

**PAMLICO COUNTY
NORTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

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

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

**PAMLICO COUNTY
NORTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

PAMLICO COUNTY, NORTH CAROLINA

**AUDITED FINANCIAL STATEMENTS
JUNE 30, 2013**

BOARD OF COMMISSIONERS

Paul Delamar, III -Chairman

Christine Mele – Vice-Chairman

Kenny Heath

Ann Holton

Carl J. Ollison

Pat Prescott

Jimmy Spain

**County Manager
Timothy A. Buck**

**Deputy Finance Officer
Marea Stewart**

PAMLICO COUNTY, NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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Independent Auditor's Report

To the Board of Commissioners
Pamlico County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 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 from material misstatement. The financial statements of the Pamlico County ABC Board were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2013, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pamlico County, North Carolina's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2014 on our consideration of Pamlico County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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* in considering Pamlico County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
January 13, 2014

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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, 2013. 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

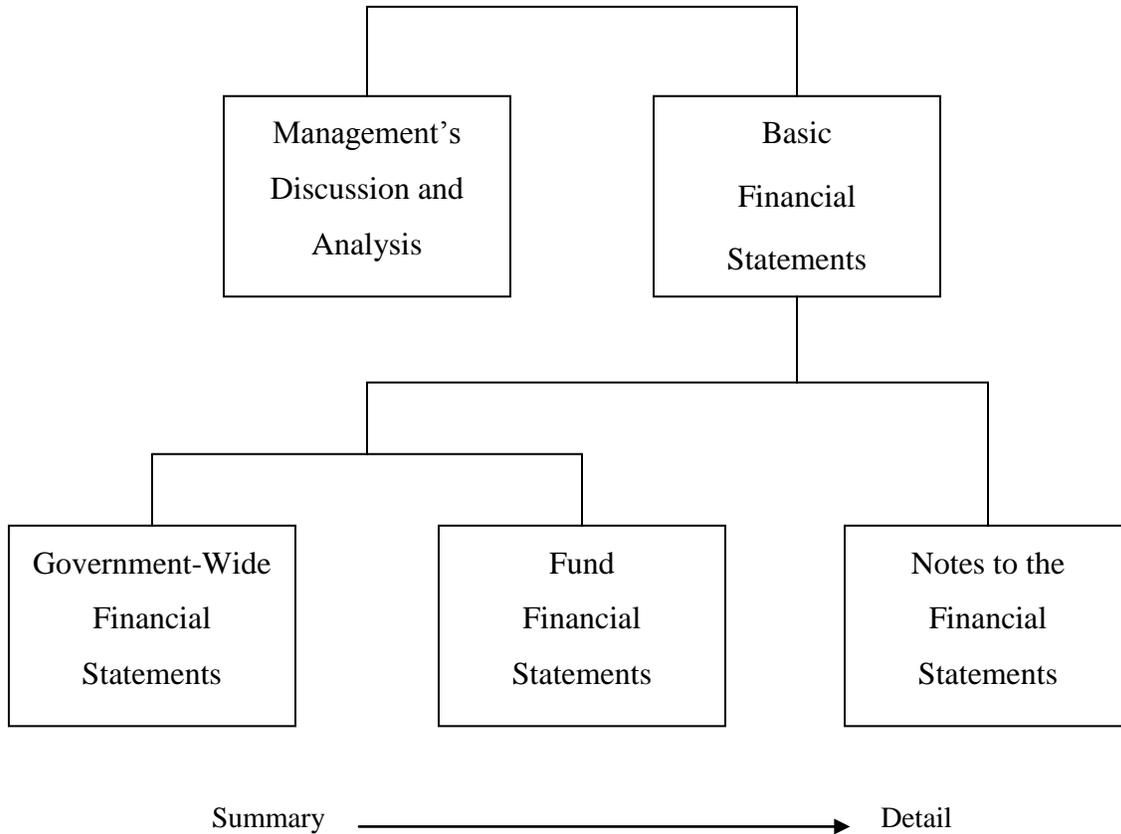
- The assets of Pamlico County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$19,034,420 (net position).
- The government's total net position increased by \$1,343,030, primarily due to increased net position in the General Fund.
- As of the close of the current fiscal year, Pamlico County's governmental funds reported combined ending fund balances of \$5,898,347, after a net increase in fund balance of \$1,128,064. Approximately 28% of this total amount, or \$1,655,267, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,947,661, or 25%, of total General Fund expenditures for the fiscal year. The large change in the fund balance percentage is due to normalization of expenditures to typical levels post Hurricane Irene and growth in revenue collections.

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.

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

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 government-wide statements provide short and long-term information about the County's financial status as a whole.

The Statement of Net Position presents information on all of Pamlico County's assets and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, environmental protection, economic and physical development, human services, culture and recreation, and public education. The business-type activity of Pamlico County is the Water Fund.

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

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

Fund Financial Statements

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 Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Pamlico County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board 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.

Government-Wide Financial Analysis

Pamlico County's Net Position
Figure 2

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	\$ 8,107,870	\$ 7,118,603	\$ 3,953,549	\$ 4,338,754	\$ 12,061,419	\$ 11,457,357
Capital assets, net	<u>11,322,797</u>	<u>11,662,172</u>	<u>13,253,501</u>	<u>12,908,914</u>	<u>24,576,298</u>	<u>24,571,086</u>
Total assets	<u>19,430,667</u>	<u>18,780,775</u>	<u>17,207,050</u>	<u>17,247,668</u>	<u>36,637,717</u>	<u>36,028,443</u>
Liabilities:						
Long-term liabilities, outstanding	11,374,628	11,789,824	4,617,402	4,817,918	15,992,030	16,607,742
Other liabilities	<u>1,019,351</u>	<u>1,097,024</u>	<u>510,733</u>	<u>561,160</u>	<u>1,530,084</u>	<u>1,658,184</u>
Total liabilities	<u>12,393,979</u>	<u>12,886,848</u>	<u>5,128,135</u>	<u>5,379,078</u>	<u>17,522,114</u>	<u>18,265,926</u>
Total deferred inflows of resources	<u>81,183</u>	<u>71,127</u>	<u>-</u>	<u>-</u>	<u>81,183</u>	<u>71,127</u>
Net Position:						
Net investment in capital assets	3,585,860	3,793,989	8,244,912	7,678,507	11,830,772	11,472,496
Restricted	1,647,673	1,775,033	-	-	1,647,673	1,775,033
Unrestricted	<u>1,721,972</u>	<u>253,778</u>	<u>3,834,003</u>	<u>4,190,083</u>	<u>5,555,975</u>	<u>4,443,861</u>
Total net position	<u>\$ 6,955,505</u>	<u>\$ 5,822,800</u>	<u>\$ 12,078,915</u>	<u>\$ 11,868,590</u>	<u>\$ 19,034,420</u>	<u>\$ 17,691,390</u>

As noted earlier, net position may serve as a useful indicator of a government's financial position. For Pamlico County, assets exceeded liabilities and deferred inflows of resources by \$19,034,420 at the close of the most recent fiscal year.

By far, the largest portion (62%) of Pamlico County's net position reflect its net investment in capital assets (e.g., land, buildings, machinery, and equipment). 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 outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Pamlico County's net position \$1,647,673 (9%) 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 position in the amount of \$5,555,975 (29%) for the government as a whole.

Pamlico County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,942,819	\$ 1,114,759	\$ 2,326,711	\$ 2,020,156	\$ 4,269,530	\$ 3,134,915
Operating grants and contributions	3,782,739	5,054,685	-	-	3,782,739	5,054,685
Capital grants and contributions	72,648	981,437	3,750	-	76,398	981,437
General revenues:						
Property taxes	9,956,167	9,813,639	-	-	9,956,167	9,813,639
Local option sales tax	1,766,506	1,673,866	-	-	1,766,506	1,673,866
Other taxes	691,946	549,113	-	-	691,946	549,113
Investment earnings	8,597	10,618	2,219	3,403	10,816	14,021
Total revenues	<u>18,221,422</u>	<u>19,198,117</u>	<u>2,332,680</u>	<u>2,023,559</u>	<u>20,554,102</u>	<u>21,221,676</u>
Expenses:						
General government	2,178,426	2,209,826	-	-	2,178,426	2,209,826
Public safety	4,067,862	4,086,741	-	-	4,067,862	4,086,741
Economic and physical development	1,260,029	2,830,234	-	-	1,260,029	2,830,234
Environmental protection	257,809	233,535	-	-	257,809	233,535
Human services	4,650,765	4,350,092	-	-	4,650,765	4,350,092
Cultural and recreation	484,981	487,631	-	-	484,981	487,631
Education	3,777,962	4,141,268	-	-	3,777,962	4,141,268
Interest on long-term debt	410,883	586,480	-	-	410,883	586,480
Water Fund	-	-	2,122,355	1,930,148	2,122,355	1,930,148
Total expenses	<u>17,088,717</u>	<u>18,925,807</u>	<u>2,122,355</u>	<u>1,930,148</u>	<u>19,211,072</u>	<u>20,855,955</u>
Change in net position	1,132,705	272,310	210,325	93,411	1,343,030	365,721
Net Position:						
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 6,955,505</u>	<u>\$ 5,822,800</u>	<u>\$12,078,915</u>	<u>\$11,868,590</u>	<u>\$19,034,420</u>	<u>\$17,691,390</u>

Governmental Activities. Governmental activities increased the County's net position by \$1,132,705. Property taxes provided 54.6 percent of funding at \$9,956,167. Charges for services funded \$1,942,819, and operating grants funded \$3,782,739 of Pamlico County's governmental activities. The increase in governmental activities net position of \$1,132,705 was primarily due to an increase in cash and cash equivalents, a result of holding expenses to near budgeted amounts while actual revenues surpassed projections.

Business-Type Activities. Business-type activities increased Pamlico County's net position by \$210,325; this increase is primarily due to increased investments in water plants and 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 \$4,168,232, while total fund balance reached \$5,459,780. The County currently has an available fund balance of 26% of General Fund expenditures, while total fund balance represents 34% of that same amount.

As of the end of the current fiscal year, Pamlico County's governmental funds reported combined ending fund balances of \$5,898,347, an increase of \$1,128,064 from 2012.

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 by approximately \$1.2 million with actual expenditures roughly \$90,000 less than originally budgeted. These amendments were necessary to reflect an increase in collections primarily in the categories on unrestricted intergovernmental and other taxes and licenses.

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 position of the Water Fund at the end of the year totaled \$3,834,003. The growth in net position was \$210,325. Other factors concerning the finances of the Water Fund has already been addressed in the discussion of Pamlico County's business-type activities.

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, 2013 amounts to \$24,576,298 (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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 334,634	\$ 334,634	\$ 70,286	\$ 70,286	\$ 404,920	\$ 404,920
Construction in progress	-	-	200,626	7,800	200,626	7,800
Buildings and improvements	12,355,277	12,355,277	7,155,435	7,155,435	19,510,712	19,510,712
Plant	-	-	8,841,301	8,149,903	8,841,301	8,149,903
Equipment and vehicles	<u>3,022,751</u>	<u>3,017,533</u>	<u>2,269,673</u>	<u>2,245,388</u>	<u>5,292,424</u>	<u>5,262,921</u>
Subtotal	15,712,662	15,707,444	18,537,321	17,628,812	34,249,983	33,336,256
Less: accumulated depreciation	<u>(4,389,865)</u>	<u>(4,045,272)</u>	<u>(5,283,820)</u>	<u>(4,719,898)</u>	<u>(9,673,685)</u>	<u>(8,765,170)</u>
Total	<u>\$11,322,797</u>	<u>\$11,662,172</u>	<u>\$13,253,501</u>	<u>\$12,908,914</u>	<u>\$24,576,298</u>	<u>\$24,571,086</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 Debt
Figure 5

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Installment note	\$ 11,243,026	\$ 11,809,620	\$ 5,008,589	\$ 5,230,407	\$ 16,251,615	\$ 17,040,027
Compensated absences	337,859	324,314	27,175	23,480	365,034	347,794
OPEB	417,805	333,363	29,018	23,338	446,823	356,701
Net pension obligation	<u>101,371</u>	<u>85,442</u>	<u>-</u>	<u>-</u>	<u>101,371</u>	<u>85,442</u>
Total	<u>\$ 12,100,061</u>	<u>\$ 12,552,739</u>	<u>\$ 5,064,782</u>	<u>\$ 5,277,225</u>	<u>\$ 17,164,843</u>	<u>\$ 17,829,964</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 \$127,371,000.

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

- Several large, chain retailers have announced construction projects within Pamlico County. These projects will increase short term and long term employment opportunities within the County. Commercial tax base is also expected to increase as a result of these projects.
- Several regional employers located in other counties have announced layoffs.
- Residential construction remains flat.
- The unemployment rate for Pamlico County is currently 9.1 percent, which is a decrease in the unemployment rate from one year ago. This compares to the State's average unemployment rate of 8.8 percent.

All of these factors were considered in preparing Pamlico County's budget for the 2012-2013 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities. Minimal residential growth resulted in an increase of the ad valorem tax base increased by approximately 1%. Changes to DMV collection procedures are projected to increase collection rates for motor vehicles and result in increased revenue motor vehicles taxes. The ad valorem tax rate is same as prior year at .625 per \$100, and the collection percentage on taxes is again projected at less than 95%.

Business-Type Activities. Investments in water plants and the distribution system is anticipated to increase capital assets but reduce cash and cash equivalents. The water department will complete the last of four water plant refurbishment projects this year. The projects were primarily funded from capital reserves and retained earnings. Water revenues are expected to increase minimally in the current year as rates remained the same as in fiscal year 2013-14.

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 marea.stewart@pamlicocounty.org for more information.

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PAMLICO COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Pamlico County ABC Board
Assets:				
Current assets:				
Cash and cash equivalents	\$ 4,893,763	\$ 3,540,085	\$ 8,433,848	\$ 303,370
Taxes receivable, net	1,246,272	-	1,246,272	-
Accounts receivable, net	47,989	350,489	398,478	-
Due from other governments	1,282,709	-	1,282,709	-
Inventories	-	23,260	23,260	241,003
Prepaid items	7,594	-	7,594	-
Restricted cash and cash equivalents	77,393	39,715	117,108	-
Note receivable	552,150	-	552,150	-
Capital assets:				
Land and construction in progress	334,634	270,912	605,546	36,749
Other capital assets, net	10,988,163	12,982,589	23,970,752	63,022
Total assets	19,430,667	17,207,050	36,637,717	644,144
Liabilities:				
Current liabilities:				
Accounts payable	292,318	23,638	315,956	145,229
Prepaid fees	1,600	-	1,600	-
Current portion of compensated absences	168,000	13,000	181,000	-
Long-term debt, due within one year	557,433	434,380	991,813	-
Non-current liabilities:				
Non-current portion of compensated absences	169,859	14,175	184,034	-
Due in more than one year	11,204,769	4,603,227	15,807,996	-
Liabilities payable from restricted assets:				
Customer deposits	-	39,715	39,715	-
Total liabilities	12,393,979	5,128,135	17,522,114	145,229
Deferred Inflows of Resources:				
Prepaid taxes	81,183	-	81,183	-
Total deferred inflows of resources	81,183	-	81,183	-
Net Position:				
Net investment in capital assets	3,585,860	8,244,912	11,830,772	99,771
Restricted for:				
Stabilization by State statute	1,297,243	-	1,297,243	-
Other purposes	350,430	-	350,430	213,191
Unrestricted	1,721,972	3,834,003	5,555,975	185,953
Total net position	\$ 6,955,505	\$ 12,078,915	\$ 19,034,420	\$ 498,915

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

PAMLICO COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General government	\$ 2,178,426	\$ 206,260	\$ 25,276	\$ -
Public safety	4,067,862	1,497,150	204,326	-
Environmental protection	257,809	63,324	5,600	-
Economic and physical development	1,260,029	92,515	689,796	-
Human services	4,650,765	74,470	2,857,741	-
Cultural and recreation	484,981	9,100	-	-
Education	3,777,962	-	-	72,648
Interest on long-term debt	410,883	-	-	-
Total governmental activities	<u>17,088,717</u>	<u>1,942,819</u>	<u>3,782,739</u>	<u>72,648</u>
Business-Type Activities:				
Water Fund	<u>2,122,355</u>	<u>2,326,711</u>	<u>-</u>	<u>3,750</u>
Total primary government	<u>\$ 19,211,072</u>	<u>\$ 4,269,530</u>	<u>\$ 3,782,739</u>	<u>\$ 76,398</u>
Component Unit:				
ABC Board	<u>\$ 884,571</u>	<u>\$ 894,166</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

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

Change in net position

Net Position:

Beginning of year - July 1

End of year - June 30

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

Exhibit B

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Pamlico County ABC Board
\$ (1,946,890)	\$ -	\$ (1,946,890)	
(2,366,386)	-	(2,366,386)	
(188,885)	-	(188,885)	
(477,718)	-	(477,718)	
(1,718,554)	-	(1,718,554)	
(475,881)	-	(475,881)	
(3,705,314)	-	(3,705,314)	
(410,883)	-	(410,883)	
(11,290,511)	-	(11,290,511)	
-	208,106	208,106	
(11,290,511)	208,106	(11,082,405)	
			\$ 9,595
9,956,167	-	9,956,167	-
1,766,506	-	1,766,506	-
691,946	-	691,946	-
8,597	2,219	10,816	405
12,423,216	2,219	12,425,435	405
1,132,705	210,325	1,343,030	10,000
5,822,800	11,868,590	17,691,390	488,915
\$ 6,955,505	\$ 12,078,915	\$ 19,034,420	\$ 498,915

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

PAMLICO COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Major	Nonmajor	Total
	General	Other Governmental Funds	Governmental Funds
Assets:			
Cash and cash equivalents	\$ 4,543,029	\$ 350,734	\$ 4,893,763
Taxes receivable, net	1,175,761	70,511	1,246,272
Accounts receivable, net	1,420	10,569	11,989
Due from other governments	1,282,709	-	1,282,709
Due from other funds	2,545	-	2,545
Prepaid items	4,874	2,720	7,594
Restricted cash and cash equivalents	-	77,393	77,393
Total assets	\$ 7,010,338	\$ 511,927	\$ 7,522,265
 Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 292,014	\$ 304	\$ 292,318
Due to other funds	-	2,545	2,545
Prepaid fees	1,600	-	1,600
Total liabilities	293,614	2,849	296,463
 Deferred Inflows of Resources:			
Property taxes receivable	1,175,761	70,511	1,246,272
Prepaid taxes	81,183	-	81,183
Total deferred inflows of resources	1,256,944	70,511	1,327,455
 Fund Balances:			
Non-spendable	4,874	2,720	7,594
Restricted:			
Stabilization by State statute	1,286,674	10,569	1,297,243
Other	-	350,430	350,430
Committed	-	77,393	77,393
Assigned	220,571	-	220,571
Unassigned	3,947,661	(2,545)	3,945,116
Total fund balances	5,459,780	438,567	5,898,347
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 7,010,338	 \$ 511,927	 \$ 7,522,265

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

PAMLICO COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances	\$ 5,898,347
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	11,322,797
Accrued interest receivable, net of uncollectibles, is 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 position in the Statement of Net Position.	36,000
Long-term debt related to the Bay River Sewer Authority is offset by a long-term receivable in the Statement of Net Position to reflect the Bay River assumption of the County's debt.	552,150
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.	(12,100,061)
Deferred inflows of resources 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 position in the Statement of Net Position.	<u>1,246,272</u>
Net position of governmental activities (Exhibit A)	<u>\$ 6,955,505</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, 2013

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad valorem taxes	\$ 9,372,504	\$ 563,731	\$ 9,936,235
Local option sales tax	1,779,086	-	1,779,086
Other taxes and licenses	587,718	104,228	691,946
Unrestricted intergovernmental	1,341,640	-	1,341,640
Restricted intergovernmental	3,346,527	608,172	3,954,699
Permits and fees	283,818	-	283,818
Sales and services	168,565	5,465	174,030
Investment earnings	8,561	36	8,597
Miscellaneous	22,513	10,495	33,008
Total revenues	<u>16,910,932</u>	<u>1,292,127</u>	<u>18,203,059</u>
Expenditures:			
Current:			
General government	1,902,416	8,123	1,910,539
Public safety	3,275,425	700,925	3,976,350
Environmental protection	236,715	-	236,715
Economic and physical development	737,930	517,880	1,255,810
Health and public assistance	4,546,882	-	4,546,882
Cultural and recreation	485,285	-	485,285
Education	3,777,962	-	3,777,962
Debt service:			
Principal repayments	474,569	-	474,569
Interest	410,883	-	410,883
Total expenditures	<u>15,848,067</u>	<u>1,226,928</u>	<u>17,074,995</u>
Net change in fund balances	1,062,865	65,199	1,128,064
Fund Balances:			
Beginning of year - July 1	<u>4,396,915</u>	<u>373,368</u>	<u>4,770,283</u>
End of year - June 30	<u>\$ 5,459,780</u>	<u>\$ 438,567</u>	<u>\$ 5,898,347</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, 2013**

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

Net change in fund balances - total governmental funds (Exhibit D) \$ 1,128,064

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	19,932
Other taxes and licenses	(12,580)
Sales and services	11,011
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. (113,916)

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. 75,216

Capital asset transferred from other funds reported in the governmental funds statement. 7,454

Capital assets disposed of during the year, not recognized on the modified accrual basis of accounting (157)

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. (421,888)

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. 566,594

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 position of governmental activities, per Exhibit B \$ 1,132,705

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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance from</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Ad valorem taxes	\$ 9,634,245	\$ 9,634,245	\$ 9,372,504	\$ (261,741)
Local option sales tax	1,674,483	1,674,483	1,779,086	104,603
Other taxes and licenses	280,202	282,669	587,718	305,049
Unrestricted intergovernmental	819,856	821,668	1,341,640	519,972
Restricted intergovernmental	2,919,395	3,429,887	3,346,527	(83,360)
Permits and fees	227,692	228,638	283,818	55,180
Sales and services	119,476	136,060	168,565	32,505
Investment earnings	10,000	10,000	8,561	(1,439)
Miscellaneous	-	12,664	22,513	9,849
Total revenues	<u>15,685,349</u>	<u>16,230,314</u>	<u>16,910,932</u>	<u>680,618</u>
Expenditures:				
Current:				
General government	2,061,540	2,060,108	1,902,416	157,692
Public safety	3,341,031	3,400,092	3,275,425	124,667
Environmental protection	218,883	246,806	236,715	10,091
Economic and physical development	490,839	942,469	737,930	204,539
Human services	4,681,011	4,919,141	4,546,882	372,259
Cultural and recreation	495,206	502,052	485,285	16,767
Education	3,716,633	3,777,962	3,777,962	-
Debt service:				
Principal repayments	335,968	522,789	474,569	48,220
Interest	594,238	439,241	410,883	28,358
Total expenditures	<u>15,935,349</u>	<u>16,810,660</u>	<u>15,848,067</u>	<u>962,593</u>
Revenues over (under) expenditures	<u>(250,000)</u>	<u>(580,346)</u>	<u>1,062,865</u>	<u>1,643,211</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>250,000</u>	<u>580,346</u>	<u>-</u>	<u>(580,346)</u>
Total other financing sources (uses)	<u>250,000</u>	<u>580,346</u>	<u>-</u>	<u>(580,346)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,062,865</u>	<u>\$ 1,062,865</u>
Fund Balance:				
Beginning of year - July 1			<u>4,396,915</u>	
End of year - June 30			<u>\$ 5,459,780</u>	

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

PAMLICO COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

	<u>Water Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,540,085
Trade receivables, net	350,489
Inventories	23,260
Restricted cash and cash equivalents	39,715
Total current assets	<u>3,953,549</u>
Non-current assets:	
Land, improvements, and construction in progress	270,912
Other capital assets, net of depreciation	12,982,589
Total non-current assets	<u>13,253,501</u>
Total assets	<u>17,207,050</u>
Liabilities and Net Position:	
Liabilities:	
Current liabilities:	
Accounts payable	23,638
Compensated absences payable - current	13,000
Current portion of long-term debt	434,380
Liabilities payable from restricted assets:	
Customer deposits	39,715
Total current liabilities	<u>510,733</u>
Non-current liabilities:	
Compensated absences payable - non-current	14,175
Non-current portion of long-term debt	4,574,209
Other post-employment benefits	29,018
Total non-current liabilities	<u>4,617,402</u>
Total liabilities	<u>5,128,135</u>
Net Position:	
Net investment in capital assets	8,244,912
Unrestricted	3,834,003
Total net position	<u>\$ 12,078,915</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 POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Water Fund</u>
Operating Revenues:	
Charges for services	\$ 2,082,684
Water taps	47,524
User fees	40,350
Other operating revenues	<u>156,153</u>
Total operating revenues	<u>2,326,711</u>
 Operating Expenses:	
Water operations	1,474,918
Depreciation	<u>592,652</u>
Total operating expenses	<u>2,067,570</u>
 Operating income (loss)	 <u>259,141</u>
 Non-Operating Revenues (Expenses):	
Restricted grants	3,750
Investment earnings	2,219
Gain (loss) on disposal of capital assets	(9,253)
Gain (loss) on transfer of capital assets	(7,454)
Interest and fees	<u>(38,078)</u>
Total non-operating revenues (expenses)	<u>(48,816)</u>
 Change in net position	 210,325
 Net Position:	
Beginning of year - July 1	<u>11,868,590</u>
 End of year - June 30	 <u>\$ 12,078,915</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, 2013

	<u>Water Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 2,297,686
Cash paid for goods and services	(1,469,571)
Cash paid to employees for services	<u>(35,522)</u>
Net cash provided (used) by operating activities	<u>792,593</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(953,946)
Restricted grants	3,750
Principal paid on long-term debt	(221,818)
Interest and fees	<u>(38,078)</u>
Net cash provided (used) for capital and related financing activities	<u>(1,210,092)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>2,219</u>
Net increase (decrease) in cash and cash equivalents	(415,280)
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>3,995,080</u>
End of year - June 30	<u>\$ 3,579,800</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 259,141
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	592,652
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(30,075)
Increase (decrease) in accounts payable and accrued liabilities	5,347
Increase (decrease) in accrued expenses	(44,897)
Increase (decrease) in customer deposits	1,050
Increase (decrease) in accrued vacation pay	3,695
Increase (decrease) in OPEB payable	<u>5,680</u>
Net cash provided (used) by operating activities	<u>\$ 792,593</u>

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

PAMLICO COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2013

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 51,214
Accounts receivable	<u>240,876</u>
Total assets	<u>\$ 292,090</u>
Liabilities:	
Accounts payable	\$ 291,636
Intergovernmental payable	<u>454</u>
Total liabilities	<u>\$ 292,090</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, 2013

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 Position 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, 2013

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, 2013.

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, 2013

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 position is segregated into (1) net investment in capital assets (2) restricted net position, and (3) unrestricted net position. Operating statements for these funds present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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, 2013. 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 current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, 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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on the fund financial statements and are offset by deferred inflows of resources.

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.

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

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

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

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

Basis of Presentation – Fund Accounting

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

The County has the following fund categories:

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

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

Special Revenue Funds. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to specified purposes. The All Fire Districts Fund, Reappraisal Fund, Emergency Telephone System Fund, CDBG Scattered Sites Fund, Register of Deeds Enhancement Preservation Fund, 4-H Fund, Electronic Management Fund, and the Hazard Mitigation Grant Fund are special revenue funds of the County.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 Project and the Capital Reserve Fund are 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 Jail Inmate Trust Fund at the jail. The agency funds also include the North Carolina DMV Fund, which accounts for the 3% interest payable to the State.

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 \$875,311.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

D. Assets, Liabilities, Deferred Inflows and Outflows, 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 \$39,715 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 \$77,393 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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012. As allowed by State law, the County gives discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

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

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

to the property back to the Board of Education once all restrictions of the financing agreements have been met. The properties are reflected as capital assets in the financial statements of the Pamlico County Board of Education.

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

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

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then.

In addition to liabilities, the Statement of Financial Position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has two items that meet the criterion for this category - prepaid taxes and property taxes receivable.

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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 Position. 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.

Net Position/Fund Balances

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, 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, 2013**

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)]	\$ 1,286,674	\$ 10,569
<i>Restricted for Public Safety - Fire Districts</i> - portion of fund balance that is restricted by revenue source for fire protection expenditures	-	5,605
<i>Restricted for Public Safety - Emergency Telephone System</i> - portion of fund balance that is restricted by revenue source for Emergency Telephone System expenditures	-	325,311
<i>Restricted for Economic Development - 4-H</i> - portion of fund balance that is restricted by revenue source for 4-H expenditures	-	7,980
<i>Restricted for Economic Development - Electronic Management</i> - portion of fund balance that is restricted by revenue source for electronic management expenditures	-	746
<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	-	10,788
Total	<u>\$ 1,286,674</u>	<u>\$ 360,999</u>

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, 2013, the County had \$77,393 committed fund balance.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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, 2013, the County had \$220,571 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	\$ 5,459,780
Less:	
Prepays	(4,874)
Stabilization by State statute	<u>(1,286,674)</u>
Fund balance available for appropriation	<u>\$ 4,168,232</u>

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

Interfund Transactions

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

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Use of Estimates

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

2. Stewardship, Compliance, and Accountability

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2013, the expenditures made in the County's All Fire Districts Fund exceeded authorized appropriations made by the governing board by \$76,332. These over expenditures occurred because of inadequate monitoring of budget versus actual reports. Management and the Board will more closely review the budget reports to ensure compliance in future years.

3. Detail Notes On All Funds

A. Assets

Deposits

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

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

At June 30, 2013, the County's deposits had a carrying amount of \$720,660 and a bank balance of \$1,158,950. The County only has deposits in institutions that collateralize under the Pooling Method. Of the bank balance, \$349,678 was covered by federal depository insurance, and \$809,272 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The County had \$1,187 of cash on hand at year-end.

Investments

At June 30, 2013, the County had \$7,880,323 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, 2013.

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

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at the present use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable.

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 357,155	\$ 116,979	\$ 474,134
2011	362,885	86,193	449,078
2012	367,760	54,259	422,019
2013	484,877	27,881	512,758
Total	<u>\$ 1,572,677</u>	<u>\$ 285,312</u>	<u>\$ 1,857,989</u>

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

5. Receivables

Receivables at Exhibit A at June 30, 2013 were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
Ad valorem taxes	\$ 1,525,761	\$ -	\$ -	\$ 1,525,761
Allowance for doubtful accounts	<u>(350,000)</u>	<u>-</u>	<u>-</u>	<u>(350,000)</u>
Ad valorem taxes, net	1,175,761	-	-	1,175,761
Fire district taxes	70,511	-	-	70,511
Local option sales tax	-	-	390,349	390,349
Sales tax refund	-	-	38,741	38,741
Other intergovernmental	-	2,545	853,619	856,164
Accrued interest, property taxes	-	36,000	-	36,000
Emergency Telephone System Fund	-	8,024	-	8,024
Debt set-off	<u>-</u>	<u>1,420</u>	<u>-</u>	<u>1,420</u>
Total governmental activities	<u>\$ 1,246,272</u>	<u>\$ 47,989</u>	<u>\$ 1,282,709</u>	<u>\$ 2,576,970</u>
Business-Type Activities:				
Water and sewer	<u>\$ -</u>	<u>\$ 350,489</u>	<u>\$ -</u>	<u>\$ 350,489</u>
Total business-type activities	<u>\$ -</u>	<u>\$ 350,489</u>	<u>\$ -</u>	<u>\$ 350,489</u>

Note Receivable

The County also has recorded an amount due from Bay River Metropolitan Sewer District (BRMSD) for \$552,150 at June 30, 2013, which represents the outstanding amount for the revolving loan debt due to the State of North Carolina, which is recorded on the County's books. Per the inter-local agreement, this debt is allocable to the Sewer District, and the District is responsible for making the payments. The County acts as a pass-through entity for this debt and accordingly, has recorded both the liability due to the State and the asset, due from BRMSD, in the accompanying financial statements.

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

6. Capital Assets

A. Governmental Capital Assets

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

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2013</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 334,634	\$ -	\$ -	\$ -	\$ 334,634
Depreciable Capital Assets:					
Buildings and improvements	12,355,277	-	-	-	12,355,277
Equipment and vehicles	<u>3,017,533</u>	<u>75,216</u>	<u>(98,354)</u>	<u>28,356</u>	<u>3,022,751</u>
Total depreciable capital assets	<u>15,372,810</u>	<u>75,216</u>	<u>(98,354)</u>	<u>28,356</u>	<u>15,378,028</u>
Less Accumulated Depreciation:					
Buildings	2,085,022	238,126	-	-	2,323,148
Equipment	<u>1,960,250</u>	<u>183,762</u>	<u>(98,197)</u>	<u>20,902</u>	<u>2,066,717</u>
Total accumulated depreciation	<u>4,045,272</u>	<u>\$ 421,888</u>	<u>\$ (98,197)</u>	<u>\$ 20,902</u>	<u>4,389,865</u>
Depreciable capital assets, net	<u>11,327,538</u>				<u>10,988,163</u>
Governmental activity capital assets, net	<u>\$ 11,662,172</u>				<u>\$ 11,322,797</u>

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

Governmental Activities:	
General government	\$ 210,944
Public safety	88,596
Environmental protection	21,094
Economic and physical development	4,219
Human services	88,596
Cultural and recreation	<u>8,439</u>
Total	<u>\$ 421,888</u>

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

B. Proprietary Capital Assets

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

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2013</u>
Business-Type Activities:					
Water Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 70,286	\$ -	\$ -	\$ -	\$ 70,286
Construction in progress	7,800	200,626	-	(7,800)	200,626
Total non-depreciable capital assets	<u>78,086</u>	<u>200,626</u>	<u>-</u>	<u>(7,800)</u>	<u>270,912</u>
Depreciable Capital Assets:					
Buildings and improvements	7,155,435	-	-	-	7,155,435
Plant	8,149,903	655,593	-	35,805	8,841,301
Equipment and vehicles	2,245,388	97,727	(17,081)	(56,361)	2,269,673
Total depreciable capital assets	<u>17,550,726</u>	<u>753,320</u>	<u>(17,081)</u>	<u>(20,556)</u>	<u>18,266,409</u>
Less Accumulated Depreciation:					
Buildings and improvements	1,735,327	281,119	-	-	2,016,446
Plant	2,215,694	198,123	-	-	2,413,817
Equipment and vehicles	768,877	113,410	(7,828)	(20,902)	853,557
Total accumulated depreciation	<u>4,719,898</u>	<u>\$ 592,652</u>	<u>\$ (7,828)</u>	<u>\$ (20,902)</u>	<u>5,283,820</u>
Depreciable capital assets, net	<u>12,830,828</u>				<u>12,982,589</u>
Business-type capital assets, net	<u>\$ 12,908,914</u>				<u>\$ 13,253,501</u>

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

C. Net Investment in Capital Assets

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 11,322,797	\$ 13,253,501
Total long-term debt	12,100,061	5,064,782
Compensated absences	(337,859)	(27,175)
Unfunded OPEB and LEO obligations	(519,176)	(29,018)
Bay River Sewer District debt (offset by long-term receivable)	(552,150)	-
Pamlico County Board of Education debt:		
High school cafeteria	<u>(2,953,939)</u>	<u>-</u>
Long-term debt related to capital assets	<u>7,736,937</u>	<u>5,008,589</u>
Net investment in capital assets	<u>\$ 3,585,860</u>	<u>\$ 8,244,912</u>

7. Accounts Payable

<u>Type of Payable</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Trade payables	\$ 19,979	\$ 7,911	\$ 27,890
Salaries payable	174,178	15,695	189,873
Accrued expenses and withholdings	<u>98,161</u>	<u>32</u>	<u>98,193</u>
Total	<u>\$ 292,318</u>	<u>\$ 23,638</u>	<u>\$ 315,956</u>

8. Deferred Inflows of Resources

	<u>Unavailable Revenues</u>	<u>Unearned Revenues</u>
Prepaid taxes (General Fund)	\$ -	\$ 81,183
Taxes receivable, net (General Fund)	1,175,761	-
Taxes receivable, net (special revenue funds)	<u>70,511</u>	<u>-</u>
Total	<u>\$ 1,246,272</u>	<u>\$ 81,183</u>

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

9. 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.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, 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, 2013, 2012, and 2011 were \$554,666, \$645,368, and \$609,691, 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, 2012, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits and terminated employees entitled to, but not yet receiving, benefits	-
Active plan members	15
Total	<u>15</u>

A separate report was not issued for the plan.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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.

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, 2011 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, 2011 was 19 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	\$ 17,783
Interest on net pension obligation	4,272
Adjustment to annual required contribution	(5,317)
Annual pension costs	16,738
Employer contributions made for fiscal year ended June 30, 2013	809
Increase (decrease) in net pension obligation	15,929
Net pension obligation:	
Beginning of year - July 1	85,442
End of year - June 30	\$ 101,371

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 18,754	0.00%	\$ 69,201
2012	16,241	0.00%	85,442
2013	16,738	4.83%	101,371

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Funded Status and Funding Progress. As of December 31, 2012, 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 \$124,940. The covered payroll (annual payroll of active employees covered by the plan) was \$558,156, and the ratio of the UAAL to the covered payroll was 22.38%. 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, 2013 were \$69,369, which consisted of \$60,236 from the County and \$9,133 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, 2013 was \$209,756.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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%) of the Fund's assets may be used by the State Treasurer to administer the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$1,273.

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.

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

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013, the County made payments for post-retirement health benefit premiums of \$4,688. 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 \$22,796, or .09%, of annual covered payroll. The County purchases healthcare coverage through private insurers. There were no contributions made by employees, except for dependent coverage in the amount of \$18,108. The County’s obligation to contribute to the Plan is established and may be amended by the County Board.

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.

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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	14,268
Adjustments to annual required contribution	<u>(12,310)</u>
Annual OPEB cost (expense)	112,918
Contributions made	<u>(22,796)</u>
Increase (decrease) in net OPEB obligation	90,122
Net OPEB obligation:	
Beginning of year - July 1	<u>356,701</u>
End of year - June 30	<u>\$ 446,823</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 2011-2013 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 104,142	24.39%	\$ 271,364
2012	112,450	24.11%	356,701
2013	112,918	20.19%	446,823

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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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.

10. Long-Term Obligations

Changes in Long-Term Debt

The following is a summary of changes in the County's long-term obligations for the year ended June 30, 2013:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Current</u> <u>Portion</u>
Governmental Activities:					
Installment note	\$ 11,165,445	\$ -	\$ (474,569)	\$ 10,690,876	\$ 465,408
Installment note serviced by					
Bay River Sewer Authority	644,175	-	(92,025)	552,150	92,025
Compensated absences	324,314	181,583	(168,038)	337,859	168,000
Other post-employment benefits	333,363	105,801	(21,359)	417,805	-
Net pension obligation	85,442	15,929	-	101,371	-
Total governmental activities	<u>\$ 12,552,739</u>	<u>\$ 303,313</u>	<u>\$ (755,991)</u>	<u>\$ 12,100,061</u>	<u>\$ 725,433</u>
Business-Type Activities:					
Installment notes	\$ 5,230,407	\$ -	\$ (221,818)	\$ 5,008,589	\$ 434,380
Compensated absences	23,480	16,649	(12,954)	27,175	13,000
Other post-employment benefits	23,338	7,117	(1,437)	29,018	-
Total business-type activities	<u>\$ 5,277,225</u>	<u>\$ 23,766</u>	<u>\$ (236,209)</u>	<u>\$ 5,064,782</u>	<u>\$ 447,380</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, 2013**

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	\$ 14,278
\$3,297,262 note for Pamlico County High School Cafeteria, issued April 2012, interest at 2.59%, due in semi-annual payments ranging from \$144,970 to \$177,846, plus interest, final payment September 2022; secured by building	2,953,939
\$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	2,119,886
\$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	12,337
\$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>)	552,150
\$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>5,590,436</u>
Total installment notes payable	<u>\$ 11,243,026</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, 2013**

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	\$ 941,096
\$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 2018; secured by building	<u>525,029</u>
Total	<u>\$ 5,008,589</u>

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

Governmental Activities:

Year Ending	Principal	Interest	Total
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	535,141	357,190	892,331
2019-2023	2,185,297	1,553,876	3,739,173
2024-2028	913,028	1,292,877	2,205,905
2029-2033	1,124,329	1,081,573	2,205,902
2034-2038	1,384,557	821,347	2,205,904
2039-2043	1,705,032	500,871	2,205,903
2044-2048	1,239,809	116,492	1,356,301
Total	<u>\$ 11,243,026</u>	<u>\$ 7,316,008</u>	<u>\$ 18,559,034</u>

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Business-Type Activities:

Proprietary Funds:

Year Ending June 30	Principal	Interest	Total
2014	\$ 434,380	\$ 33,705	\$ 468,085
2015	431,058	28,801	459,859
2016	427,671	24,063	451,734
2017	424,216	19,391	443,607
2018	350,694	14,787	365,481
2019-2023	1,542,996	34,892	1,577,888
2024-2028	1,072,445	-	1,072,445
2029-2033	325,129	-	325,129
Total	<u>\$ 5,008,589</u>	<u>\$ 155,639</u>	<u>\$ 5,164,228</u>

At June 30, 2013, the County had a legal debt margin of \$127,371,000.

11. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property insurance coverage equal to \$10.5 million per occurrence; general, auto, professional, and employment practices liability coverage of \$2 million per occurrence; and workers' compensation up to the statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of \$500,000, up to a \$2 million limit for general liability coverage.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years. The County carries flood insurance in the amounts of \$50,000 for contents and \$500,000 for property through a private insurer. The Finance Officer and Tax Collector are individually bonded for \$50,000 and \$50,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

12. Interfund Balances and Activities

Due From/To Other Funds

Interfund balances as of June 30, 2013 consist of the following:

<u>Fund</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ 2,545	
Hazard Mitigation Grant Fund		\$ 2,545

Amount due to the General Fund from the Hazard Mitigation Grant Fund for cash flow and operating purposes.

13. Related Organization

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

14. Joint Ventures

The County, in conjunction with Carteret County and Craven County, participates in the Coastal Regional Solid Waste Management Authority. The County appoints two members of the seven-member Board. The Authority is a joint venture established to provide solid waste management within these counties. The County has an ongoing financial responsibility for the Authority because it and the other counties are legally obligated under the intergovernmental agreement that created the Authority to honor any deficiencies in the event that proceeds from other sources are insufficient. The County paid \$15,915 to the Authority during the fiscal year ended June 30, 2013, 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, 2013. 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, 2013. 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, 2013

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 \$532,033 to the Community College during the fiscal year ended June 30, 2013. 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, 2013. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at Highway 306 South, Grantsboro, North Carolina 28529.

15. Jointly Governed Organization

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

The Commission is governed by 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, 2013, 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, 2013, 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, 2013

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, 2013, as the District assumed liability for payment of this loan, in accordance with the above mentioned inter-local agreement.

16. Benefit Payments Issued by the State

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

	Federal	State
Medicaid	\$ 12,141,799	\$ 6,883,009
Women, Infants, and Children	228,932	-
Temporary Assistance to Needy Families	47,024	-
Foster Care	48,716	16,996
Adoption Assistance	30,557	8,064
CWS Adoption Subsidy	-	22,818
F/C At Risk Maximization	-	1,656
SC/SA Domiciliary Care Payment	-	90,899
State Foster Home	-	4,198
Total	\$ 12,497,028	\$ 7,027,640

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

17. Component Unit Transactions

In the fiscal year 2013, the County and Pamlico County ABC Board, its component unit, reported the following transactions:

<u>Amount</u>	<u>Purpose</u>
\$ 44,991	Profit distribution
1,502	Rehabilitation funds
1,073	ABC Law Enforcement
<u>\$ 47,566</u>	

18. Summary Disclosure of Significant Commitments and Contingencies

The County participates in a number of federal and State grant programs. For the fiscal year ended June 30, 2013, 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.

19. Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement 65, Items Previously reported as Assets and Liabilities, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources. Bond issuance costs, which were previously deferred and amortized must be included in current expenditures.

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PAMLICO COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

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)
12/31/2012	\$ -	\$ 124,940	\$ 124,940	0.00%	\$ 558,156	22.38%
12/31/2011	-	124,001	124,001	0.00%	617,646	20.08%
12/31/2010	-	120,174	120,174	0.00%	595,481	20.18%
12/31/2009	-	137,480	137,480	0.00%	572,360	24.02%
12/31/2008	-	107,690	107,690	0.00%	496,067	21.71%
12/31/2007	-	104,909	104,909	0.00%	457,115	22.95%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2013	\$ 17,783	4.55%
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%

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	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	18 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, 2013**

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
2011	\$ 104,142	\$ 25,398	24.39%
2012	110,960	27,113	24.43%
2013	110,960	22,796	20.54%

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over /Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 9,524,245	\$ 9,284,545	\$ (239,700)	\$ 8,911,862
Penalties and interest	110,000	87,959	(22,041)	93,272
Total	9,634,245	9,372,504	(261,741)	9,005,134
Local Option Sales Taxes:				
Article 39 and 44	688,060	750,338	62,278	791,847
Article 40 - one-half of one percent	616,202	652,033	35,831	564,672
Article 42 - one-half of one percent	370,221	376,715	6,494	332,903
Total	1,674,483	1,779,086	104,603	1,689,422
Other Taxes and Licenses:				
Documentary stamps	42,467	74,464	31,997	37,138
Scrap wire disposal tax	14,820	15,915	1,095	12,027
White goods disposal tax	4,368	4,070	(298)	3,064
Medicaid hold harmless	202,464	475,538	273,074	375,965
Miscellaneous	18,550	17,731	(819)	17,063
Total	282,669	587,718	305,049	445,257
Unrestricted Intergovernmental:				
Beer and wine tax	48,000	76,333	28,333	57,381
Controlled substance tax	-	4,238	4,238	10,455
ABC tax distribution	8,200	6,438	(1,762)	6,181
School resource officer	40,000	42,854	2,854	40,000
Sheriff/jail fees	709,292	1,197,317	488,025	464,580
Facility fees	16,176	14,460	(1,716)	16,894
Sales tax refunds	-	-	-	50,540
Total	821,668	1,341,640	519,972	646,031
Restricted Intergovernmental:				
Health department grants	447,522	471,733	24,211	471,767
Social services State grants	2,163,945	2,113,835	(50,110)	1,935,736
Other State grants	296,031	242,923	(53,108)	1,000,482
Senior Center grants	94,451	99,662	5,211	121,664
Social Services federal grants	100,740	171,059	70,319	83,416
Other federal grants	47,768	61,379	13,611	77,338
Hurricane grants	279,430	185,936	(93,494)	2,085,433
Total	3,429,887	3,346,527	(83,360)	5,775,836

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over /Under	Actual
Permits and Fees:				
Building permits	98,375	140,952	42,577	163,598
Register of Deeds	53,891	58,377	4,486	54,352
Other permits and fees	76,372	84,489	8,117	46,504
Total	228,638	283,818	55,180	264,454
Sales and Services:				
Rent and concessions	5,800	9,067	3,267	6,403
Recreation revenue	10,290	9,100	(1,190)	10,830
Patient fees - Nursing Home and Health Department	30,885	38,522	7,637	41,577
Senior services fees	57,469	44,273	(13,196)	26,533
Other	31,616	67,603	35,987	24,924
Total	136,060	168,565	32,505	110,267
Investment Earnings	10,000	8,561	(1,439)	10,560
Miscellaneous	12,664	22,513	9,849	114,720
Total revenues	16,230,314	16,910,932	680,618	18,061,681
Expenditures:				
General Government:				
Administration:				
Governing body	384,908	330,608		306,062
County Manager	163,667	163,912		158,356
Personnel	153,691	147,758		141,098
Finance	295,090	295,143		303,213
Data processing	35,030	22,165		25,247
Total administration	1,032,386	959,586	72,800	933,976
Tax Listing Supervisor	434,484	423,581	10,903	396,753
Board of Elections	141,993	123,701	18,292	109,264
Register of Deeds	126,244	120,659	5,585	114,854
Public Buildings	410,001	359,889	50,112	300,438
Water Fund Administrative Reimbursement	(85,000)	(85,000)	-	(85,000)

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over /Under	Actual
Total general government	2,060,108	1,902,416	157,692	1,770,285
Public Safety:				
Sheriff:				
Sheriff	1,183,020	1,151,732		1,116,509
Criminal Justice Partnership	606	606		44,373
Jail	1,421,170	1,373,787		1,372,065
Dispatch	241,331	212,346		212,928
LEPC Grant	-	-		9,000
Medical examiner	8,500	4,300		7,400
Total sheriff	2,854,627	2,742,771	111,856	2,762,275
Emergency Management:				
Emergency management	89,077	78,346		71,582
Fire departments	68,388	66,308		65,951
Rescue squad	388,000	388,000		338,000
Total emergency management	545,465	532,654	12,811	475,533
Total public safety	3,400,092	3,275,425	124,667	3,237,808
Environmental Protection:				
General:				
Recycling	147,663	151,163		146,265
Landfill monitoring	10,500	9,946		9,546
Total general	158,163	161,109	(2,946)	155,811
Animal Control	88,643	75,606	13,037	71,452
Total environmental protection	246,806	236,715	10,091	227,263
Economic and Physical Development:				
Planning:				
Planning board	9,553	9,259		8,058
Planning department	70,998	13,472		76,946
Total planning	80,551	22,731	57,820	85,004
Soil Conservation:				
Soil conservation cost share	97,647	95,495		35,639
Soil conservation	42,942	32,983		41,869
Total soil conservation	140,589	128,478	12,111	77,508

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over /Under	Actual
Other:				
Inspections	158,201	154,910	3,291	161,185
Cooperative Extension	98,492	97,578	914	94,233
N.C. Division of Forest Resources	80,449	79,770	679	74,000
Hurricane Irene relief	384,187	254,463	129,724	2,175,468
Total other	721,329	586,721	134,608	2,504,886
Total economic and physical development	942,469	737,930	204,539	2,667,398
Human Services:				
Senior Center:				
Senior Center	121,334	101,690		101,409
Senior Services Title V	18,437	16,681		13,360
Care Management	-	-		167
NRCOG health promotion	2,702	2,233		5,891
NRCOG nutrition	113,233	111,382		107,712
NRCOG legal	1,300	1,073		-
Small home repair	5,566	5,190		2,979
CAP - Division of Aging	-	-		2,812
Senior Center operations	5,223	3,792		5,425
Seniors health insurance info program	4,652	4,425		3,757
Total senior center	272,447	246,466	25,981	243,512
General Health:				
Health Department	259,455	270,641		236,583
Bioterrorism	35,169	32,781		32,801
Tuberculosis control	29,108	28,414		16,650
Communicable disease	43,650	43,344		30,470
Immunization action plan	34,995	33,308		32,539
Primary care	87,571	67,035		79,945
Breast cervical cancer	38,315	23,070		27,912
Child health	60,087	33,267		36,396
Maternal health	63,389	37,854		36,774
Women preventative health	121,833	97,399		96,919
Health promotion	35,696	28,791		22,062
WIC client services	54,951	54,039		55,414
WIC nutrition	17,820	17,541		17,039
WIC breast feeding	8,259	4,341		2,294
Child services coordinator	33,986	28,651		22,985
WIC general administration	4,735	4,619		3,988
Wise women program	6,281	5,563		-

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		Variance Over /Under	2012
	Budget	Actual		Actual
Environmental health	149,527	142,723		122,492
Mosquito control	23,756	14,124		30,548
HIV/STD	24,759	19,235		18,491
Food and lodging	63,196	57,861		52,876
Total general health	1,196,538	1,044,601	151,937	975,178
East Carolina Behavioral Healthcare	34,593	33,934	659	35,802
Social Services:				
Department of Social Services	1,967,315	1,914,222		1,830,121
Chore State in home	1,400	694		1,006
Family violence program	-	-		488
Jobs program	11,250	6,120		2,829
Program integrity	60,029	50,619		58,705
Work First transportation	5,576	4,680		9,018
Medicaid transportation	105,762	108,726		66,176
Recipient payments AFDC/TANF	975	975		163
Links scholarship	5,000	-		1,210
Special Assistance aged/disabled	116,000	91,162		90,997
State foster care 50%	15,000	10,260		7,263
AFDC/TANF foster care 34% IV-E	124,528	108,566		35,064
Emergency foster care	2,500	2,407		192
Medicaid payment to State	100	-		(243)
Aid to the blind	1,200	1,115		1,297
Adoption assistance	15,000	13,346		13,182
Crisis intervention program	100,395	86,853		70,414
Carolina Power utility program	3,584	2,981		2,970
NRCOG chore services	68,191	60,096		64,168
Daycare	553,238	533,426		542,129
Transportation	45,603	39,868		54,574
Transportation - RGP Grant	50,222	44,622		32,719
Total social services	3,252,868	3,080,738	172,130	2,884,442
Veterans Services	17,845	15,369	2,476	16,998
Department of Juvenile Justice Partnership:				
DJJP - Juvenile Service Restitution	12,525	10,292		24,730
DJJP - Task Force Certification	250	171		821
DJJP - Intervention - delinquency	132,075	115,311		46,439
Total Department of Juvenile Justice Partnership	144,850	125,774	19,076	71,990

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over /Under	Actual
Total human services	4,919,141	4,546,882	372,259	4,227,922
Cultural and Recreation:				
Regional library	185,720	185,720		185,720
Recreation	316,332	299,565		299,866
Total cultural and recreation	502,052	485,285	16,767	485,586
Education:				
Pamlico County Board of Education:				
Capital	200,000	200,000		108,013
Current expense	2,984,600	2,984,600		2,892,933
Emergency repairs	61,329	61,329		661,976
Total Pamlico County Board of Education	3,245,929	3,245,929	-	3,662,922
Pamlico County Community College	532,033	532,033	-	478,346
Total education	3,777,962	3,777,962	-	4,141,268
Debt Service:				
Principal retirement	522,789	474,569		4,080,154
Interest and fees	439,241	410,883		349,376
Total debt service	962,030	885,452	76,578	4,429,530
Total expenditures	16,810,660	15,848,067	962,593	21,187,060
Revenues over (under) expenditures	(580,346)	1,062,865	1,643,211	(3,125,379)
Other Financing Sources (Uses):				
Transfers out	-	-	-	(15,761)
Long-term debt issued	-	-	-	3,297,262
Appropriated fund balance	580,346	-	(580,346)	-
Total other financing sources (uses)	580,346	-	(580,346)	3,281,501
Net change in fund balance	\$ -	1,062,865	\$ 1,062,865	156,122
Fund Balance:				
Beginning of year - July 1		4,396,915		4,240,793
End of year - June 30		\$ 5,459,780		\$ 4,396,915

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PAMLICO COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013**

	<u>All Fire Districts Fund</u>	<u>Reappraisal Fund</u>	<u>Emergency Telephone System Fund</u>
Assets:			
Cash and cash equivalents	\$ 5,605	\$ -	\$ 325,564
Accounts receivable, net	-	-	8,024
Taxes receivable, net	70,511	-	-
Prepaid items	-	-	-
Restricted cash and cash equivalents	-	77,393	-
Total assets	<u>\$ 76,116</u>	<u>\$ 77,393</u>	<u>\$ 333,588</u>
 Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 253
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>253</u>
 Deferred Inflows of Resources:			
Property taxes receivable	<u>70,511</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>70,511</u>	<u>-</u>	<u>-</u>
 Fund Balances:			
Non-spendable	-	-	-
Restricted:			
Stabilization of State Statute	-	-	8,024
Other	5,605	-	325,311
Committed by purpose	-	77,393	-
Unassigned	-	-	-
Total fund balances	<u>5,605</u>	<u>77,393</u>	<u>333,335</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 76,116</u>	 <u>\$ 77,393</u>	 <u>\$ 333,588</u>

Schedule 2

CDBG Scattered Sites Fund	Register of Deeds Enhancement Preservation Fund	4-H Fund	Electronic Management Fund	Hazard Mitigation Grant Fund	Total
\$ -	\$ 10,788	\$ 8,031	\$ 746	\$ -	\$ 350,734
-	-	-	-	2,545	10,569
-	-	-	-	-	70,511
-	-	2,720	-	-	2,720
-	-	-	-	-	77,393
<u>\$ -</u>	<u>\$ 10,788</u>	<u>\$ 10,751</u>	<u>\$ 746</u>	<u>\$ 2,545</u>	<u>\$ 511,927</u>
\$ -	\$ -	\$ 51	\$ -	\$ -	\$ 304
-	-	-	-	2,545	2,545
-	-	51	-	2,545	2,849
-	-	-	-	-	70,511
-	-	-	-	-	70,511
-	-	2,720	-	-	2,720
-	-	-	-	2,545	10,569
-	10,788	7,980	746	-	350,430
-	-	-	-	-	77,393
-	-	-	-	(2,545)	(2,545)
-	10,788	10,700	746	-	438,567
<u>\$ -</u>	<u>\$ 10,788</u>	<u>\$ 10,751</u>	<u>\$ 746</u>	<u>\$ 2,545</u>	<u>\$ 511,927</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, 2013**

	<u>All Fire Districts Fund</u>	<u>Reappraisal Fund</u>	<u>Emergency Telephone System Fund</u>
Revenues:			
Ad valorem taxes	\$ 520,649	\$ 43,082	\$ -
Restricted intergovernmental	-	-	104,312
Other taxes and licenses	96,682	-	-
Sales and services	-	-	-
Investment earnings	-	36	-
Miscellaneous	-	-	-
Total revenues	<u>617,331</u>	<u>43,118</u>	<u>104,312</u>
Expenditures:			
Current:			
General government	-	8,123	-
Public safety	626,804	-	74,121
Economic and physical development	-	-	-
Total expenditures	<u>626,804</u>	<u>8,123</u>	<u>74,121</u>
Net change in fund balances	(9,473)	34,995	30,191
Fund Balances:			
Beginning of year - July 1	<u>15,078</u>	<u>42,398</u>	<u>303,144</u>
End of year - June 30	<u>\$ 5,605</u>	<u>\$ 77,393</u>	<u>\$ 333,335</u>

Schedule 3

CDBG Scattered Sites Fund	Register of Deeds Enhancement Preservation Fund	4-H Fund	Electronic Management Fund	Hazard Mitigation Grant Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 563,731
361,754	-	-	-	142,106	608,172
-	7,546	-	-	-	104,228
-	-	4,707	758	-	5,465
-	-	-	-	-	36
-	-	10,495	-	-	10,495
<u>361,754</u>	<u>7,546</u>	<u>15,202</u>	<u>758</u>	<u>142,106</u>	<u>1,292,127</u>
-	-	-	-	-	8,123
-	-	-	-	-	700,925
<u>361,998</u>	<u>2,625</u>	<u>10,121</u>	<u>1,030</u>	<u>142,106</u>	<u>517,880</u>
<u>361,998</u>	<u>2,625</u>	<u>10,121</u>	<u>1,030</u>	<u>142,106</u>	<u>1,226,928</u>
(244)	4,921	5,081	(272)	-	65,199
<u>244</u>	<u>5,867</u>	<u>5,619</u>	<u>1,018</u>	<u>-</u>	<u>373,368</u>
<u>\$ -</u>	<u>\$ 10,788</u>	<u>\$ 10,700</u>	<u>\$ 746</u>	<u>\$ -</u>	<u>\$ 438,567</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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 471,630	\$ 520,649	\$ 49,019
Other taxes	<u>78,842</u>	<u>96,682</u>	<u>17,840</u>
Total revenues	<u>550,472</u>	<u>617,331</u>	<u>66,859</u>
Expenditures:			
Public safety	<u>550,472</u>	<u>626,804</u>	<u>(76,332)</u>
Total expenditures	<u>550,472</u>	<u>626,804</u>	<u>(76,332)</u>
Net change in fund balance	<u>\$ -</u>	<u>(9,473)</u>	<u>\$ (9,473)</u>
Fund Balance:			
Beginning of year - July 1		<u>15,078</u>	
End of year - June 30		<u>\$ 5,605</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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 46,261	\$ 43,082	\$ (3,179)
Investment earnings	231	36	(195)
Total revenues	<u>46,492</u>	<u>43,118</u>	<u>(3,374)</u>
Expenditures:			
General government	<u>46,492</u>	<u>8,123</u>	<u>38,369</u>
Total expenditures	<u>46,492</u>	<u>8,123</u>	<u>38,369</u>
Net change in fund balance	<u>\$ -</u>	34,995	<u>\$ 34,995</u>
Fund Balance:			
Beginning of year - July 1		<u>42,398</u>	
End of year - June 30		<u>\$ 77,393</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, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 114,373	\$ 104,312	\$ (10,061)
Total revenues	<u>114,373</u>	<u>104,312</u>	<u>(10,061)</u>
Expenditures:			
FICA expense	160	359	(199)
Medicare expense	40	84	(44)
Retirement expense	90	462	(372)
Group expense	263	5	258
Contracted services	64,504	67,702	(3,198)
Maintenance and repairs - equipment	25,610	(1,344)	26,954
Capital outlay	29,610	-	29,610
Technical/administrative cost	5,600	6,853	(1,253)
Total expenditures	<u>125,877</u>	<u>74,121</u>	<u>51,756</u>
Revenues over (under) expenditures	(11,504)	30,191	41,695
Other Financing Sources (Uses):			
Appropriated fund balance	<u>11,504</u>	<u>-</u>	<u>(11,504)</u>
Net change in fund balance	<u>\$ -</u>	<u>30,191</u>	<u>\$ 30,191</u>
Fund Balance:			
Beginning of year - July 1		<u>303,144</u>	
End of year - June 30		<u>\$ 333,335</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, 2013**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Restricted intergovernmental:				
CDBG SS 09-C-2074	\$ 800,000	\$ 12,645	\$ 147,348	\$ 159,993
CDBG SS 09-C-2001	400,000	399,663	(244)	399,419
CDBG SS Contingency 05-D-2162	85,000	84,378	-	84,378
CDBG-ER SS 10-C-2156	<u>500,000</u>	<u>5,236</u>	<u>214,650</u>	<u>219,886</u>
Total revenues	<u>1,785,000</u>	<u>501,922</u>	<u>361,754</u>	<u>863,676</u>
Expenditures:				
Economic and physical development:				
CDBG SS 09-C-2074:				
Clearance	50,000	-	13,540	13,540
Acquisition	50,000	-	-	-
Relocation	327,000	-	108,171	108,171
Rehabilitation	24,000	-	-	-
Capital outlay	269,000	-	-	-
Administration	<u>80,000</u>	<u>12,645</u>	<u>25,637</u>	<u>38,282</u>
Total CDBG SS 09-C-2074 expenditures	<u>800,000</u>	<u>12,645</u>	<u>147,348</u>	<u>159,993</u>
CDBG SS 09-C-2001:				
Clearance	43,500	43,168	-	43,168
Relocation	316,500	316,500	-	316,500
Administration	<u>40,000</u>	<u>39,751</u>	<u>-</u>	<u>39,751</u>
Total CDBG SS 09-C-2001 expenditures	<u>400,000</u>	<u>399,419</u>	<u>-</u>	<u>399,419</u>
CDBG SS Contingency 05-D-2162:				
Reconstruction	76,500	75,879	-	75,879
Administration	<u>8,500</u>	<u>8,499</u>	<u>-</u>	<u>8,499</u>
Total CDBG SS Contingency 05-D-2162 expenditures	<u>85,000</u>	<u>84,378</u>	<u>-</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, 2013

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
CDBG-ER SS 10-C-2156:				
Clearance	36,000	-	16,777	16,777
Relocation	16,000	-	1,350	1,350
Reconstruction	398,000	-	180,574	180,574
Administration	50,000	5,236	15,949	21,185
Total CDBG-ER SS 10-C-2156 expenditures	<u>500,000</u>	<u>5,236</u>	<u>214,650</u>	<u>219,886</u>
Total expenditures	<u>1,785,000</u>	<u>501,678</u>	<u>361,998</u>	<u>863,676</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 244</u>	(244)	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>244</u>	
End of year - June 30			<u>\$ -</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, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes and licenses	\$ 7,133	\$ 7,546	\$ 413
Total revenues	<u>7,133</u>	<u>7,546</u>	<u>413</u>
Expenditures:			
Economic and physical development	<u>13,000</u>	<u>2,625</u>	<u>10,375</u>
Total expenditures	<u>13,000</u>	<u>2,625</u>	<u>10,375</u>
Revenues over (under) expenditures	(5,867)	4,921	10,788
Other Financing Sources (Uses):			
Appropriated fund balance	<u>5,867</u>	<u>-</u>	<u>(5,867)</u>
Net change in fund balance	<u>\$ -</u>	4,921	<u>\$ 4,921</u>
Fund Balance:			
Beginning of year - July 1		<u>5,867</u>	
End of year - June 30		<u>\$ 10,788</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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Sales and services	\$ 1,968	\$ 4,707	\$ 2,739
Miscellaneous	9,403	10,495	1,092
Total revenues	<u>11,371</u>	<u>15,202</u>	<u>3,831</u>
Expenditures:			
Economic and physical development	<u>11,371</u>	<u>10,121</u>	<u>1,250</u>
Total expenditures	<u>11,371</u>	<u>10,121</u>	<u>1,250</u>
Net change in fund balance	<u>\$ -</u>	5,081	<u>\$ 5,081</u>
Fund Balance:			
Beginning of year - July 1		<u>5,619</u>	
End of year - June 30		<u>\$ 10,700</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, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Sales and services	\$ 924	\$ 758	\$ (166)
Total revenues	<u>924</u>	<u>758</u>	<u>(166)</u>
Expenditures:			
Economic and physical development	<u>1,942</u>	<u>1,030</u>	<u>912</u>
Total expenditures	<u>1,942</u>	<u>1,030</u>	<u>912</u>
Revenues over (under) expenditures	(1,018)	(272)	746
Other Financing Sources (Uses):			
Appropriated fund balance	<u>1,018</u>	<u>-</u>	<u>(1,018)</u>
Net change in fund balance	<u>\$ -</u>	<u>(272)</u>	<u>\$ (272)</u>
Fund Balance:			
Beginning of year - July 1		<u>1,018</u>	
End of year - June 30		<u>\$ 746</u>	

PAMLICO COUNTY, NORTH CAROLINA

**HAZARD MITIGATION GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 2,423,364	\$ 142,106	\$ (2,281,258)
Total revenues	<u>2,423,364</u>	<u>142,106</u>	<u>(2,281,258)</u>
Expenditures:			
Economic and physical development			
Soft Costs	409,014	34	408,980
Acquisition	1,934,350	139,372	1,794,978
Administration	<u>80,000</u>	<u>2,700</u>	<u>77,300</u>
Total expenditures	<u>2,423,364</u>	<u>142,106</u>	<u>2,281,258</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ -</u>	

PAMLICO COUNTY, NORTH CAROLINA

**WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services	\$ 2,087,424	\$ 2,082,684	\$ (4,740)
Taps and connect fees	35,000	47,524	12,524
Other operating revenue	<u>112,380</u>	<u>123,144</u>	<u>10,764</u>
Total operating revenues	<u>2,234,804</u>	<u>2,253,352</u>	<u>18,548</u>
Non-operating revenues:			
Restricted grants	<u>23,750</u>	<u>3,750</u>	<u>(20,000)</u>
Total non-operating revenues	<u>23,750</u>	<u>3,750</u>	<u>(20,000)</u>
Total revenues	<u>2,258,554</u>	<u>2,257,102</u>	<u>(1,452)</u>
Expenditures:			
Personnel services	540,469	480,599	
Contractual services	233,500	216,343	
Operating expenses	939,985	709,916	
Utilities	9,340	9,814	
Insurance	174	174	
Printing and binding	450	249	
Maintenance and repair	50,966	45,705	
Capital outlay	1,696,410	753,320	
Debt service - principal	411,007	221,818	
Debt service - interest	<u>38,078</u>	<u>38,078</u>	
Total expenditures	<u>3,920,379</u>	<u>2,476,016</u>	<u>1,444,363</u>
Revenues over (under) expenditures	<u>(1,661,825)</u>	<u>(218,914)</u>	<u>1,442,911</u>
Other Financing Sources (Uses):			
Transfer from Water Capital Reserve Fund	1,000,000	-	(1,000,000)
Long-term debt issued	200,000	-	(200,000)
Appropriated fund balance	<u>461,825</u>	-	<u>(461,825)</u>
Total other financing sources (uses)	<u>1,661,825</u>	<u>-</u>	<u>(1,661,825)</u>

PAMLICO COUNTY, NORTH CAROLINA

WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(218,914)	\$ (218,914)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Reconciling items:			
Capital reserve revenues		42,569	
Capital project expenditures not capitalized		(2,743)	
Capital project revenues		33,009	
Capital outlay		753,320	
Depreciation		(592,652)	
Change in accrued vacation		(3,695)	
Change in OPEB payable		(5,680)	
Debt service - principal		221,818	
Transfer of asset to General Fund		(7,454)	
Loss on disposal of capital assets		<u>(9,253)</u>	
Change in net position		<u>\$ 210,325</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, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
User fees		\$ 40,350	
Total revenues	\$ 30,000	40,350	\$ 10,350
Non-operating revenues:			
Interest on investments	-	2,219	2,219
Total revenues	30,000	42,569	12,569
Other Financing Sources (Uses):			
Transfer from (to) Water Fund	(30,000)	-	30,000
Total other financing sources (uses)	(30,000)	-	30,000
Revenues and other financing sources over (under) other financing uses	\$ -	\$ 42,569	\$ 42,569

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, 2013

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Operating revenues:					
Miscellaneous revenue	\$ -	\$ -	\$ 33,009	\$ 33,009	\$ 33,009
Total operating revenues	-	-	33,009	33,009	33,009
Non-operating revenues:					
Investment earnings	-	4,293	-	4,293	4,293
Total revenues	-	4,293	33,009	37,302	37,302
Expenditures:					
Economic and physical development:					
Construction costs	4,569,098	3,245,465	200,626	3,446,091	1,123,007
Professional fees	-	-	2,743	2,743	(2,743)
Debt service:					
Interest and fees	77,786	93,670	-	93,670	(15,884)
Total expenditures	4,646,884	3,339,135	203,369	3,542,504	1,104,380
Revenues over (under) expenditures	(4,646,884)	(3,334,842)	(170,360)	(3,505,202)	1,141,682
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	8,502,358	7,542,464	-	7,542,464	(959,894)
Total other financing sources (uses)	4,646,884	3,542,464	-	3,542,464	(1,104,420)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 207,622	\$ (170,360)	\$ 37,262	\$ 37,262

PAMLICO COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Social Services:				
Assets:				
Cash and cash equivalents	\$ 28,493	\$ 67,581	\$ 76,424	\$ 19,650
Liabilities:				
Accounts payable	\$ 28,493	\$ 67,581	\$ 76,424	\$ 19,650
North Carolina DMV:				
Assets:				
Cash and cash equivalents	\$ 454	\$ 6,518	\$ 6,518	\$ 454
Liabilities:				
Intergovernmental payable	\$ 454	\$ 6,518	\$ 6,518	\$ 454
Jail Inmate Trust:				
Assets:				
Cash and cash equivalents	\$ 5,973	\$ 107,792	\$ 112,366	\$ 1,399
Liabilities:				
Accounts payable	\$ 5,973	\$ 107,792	\$ 112,366	\$ 1,399
Bay River Metropolitan Sewer District:				
Assets:				
Cash and cash equivalents	\$ -	\$ 1,153,137	\$ 1,123,426	\$ 29,711
Accounts receivable	208,098	1,185,915	(1,153,137)	240,876
Total assets	\$ 208,098	\$ 2,339,052	\$ (29,711)	\$ 270,587
Liabilities:				
Accounts payable	\$ 208,098	\$ 1,185,915	\$ (1,123,426)	\$ 270,587
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 34,920	\$ 1,335,028	\$ 1,318,734	\$ 51,214
Accounts receivable	208,098	1,185,915	(1,153,137)	240,876
Total assets	\$ 243,018	\$ 2,520,943	\$ 165,597	\$ 292,090
Liabilities:				
Accounts payable	\$ 242,564	\$ 1,361,288	\$ (934,636)	\$ 291,636
Intergovernmental payable	454	6,518	6,518	454
Total liabilities	\$ 243,018	\$ 1,367,806	\$ (928,118)	\$ 292,090

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2013

Fiscal Year	Uncollected Balance July 1, 2012	Additions	Collections and Credits	Uncollected Balance June 30, 2013
2012-2013	\$ -	\$ 9,966,365	\$ 9,324,687	\$ 641,678
2011-2012	687,198	-	458,545	228,653
2010-2011	226,777	-	53,557	173,220
2009-2010	148,930	-	27,421	121,509
2008-2009	118,095	-	20,944	97,151
2007-2008	83,255	-	10,435	72,820
2006-2007	60,129	-	5,988	54,141
2005-2006	64,990	-	3,672	61,318
2004-2005	38,751	-	2,421	36,330
2003-2004	41,610	-	2,669	38,941
2002-2003	36,094	-	36,094	-
Total	\$ 1,505,829	\$ 9,966,365	\$ 9,946,433	1,525,761
Less: Allowance for uncollectible accounts				(350,000)
Ad valorem taxes receivable, net - General Fund				\$ 1,175,761
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 9,372,504
Ad valorem taxes - reappraisal				43,082
Reconciling items:				
Interest and penalties collected				(87,959)
Tax garnishment fees collected				(14,287)
Abatements and credits for prior year taxes				531,145
Taxes written off due to statute of limitations				36,094
Miscellaneous adjustments				65,854
Total collections and credits				\$ 9,946,433

PAMLICO COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2013

	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	\$ 1,468,924,320	\$ 0.6250	\$ 9,180,777	\$ 9,180,777	\$ -
Less: Senior Citizen exemption	(16,107,840)	0.6250	(100,674)	(100,674)	-
Registered motor vehicles	108,394,240	0.6250	677,464	-	677,464
Public utilities	35,472,029	0.6250	224,751	224,751	-
Special paving assessment	2,523,629	0.6250	15,773	15,773	-
Penalties	-		12,417	12,417	-
Total original levy	<u>1,599,206,378</u>		<u>10,010,508</u>	<u>9,333,044</u>	<u>677,464</u>
Discoveries:					
Current year taxes	<u>6,430,139</u>	0.6250	<u>40,188</u>	<u>36,069</u>	<u>4,119</u>
Abatements:					
Current year taxes	<u>(13,492,949)</u>	0.6250	<u>(84,331)</u>	<u>(67,241)</u>	<u>(17,090)</u>
Total property valuation	<u>\$ 1,592,143,568</u>				
Net Levy			9,966,365	9,301,872	664,493
Uncollected taxes at June 30, 2013			<u>641,678</u>	<u>537,466</u>	<u>104,212</u>
Current Year's Taxes Collected			<u>\$ 9,324,687</u>	<u>\$ 8,764,406</u>	<u>\$ 560,281</u>
Current Levy Collection Percentage			<u>93.56%</u>	<u>94.22%</u>	<u>84.32%</u>

PAMLICO COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2013**

Secondary Market Disclosures:

Assessed Valuation:

Assessment ratio	100%
Real property	\$ 1,472,520,856
Personal property	84,150,683
Public service companies	<u>35,472,029</u>
Total assessed valuation	<u>\$ 1,592,143,568</u>
Tax rate per \$100	<u>\$ 0.6250</u>
Levy (includes discoveries, releases, and abatements)	<u>\$ 9,966,365</u>

PAMLICO COUNTY, NORTH CAROLINA

TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
River Dunes Corp	Real Estate Developer	\$ 25,127,420	1.58%
Weyerhaeuser Co.	Timber Land	22,869,850	1.44%
Burton Farm Development	Real Estate Developer	15,712,163	0.99%
Reserveco Inc.	Real Estate Developer	10,063,288	0.63%
Atlas NC 1 SPE LLC	Real Estate Developer	5,936,565	0.37%
RR Dec North III LLC	Real Estate Developer	5,157,730	0.32%
McCotter Farm LLC	Agriculture	3,999,719	0.25%
Neil Realty Company	Real Estate Developer	3,200,998	0.20%
Copper Station Holdings	Real Estate Developer	3,190,750	0.20%
Lee Don Farms Inc.	Agriculture	<u>3,140,723</u>	<u>0.20%</u>
Total		<u>\$ 98,399,206</u>	<u>6.18%</u>

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