets	3,247	3,247	-
Interest on investments	-	149	149
Total non-operating revenues	<u>3,247</u>	<u>3,396</u>	<u>149</u>
Total revenues	<u>1,767,803</u>	<u>1,990,552</u>	<u>222,749</u>
Expenditures:			
Personnel services	526,058	500,024	
Contractual services	191,912	183,049	
Operating expenses	704,800	646,740	
Utilities	9,400	10,540	
Insurance	32,000	-	
Printing and binding	2,800	2,333	
Maintenance and repair	47,188	36,382	
Capital outlay	192,690	91,133	
Debt service - principal	1,129,513	836,109	
Debt service - interest	140,930	61,381	
Total expenditures	<u>2,977,291</u>	<u>2,367,691</u>	<u>609,600</u>
Revenues over (under) expenditures	<u>(1,209,488)</u>	<u>(377,139)</u>	<u>832,349</u>
Other Financing Sources (Uses):			
Transfer from Water Capital Reserve Fund	423,000	-	(423,000)
Long-term debt issued	693,737	652,738	(40,999)
Appropriated fund balance	92,751	-	(92,751)
Total other financing sources (uses)	<u>1,209,488</u>	<u>652,738</u>	<u>(556,750)</u>

PAMLICO COUNTY, NORTH CAROLINA

WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	275,599	\$ 275,599
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Reconciling items:			
Capital reserve revenues		34,547	
Capital project revenues		1,707	
Capital outlay		91,133	
Depreciation		(441,845)	
Change in accrued vacation		3,293	
Change in OPEB payable		(5,378)	
Debt service - principal		836,109	
Long-term debt issued		(652,738)	
Loss on disposal of capital assets		<u>(49,016)</u>	
Change in net assets		<u>\$ 93,411</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
User fees		\$ 33,000	
Total revenues	\$ 423,000	33,000	\$ (390,000)
Non-operating revenues:			
Interest on investments	-	1,547	1,547
Total revenues	423,000	34,547	(388,453)
Other Financing Sources (Uses):			
Transfer from (to) Water Fund	(423,000)	-	423,000
Total other financing sources (uses)	(423,000)	-	423,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 34,547	\$ 34,547

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, 2012

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Non-operating revenues:					
Investment earnings	\$ -	\$ 2,586	\$ 1,707	\$ 4,293	\$ 4,293
Total revenues	-	2,586	1,707	4,293	4,293
Expenditures:					
Economic and physical development:					
Construction costs	4,359,098	1,848,567	1,396,898	3,245,465	1,113,633
Debt service:					
Interest and fees	77,786	19,019	74,651	93,670	(15,884)
Total expenditures	4,436,884	1,867,586	1,471,549	3,339,135	1,097,749
Revenues over (under) expenditures	(4,436,884)	(1,865,000)	(1,469,842)	(3,334,842)	1,102,042
Other Financing Sources (Uses):					
Transfers from (to) other funds	144,526	-	-	-	(144,526)
Refinancing of interim loan	(4,000,000)	-	(4,000,000)	(4,000,000)	-
Long-term debt issued	8,292,358	4,000,000	3,542,464	7,542,464	(749,894)
Total other financing sources (uses)	4,436,884	4,000,000	(457,536)	3,542,464	(894,420)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 2,135,000	\$ (1,927,378)	\$ 207,622	\$ 207,622

PAMLICO COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Social Services:				
Assets:				
Cash and cash equivalents	\$ 32,236	\$ 91,188	\$ 94,931	\$ 28,493
Liabilities:				
Accounts payable	\$ 32,236	\$ 91,188	\$ 94,931	\$ 28,493
North Carolina DMV:				
Assets:				
Cash and cash equivalents	\$ 404	\$ 6,411	\$ 6,361	\$ 454
Liabilities:				
Intergovernmental payable	\$ 404	\$ 6,411	\$ 6,361	\$ 454
Jail Inmate Trust:				
Assets:				
Cash and cash equivalents	\$ 5,647	\$ 92,295	\$ 91,969	\$ 5,973
Liabilities:				
Accounts payable	\$ 5,647	\$ 92,295	\$ 91,969	\$ 5,973
Bay River Metropolitan Sewer District:				
Assets:				
Cash and cash equivalents	\$ 549	\$ 1,022,248	\$ (1,022,797)	\$ -
Accounts receivable	100,830	1,129,516	(1,022,248)	208,098
Total assets	<u>\$ 101,379</u>	<u>\$ 2,151,764</u>	<u>\$ (2,045,045)</u>	<u>\$ 208,098</u>
Liabilities:				
Accounts payable	<u>\$ 101,379</u>	<u>\$ 1,129,516</u>	<u>\$ (1,022,797)</u>	<u>\$ 208,098</u>
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 38,836	\$ 1,212,142	\$ (829,536)	\$ 34,920
Accounts receivable	100,830	1,129,516	(1,022,248)	208,098
Total assets	<u>\$ 139,666</u>	<u>\$ 2,341,658</u>	<u>\$ (1,851,784)</u>	<u>\$ 243,018</u>
Liabilities:				
Accounts payable	\$ 139,262	\$ 1,312,999	\$ (835,897)	\$ 242,564
Intergovernmental payable	404	6,411	6,361	454
Total liabilities	<u>\$ 139,666</u>	<u>\$ 1,319,410</u>	<u>\$ (829,536)</u>	<u>\$ 243,018</u>

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2012

Fiscal Year	Uncollected Balance July 1, 2011	Additions	Collections and Credits	Uncollected Balance June 30, 2012
2011-2012	\$ -	\$ 9,332,307	\$ 8,645,109	\$ 687,198
2010-2011	473,729	-	246,952	226,777
2009-2010	197,563	-	48,633	148,930
2008-2009	139,964	-	21,869	118,095
2007-2008	95,790	-	12,535	83,255
2006-2007	68,244	-	8,115	60,129
2005-2006	68,187	-	3,197	64,990
2004-2005	40,539	-	1,788	38,751
2003-2004	43,646	-	2,036	41,610
2002-2003	37,658	-	1,564	36,094
2001-2002	39,105	-	39,105	-
Total	\$ 1,204,425	\$ 9,332,307	\$ 9,030,903	1,505,829
Less: Allowance for uncollectible accounts				<u>(350,000)</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 1,155,829</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 9,005,134
Ad valorem taxes - reappraisal				39,934
Reconciling items:				
Interest and penalties collected				(93,272)
Tax garnishment fees collected				(14,471)
Abatements and credits for prior year taxes				16,187
Taxes written off due to statute of limitations				39,105
Miscellaneous adjustments				<u>38,286</u>
Total collections and credits				<u>\$ 9,030,903</u>

PAMLICO COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2012

	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	\$ 1,435,812,414	\$ 0.6525	\$ 9,368,676	\$ 9,368,676	\$ -
Less: Senior Citizen exemption	(137,053,333)	0.6525	(894,273)	(894,273)	-
Registered motor vehicles	105,745,441	0.6525	689,989	-	689,989
Public utilities	26,661,078	0.6525	173,964	173,964	-
Special paving assessment	2,527,203	0.6525	16,490	16,490	-
Penalties	-		14,427	14,427	-
Total original levy	<u>1,433,692,803</u>		<u>9,369,273</u>	<u>8,679,284</u>	<u>689,989</u>
Discoveries:					
Current year taxes	<u>5,127,050</u>	0.6525	<u>33,454</u>	<u>27,459</u>	<u>5,995</u>
Abatements:					
Current year taxes	<u>(12,524,138)</u>	0.6525	<u>(70,420)</u>	<u>(38,254)</u>	<u>(32,166)</u>
Total property valuation	<u>\$ 1,426,295,715</u>				
Net Levy			9,332,307	8,668,489	663,818
Uncollected taxes at June 30, 2012			<u>687,198</u>	<u>581,004</u>	<u>106,194</u>
Current Year's Taxes Collected			<u>\$ 8,645,109</u>	<u>\$ 8,087,485</u>	<u>\$ 557,624</u>
Current Levy Collection Percentage			<u>92.64%</u>	<u>93.30%</u>	<u>84.00%</u>

PAMLICO COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2012**

Secondary Market Disclosures:

Assessed Valuation:

Assessment ratio	100%
Real property	\$ 1,316,625,785
Personal property	83,008,852
Public service companies	<u>26,661,078</u>
Total assessed valuation	<u>1,426,295,715</u>
Tax rate per \$100	<u>0.6525</u>
Levy (includes discoveries, releases, and abatements)	<u>\$ 9,332,307</u>

PAMLICO COUNTY, NORTH CAROLINA

TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2012

<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	\$ 39,501,652	2.77%
River Dunes Corp	Real Estate Developer	22,818,267	1.60%
Weyerhaeuser Co.	Timber Land	14,677,429	1.03%
Burton Farm Development	Real Estate Developer	10,968,848	0.77%
Coastal Market & Development	Real Estate Developer	7,969,366	0.56%
Reserveco Inc.	Real Estate Developer	4,669,478	0.33%
Neuse River Land and Timber LLC	Timber Land	4,043,667	0.28%
Minnesott Beach Holdings LLC	Real Estate Developer	3,015,366	0.21%
Bagwell Holdings of Virginia	Real Estate Developer	2,954,034	0.21%
Lee Don Farms Inc.	Agriculture	<u>2,625,965</u>	<u>0.18%</u>
Total		<u>\$ 113,244,072</u>	<u>7.94%</u>