

**PAMLICO COUNTY
NORTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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

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

PAMLICO COUNTY, NORTH CAROLINA

**AUDITED FINANCIAL STATEMENTS
JUNE 30, 2014**

BOARD OF COMMISSIONERS

Pat Prescott -Chairman

Christine Mele – Vice-Chairman

Paul Delamar, III

Kenny Heath

Ann Holton

Carl J. Ollison

Edward Riggs, Jr.

**County Manager
Timothy A. Buck**

**Finance Officer
Bill Fentress**

PAMLICO COUNTY, NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1-3
	Management's Discussion and Analysis	4-13
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
A	Statement of Net Position	14
B	Statement of Activities	15-16
	Fund Financial Statements:	
C	Balance Sheet - Governmental Funds	17-18
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	20
F	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	21
G	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Hazard Mitigation Grant Fund	22
H	Statement of Net Position - Proprietary Fund	23
I	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	24
J	Statement of Cash Flows - Proprietary Fund	25
K	Statement of Fiduciary Net Position - Fiduciary Funds	26
	Notes to the Financial Statements	27-58

PAMLICO COUNTY, NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Required Supplementary Information:	
A-1	Law Enforcement Officers' Special Separation Allowance - Required Supplementary Information	59
A-2	Other Post-Employment Benefits - Retiree Health Plan - Required Supplementary Information	60
	Supplementary Information:	
	General Fund:	
1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	61-66
	Major Special Revenue Fund:	
2	Hazard Mitigation Grant Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	67
	Nonmajor Special Revenue Funds:	
3	Combining Balance Sheet	68-69
4	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	70-71
5	All Fire Districts Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	72
6	Reappraisal Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	73
7	Emergency Telephone System Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	74
8	CDBG Scattered Sites Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	75-76

PAMLICO COUNTY, NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Nonmajor Special Revenue Funds (continued):	
9	Register of Deeds Enhancement Preservation Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	77
10	4-H Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	78
11	Electronic Management Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	79
	Enterprise Funds:	
12	Water Fund - Schedule of Revenues and, Expenditures - Budget and Actual (Non-GAAP)	80-81
13	Water Fund - Capital Reserve Fund - Schedule of Revenues and, Expenditures - Budget and Actual (Non-GAAP)	82
14	Minnesott Pressure Improvement Project - Schedule of Revenues and, Expenditures - Budget and Actual (Non-GAAP)	83
15	Kershaw Water Treatment Plant Project - Schedule of Revenues and, Expenditures - Budget and Actual (Non-GAAP)	84
	Agency Funds:	
16	Combining Statement of Changes in Assets and Liabilities	85
	Additional Financial Data:	
17	Schedule of Ad Valorem Taxes Receivable - General Fund	86
18	Analysis of Current Tax Levy	87
19	Analysis of Current Tax Levy - County-Wide Levy	88
20	Ten Largest Taxpayers	89

This page left blank intentionally.

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

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

Independent Auditor's Report

To the Board of Commissioners
Pamlico County, North Carolina
Bayboro, 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, 2014, 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, 2014, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Hazard Mitigation Grant 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 February 20, 2015 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, North Carolina
February 20, 2015

This page left blank intentionally.

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, 2014. 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

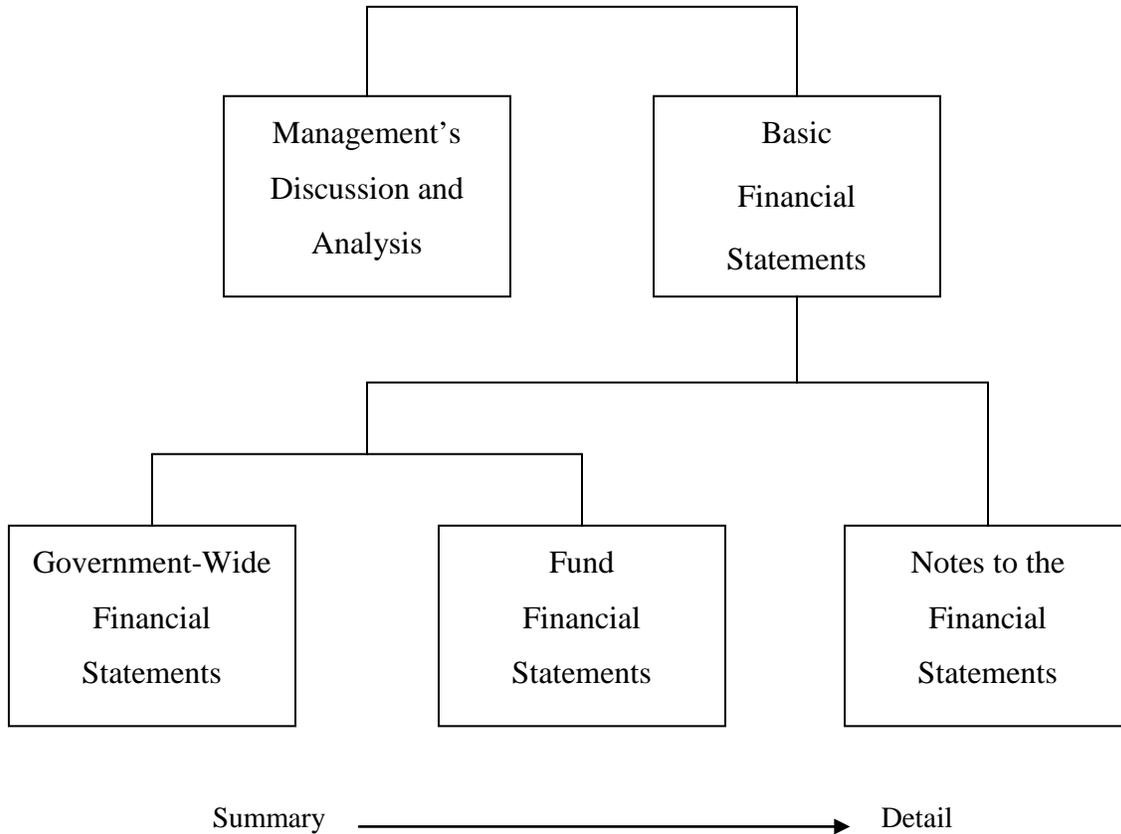
- The assets of Pamlico County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$21,322,595 (net position).
- The government's total net position increased by \$2,288,175, primarily due to increased net position in the General Fund.
- As of the close of the current fiscal year, Pamlico County's governmental funds reported combined ending fund balances of \$7,854,174, after a net increase in fund balance of \$1,955,827. Approximately 28% of this total amount, or \$2,185,590, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,311,228, or 33%, 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 K, 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets:						
Current and other assets	\$ 11,482,874	\$ 8,107,870	\$ 4,289,280	\$ 3,953,549	\$ 15,772,154	\$ 12,061,419
Capital assets, net	<u>11,328,895</u>	<u>11,322,797</u>	<u>13,715,434</u>	<u>13,253,501</u>	<u>25,044,329</u>	<u>24,576,298</u>
Total assets	<u>22,811,769</u>	<u>19,430,667</u>	<u>18,004,714</u>	<u>17,207,050</u>	<u>40,816,483</u>	<u>36,637,717</u>
Liabilities:						
Long-term liabilities, outstanding	11,053,872	11,374,628	4,810,924	4,617,402	15,864,796	15,992,030
Other liabilities	<u>1,460,384</u>	<u>1,019,351</u>	<u>796,971</u>	<u>510,733</u>	<u>2,257,355</u>	<u>1,530,084</u>
Total liabilities	<u>12,514,256</u>	<u>12,393,979</u>	<u>5,607,895</u>	<u>5,128,135</u>	<u>18,122,151</u>	<u>17,522,114</u>
Total deferred inflows of resources	<u>1,371,737</u>	<u>81,183</u>	<u>-</u>	<u>-</u>	<u>1,371,737</u>	<u>81,183</u>
Net Position:						
Net investment in capital assets	3,625,390	3,585,860	8,432,463	8,244,912	12,057,853	11,830,772
Restricted	2,089,320	1,647,673	-	-	2,089,320	1,647,673
Unrestricted	<u>3,211,066</u>	<u>1,721,972</u>	<u>3,964,356</u>	<u>3,834,003</u>	<u>7,175,422</u>	<u>5,555,975</u>
Total net position	<u>\$ 8,925,776</u>	<u>\$ 6,955,505</u>	<u>\$ 12,396,819</u>	<u>\$ 12,078,915</u>	<u>\$ 21,322,595</u>	<u>\$ 19,034,420</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 \$21,322,595 at the close of the most recent fiscal year.

By far, the largest portion (57%) of Pamlico County's net position reflects 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 \$2,089,320 (10%) represents resources that are subject to external restrictions on how they may be used. At the end of the current fiscal year, Pamlico County is able to report positive balances in unrestricted net position in the amount of \$7,175,422 (34%) for the government as a whole.

Pamlico County's Changes in Net Position

Figure 3

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,281,241	\$ 1,942,819	\$ 2,478,511	\$ 2,326,711	\$ 4,759,752	\$ 4,269,530
Operating grants and contributions	4,810,376	3,782,739	-	-	4,810,376	3,782,739
Capital grants and contributions	251,104	72,648	21,250	3,750	272,354	76,398
General revenues:						
Property taxes	10,894,546	9,956,167	-	-	10,894,546	9,956,167
Local option sales tax	1,834,454	1,766,506	-	-	1,834,454	1,766,506
Other taxes	722,431	691,946	-	-	722,431	691,946
Investment earnings	7,373	8,597	2,336	2,219	9,709	10,816
Total revenues	<u>20,801,525</u>	<u>18,221,422</u>	<u>2,502,097</u>	<u>2,332,680</u>	<u>23,303,622</u>	<u>20,554,102</u>
Expenses:						
General government	2,292,770	2,178,426	-	-	2,292,770	2,178,426
Public safety	5,641,390	4,067,862	-	-	5,641,390	4,067,862
Economic and physical development	1,075,729	1,260,029	-	-	1,075,729	1,260,029
Environmental protection	272,288	257,809	-	-	272,288	257,809
Human services	4,638,560	4,650,765	-	-	4,638,560	4,650,765
Cultural and recreation	518,434	484,981	-	-	518,434	484,981
Education	3,822,131	3,777,962	-	-	3,822,131	3,777,962
Interest on long-term debt	569,952	410,883	-	-	569,952	410,883
Water Fund	-	-	2,184,193	2,122,355	2,184,193	2,122,355
Total expenses	<u>18,831,254</u>	<u>17,088,717</u>	<u>2,184,193</u>	<u>2,122,355</u>	<u>21,015,447</u>	<u>19,211,072</u>
Change in net position	1,970,271	1,132,705	317,904	210,325	2,288,175	1,343,030
Net Position:						
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 8,925,776</u>	<u>\$ 6,955,505</u>	<u>\$12,396,819</u>	<u>\$12,078,915</u>	<u>\$21,322,595</u>	<u>\$19,034,420</u>

Governmental Activities. Governmental activities increased the County's net position by \$1,970,271. Property taxes provided 52.4 percent of funding at \$10,894,546. Charges for services funded \$2,281,241, and operating grants funded \$4,810,376 of Pamlico County's governmental activities. The increase in governmental activities net position of \$1,970,271 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 \$317,904; 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 \$5,670,472, while total fund balance reached \$7,467,425. The County currently has an available fund balance of 34.98% of General Fund expenditures, while total fund balance represents 46.06% of that same amount.

As of the end of the current fiscal year, Pamlico County's governmental funds reported combined ending fund balances of \$7,854,174, an increase of \$1,955,827 from 2013.

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 \$1.1 million with actual expenditures roughly \$314,000 more 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 \$3,964,356. The growth in net position was \$317,904. 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, 2014 amounts to \$25,044,329 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery, and equipment.

Pamlico County's Capital Assets
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 334,634	\$ 334,634	\$ 70,286	\$ 70,286	\$ 404,920	\$ 404,920
Construction in progress	9,500	-	896,701	200,626	906,201	200,626
Buildings and improvements	12,477,197	12,355,277	7,155,435	7,155,435	19,632,632	19,510,712
Plant	-	-	9,244,234	8,841,301	9,244,234	8,841,301
Equipment and vehicles	3,325,304	3,022,751	2,269,673	2,269,673	5,594,977	5,292,424
Subtotal	16,146,635	15,712,662	19,636,329	18,537,321	35,782,964	34,249,983
Less: accumulated depreciation	(4,817,740)	(4,389,865)	(5,920,895)	(5,283,820)	(10,738,635)	(9,673,685)
Total	<u>\$11,328,895</u>	<u>\$11,322,797</u>	<u>\$13,715,434</u>	<u>\$13,253,501</u>	<u>\$25,044,329</u>	<u>\$24,576,298</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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Installment note	\$ 10,685,888	\$ 11,243,026	\$ 5,282,971	\$ 5,008,589	\$ 15,968,859	\$ 16,251,615
Capital lease obligations	103,500	-	-	-	103,500	-
Compensated absences	352,946	337,859	29,115	27,175	382,061	365,034
OPEB	506,802	417,805	35,004	29,018	541,806	446,823
Net pension obligation	109,290	101,371	-	-	109,290	101,371
Total	<u>\$ 11,758,426</u>	<u>\$ 12,100,061</u>	<u>\$ 5,347,090</u>	<u>\$ 5,064,782</u>	<u>\$ 17,105,516</u>	<u>\$ 17,164,843</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 approximately \$130,285,000.

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

- The County's unemployment rate for November 2014 was projected at 6.3%, down from the 8.9% level reported in 2013. The State unemployment rate for November 2014 was 5.9%.
- Median household income for 2014 was projected at \$48,439, up from the 2013 estimate of \$43,853. In comparison, the State's median household income for 2013 (latest data available) was reported at \$45,906.
- The ad valorem tax value is \$1.48 billion, growing at slightly less than 1% over the prior year.
- Residential building permits increased from 48 in 2013 to 69 in 2014, a 43% increase. Some of this growth is tempered by a hazard mitigation project, resulting in the demolition of approximately 10 structures. Commercial building is on the increase. Two large retail chain stores were constructed in 2014. These stores will increase the tax base and sales tax revenues.

All of these factors were considered in preparing Pamlico County's budget for the 2013-2014 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2015

Governmental Activities. The approved General Fund Budget is balanced at \$16,678,218 with a tax rate of \$.625/\$100. The tax rate remained at 2014 level. At the rate of \$.625 per \$100, estimated fiscal year 2014-15 tax collections are budgeted at \$9,793,575 that include collections for prior years. Revenue from Motor Vehicle Collections is budgeted approximately \$200,000 less to adjust for loss of a onetime increase in fiscal year 2013-14 resulting from the transition to the State collection process. A fund balance allocation of \$236,103 (rounded) is included in the final budget.

A 2% cost of living adjustment is included in budgeted for all employees. Additionally, a merit raise of approximately \$26,000, not including benefits is funded. Two new Universal Worker positions in D.S.S. are funded with a combined cost of \$76,529. Based on duties performed, the positions are 50% to 75% reimbursable from the State.

The list following identifies the capital projects funded in the adopted budget that total \$103,183:

• Rewire a portion of the Senior Center	\$ 3,000
• Courthouse repairs (assuming financing options)	\$50,000
• VIPER radio migration	\$23,183
• Sheriff patrol car	\$27,000

Total Board of Education allocation is budgeted at \$3,274,138. Current Expense is funded at \$3,124,138 with Capital Outlay funded at \$150,000. Pamlico Community College (PCC) funding is allocated at \$612,411 that includes \$562,411 in current expense and \$50,000 in capital outlay.

Business-Type Activities. Water rates for fiscal year 2014-15 are budgeted to remain current year levels as summarized below:

- Water Usage Rate - \$4.25/1,000 gallons (2 inch meters and less)
- Water Usage Rate - \$6.26/1,000 gallons (3 inch meters and up)
- Flat Rate Monthly charge for 3/4 inch meter - \$15
- Flat Rate Monthly charge for 1 inch meter - \$15
- Flat Rate Monthly charge for 2 inch meter or greater - \$40.

Funding of \$200,000 is allocated next year for inspecting and maintaining water towers. In order to spread costs over time, plans are to refurbish 1 to 2 tanks each year. Approximately \$250,000 is allocated for relocating a water line under bridge 24 in Bayboro. The project is 100% reimbursable from the Department of Transportation. Approximately \$450,000 is budgeted for completion of the Kershaw Water Treatment Plant refurbishing project. The project is slated for completion in early July, 2014.

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 bill.fentress@pamlicocounty.org for more information.

PAMLICO COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Pamlico County ABC Board
Assets:				
Current assets:				
Cash and cash equivalents	\$ 6,595,141	\$ 3,890,273	\$ 10,485,414	\$ 282,021
Taxes receivable, net	1,203,521	-	1,203,521	-
Accounts receivable, net	109,211	336,753	445,964	-
Due from other governments	1,601,751	-	1,601,751	-
Inventories	-	20,204	20,204	272,914
Prepaid items	96,270	-	96,270	-
Restricted cash and cash equivalents	1,416,855	42,050	1,458,905	-
Other current asset	-	-	-	3,426
Note receivable	460,125	-	460,125	-
Capital assets:				
Land and construction in progress	344,134	966,987	1,311,121	36,749
Other capital assets, net	10,984,761	12,748,447	23,733,208	51,642
Total assets	<u>22,811,769</u>	<u>18,004,714</u>	<u>40,816,483</u>	<u>646,752</u>
Liabilities:				
Current liabilities:				
Accounts payable	590,717	218,755	809,472	137,837
Accrued interest payable	163,513	-	163,513	-
Prepaid fees	1,600	-	1,600	-
Current portion of compensated absences	154,000	12,000	166,000	-
Long-term debt, due within one year	550,554	524,166	1,074,720	-
Non-current liabilities:				
Non-current portion of compensated absences	198,946	17,115	216,061	-
Due in more than one year	10,854,926	4,793,809	15,648,735	-
Liabilities payable from restricted assets:				
Customer deposits	-	42,050	42,050	-
Total liabilities	<u>12,514,256</u>	<u>5,607,895</u>	<u>18,122,151</u>	<u>137,837</u>
Deferred Inflows of Resources:				
Prepaid taxes	75,246	-	75,246	-
Unavailable revenue	1,296,491	-	1,296,491	-
Total deferred inflows of resources	<u>1,371,737</u>	<u>-</u>	<u>1,371,737</u>	<u>-</u>
Net Position:				
Net investment in capital assets	3,625,390	8,432,463	12,057,853	88,391
Restricted for:				
Stabilization by State statute	1,811,614	-	1,811,614	-
Other purposes	277,706	-	277,706	234,162
Unrestricted	3,211,066	3,964,356	7,175,422	186,362
Total net position	<u>\$ 8,925,776</u>	<u>\$ 12,396,819</u>	<u>\$ 21,322,595</u>	<u>\$ 508,915</u>

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

PAMLICO COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

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	\$ 2,292,770	\$ 378,101	\$ 19,911	\$ 6,797
Public safety	5,641,390	1,572,585	116,080	33,163
Environmental protection	272,288	68,013	16,083	-
Economic and physical development	1,075,729	135,527	1,853,635	211,144
Human services	4,638,560	118,678	2,804,667	-
Cultural and recreation	518,434	8,337	-	-
Education	3,822,131	-	-	-
Interest on long-term debt	569,952	-	-	-
Total governmental activities	<u>18,831,254</u>	<u>2,281,241</u>	<u>4,810,376</u>	<u>251,104</u>
Business-Type Activities:				
Water Fund	<u>2,184,193</u>	<u>2,478,511</u>	<u>-</u>	<u>21,250</u>
Total primary government	<u>\$ 21,015,447</u>	<u>\$ 4,759,752</u>	<u>\$ 4,810,376</u>	<u>\$ 272,354</u>
Component Unit:				
ABC Board	<u>\$ 906,406</u>	<u>\$ 915,873</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
\$ (1,887,961)	\$ -	\$ (1,887,961)	
(3,919,562)	-	(3,919,562)	
(188,192)	-	(188,192)	
1,124,577	-	1,124,577	
(1,715,215)	-	(1,715,215)	
(510,097)	-	(510,097)	
(3,822,131)	-	(3,822,131)	
(569,952)	-	(569,952)	
(11,488,533)	-	(11,488,533)	
-	315,568	315,568	
(11,488,533)	315,568	(11,172,965)	
			\$ 9,467
10,894,546	-	10,894,546	-
1,834,454	-	1,834,454	-
722,431	-	722,431	-
7,373	2,336	9,709	533
13,458,804	2,336	13,461,140	533
1,970,271	317,904	2,288,175	10,000
6,955,505	12,078,915	19,034,420	498,915
\$ 8,925,776	\$ 12,396,819	\$ 21,322,595	\$ 508,915

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

PAMLICO COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	Major		Nonmajor	Total Governmental Funds
	General	Hazard Mitigation Grant Fund	Other Governmental Funds	
Assets:				
Cash and cash equivalents	\$ 6,305,562	\$ -	\$ 289,579	\$ 6,595,141
Taxes receivable, net	1,129,197	-	74,324	1,203,521
Accounts receivable, net	-	97,011	11,200	108,211
Due from other governments	1,601,751	-	-	1,601,751
Due from other funds	101,652	-	-	101,652
Prepaid items	93,550	-	2,720	96,270
Restricted cash and cash equivalents	-	1,296,491	120,364	1,416,855
Total assets	<u>\$ 9,231,712</u>	<u>\$ 1,393,502</u>	<u>\$ 498,187</u>	<u>\$ 11,123,401</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 558,244	\$ 8,966	\$ 23,507	\$ 590,717
Due to other funds	-	97,011	4,641	101,652
Prepaid fees	1,600	-	-	1,600
Total liabilities	<u>559,844</u>	<u>105,977</u>	<u>28,148</u>	<u>693,969</u>
Deferred Inflows of Resources:				
Property taxes receivable	1,129,197	-	74,324	1,203,521
Prepaid taxes	75,246	-	-	75,246
Unavailable revenues	-	1,296,491	-	1,296,491
Total deferred inflows of resources	<u>1,204,443</u>	<u>1,296,491</u>	<u>74,324</u>	<u>2,575,258</u>
Fund Balances:				
Non-spendable	93,550	-	2,720	96,270
Restricted:				
Stabilization by State statute	1,703,403	97,011	11,200	1,811,614
Public safety	-	-	247,579	247,579
Economic Development	-	-	17,773	17,773
Register of Deeds	-	-	12,354	12,354
Committed	-	-	120,364	120,364
Assigned	359,244	-	-	359,244
Unassigned	5,311,228	(105,977)	(16,275)	5,188,976
Total fund balances	<u>7,467,425</u>	<u>(8,966)</u>	<u>395,715</u>	<u>7,854,174</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,231,712</u>	<u>\$ 1,393,502</u>	<u>\$ 498,187</u>	<u>\$ 11,123,401</u>

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

PAMLICO COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances	\$ 7,854,174
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	11,328,895
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.	1,000
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.	460,125
Long-term liabilities, accrued interest, 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.	(11,921,939)
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>1,203,521</u>
Net position of governmental activities (Exhibit A)	<u>\$ 8,925,776</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, 2014

	Major		Nonmajor	Total Governmental Funds
	General	Hazard Mitigation Grant Fund	Other Governmental Funds	
Revenues:				
Ad valorem taxes	\$ 10,325,977	\$ -	\$ 615,133	\$ 10,941,110
Local option sales tax	1,834,454	-	-	1,834,454
Other taxes and licenses	609,191	-	113,240	722,431
Unrestricted intergovernmental	1,391,684	-	-	1,391,684
Restricted intergovernmental	3,201,048	1,251,070	729,964	5,182,082
Permits and fees	371,618	-	-	371,618
Sales and services	194,349	-	15,072	209,421
Investment earnings	7,361	-	12	7,373
Miscellaneous	173,044	-	11,059	184,103
Total revenues	<u>18,108,726</u>	<u>1,251,070</u>	<u>1,484,480</u>	<u>20,844,276</u>
Expenditures:				
Current:				
General government	2,143,718	-	310	2,144,028
Public safety	3,649,633	1,260,036	893,935	5,803,604
Environmental protection	250,894	-	-	250,894
Economic and physical development	446,387	-	625,063	1,071,450
Health and public assistance	4,518,413	-	-	4,518,413
Cultural and recreation	509,877	-	-	509,877
Education	3,822,131	-	-	3,822,131
Debt service:				
Principal repayments	557,138	-	-	557,138
Interest	314,414	-	-	314,414
Total expenditures	<u>16,212,605</u>	<u>1,260,036</u>	<u>1,519,308</u>	<u>18,991,949</u>
Revenues over (under) expenditures	<u>1,896,121</u>	<u>(8,966)</u>	<u>(34,828)</u>	<u>1,852,327</u>
Other Financing Sources (Uses):				
Transfers (out)	-	-	(8,024)	(8,024)
Transfers in	8,024	-	-	8,024
Long-term debt issued	103,500	-	-	103,500
Total other financing sources (uses)	<u>111,524</u>	<u>-</u>	<u>(8,024)</u>	<u>103,500</u>
Net change in fund balances	2,007,645	(8,966)	(42,852)	1,955,827
Fund Balances:				
Beginning of year - July 1	<u>5,459,780</u>	<u>-</u>	<u>438,567</u>	<u>5,898,347</u>
End of year - June 30	<u>\$ 7,467,425</u>	<u>\$ (8,966)</u>	<u>\$ 395,715</u>	<u>\$ 7,854,174</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, 2014**

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) \$ 1,955,827

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	(46,564)
Sales and services	3,813
Interest related to property taxes (general government)	(35,000)

Expenses related to accrued interest, 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. (275,516)

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. 433,973

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. (427,875)

Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities. (103,500)

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. 557,138

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 \$ 1,970,271

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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance from</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u> <u>Over/Under</u>
Revenues:				
Ad valorem taxes	\$ 9,820,840	\$ 9,834,942	\$ 10,325,977	\$ 491,035
Local option sales tax	1,750,889	1,750,889	1,834,454	83,565
Other taxes and licenses	315,202	315,202	609,191	293,989
Unrestricted intergovernmental	839,856	1,301,933	1,391,684	89,751
Restricted intergovernmental	2,589,993	3,161,398	3,201,048	39,650
Permits and fees	242,026	260,526	371,618	111,092
Sales and services	109,125	141,862	194,349	52,487
Investment earnings	10,000	10,000	7,361	(2,639)
Miscellaneous	-	8,010	173,044	165,034
Total revenues	<u>15,677,931</u>	<u>16,784,762</u>	<u>18,108,726</u>	<u>1,323,964</u>
Expenditures:				
Current:				
General government	2,100,723	2,300,841	2,143,718	157,123
Public safety	3,428,040	3,590,925	3,649,633	(58,708)
Environmental protection	239,448	257,435	250,894	6,541
Economic and physical development	502,267	527,770	446,387	81,383
Human services	4,432,194	5,254,305	4,518,413	735,892
Cultural and recreation	502,147	519,047	509,877	9,170
Education	3,822,131	3,822,131	3,822,131	-
Debt service:				
Principal repayments	290,190	557,138	557,138	-
Interest	581,362	314,414	314,414	-
Total expenditures	<u>15,898,502</u>	<u>17,144,006</u>	<u>16,212,605</u>	<u>931,401</u>
Revenues over (under) expenditures	<u>(220,571)</u>	<u>(359,244)</u>	<u>1,896,121</u>	<u>2,255,365</u>
Other Financing Sources (Uses):				
Transfers in	-	-	8,024	8,024
Long-term debt issued	-	-	103,500	103,500
Appropriated fund balance	<u>220,571</u>	<u>359,244</u>	<u>-</u>	<u>(359,244)</u>
Total other financing sources (uses)	<u>220,571</u>	<u>359,244</u>	<u>111,524</u>	<u>(247,720)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,007,645</u>	<u>\$ 2,007,645</u>
Fund Balance:				
Beginning of year - July 1			<u>5,459,780</u>	
End of year - June 30			<u>\$ 7,467,425</u>	

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

PAMLICO COUNTY, NORTH CAROLINA

**HAZARD MITIGATION GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance from Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Restricted intergovernmental	\$ 8,455,904	\$ 8,455,904	\$ 1,251,070	\$ (7,204,834)
Total revenues	<u>8,455,904</u>	<u>8,455,904</u>	<u>1,251,070</u>	<u>(7,204,834)</u>
Expenditures:				
Current:				
Economic and physical development	<u>8,455,904</u>	<u>8,455,904</u>	<u>1,260,036</u>	<u>7,195,868</u>
Total expenditures	<u>8,455,904</u>	<u>8,455,904</u>	<u>1,260,036</u>	<u>7,195,868</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(8,966)	<u>\$ (8,966)</u>
Fund Balance:				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ (8,966)</u>	

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

PAMLICO COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

	<u>Water Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,890,273
Trade receivables, net	336,753
Inventories	20,204
Restricted cash and cash equivalents	<u>42,050</u>
Total current assets	<u>4,289,280</u>
Non-current assets:	
Land, improvements, and construction in progress	966,987
Other capital assets, net of depreciation	<u>12,748,447</u>
Total non-current assets	<u>13,715,434</u>
Total assets	<u>18,004,714</u>
Liabilities and Net Position:	
Liabilities:	
Current liabilities:	
Accounts payable	218,755
Compensated absences payable - current	12,000
Current portion of long-term debt	524,166
Liabilities payable from restricted assets:	
Customer deposits	<u>42,050</u>
Total current liabilities	<u>796,971</u>
Non-current liabilities:	
Compensated absences payable - non-current	17,115
Non-current portion of long-term debt	4,758,805
Other post-employment benefits	<u>35,004</u>
Total non-current liabilities	<u>4,810,924</u>
Total liabilities	<u>5,607,895</u>
Net Position:	
Net investment in capital assets	8,432,463
Unrestricted	<u>3,964,356</u>
Total net position	<u>\$ 12,396,819</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, 2014

	<u>Water Fund</u>
Operating Revenues:	
Charges for services	\$ 2,200,506
Water taps	54,168
User fees	177,665
Other operating revenues	46,172
Total operating revenues	<u>2,478,511</u>
Operating Expenses:	
Water operations	1,515,083
Depreciation	637,075
Total operating expenses	<u>2,152,158</u>
Operating income (loss)	<u>326,353</u>
Non-Operating Revenues (Expenses):	
Restricted grants	21,250
Investment earnings	2,336
Interest and fees	(32,035)
Total non-operating revenues (expenses)	<u>(8,449)</u>
Change in net position	317,904
Net Position:	
Beginning of year - July 1	<u>12,078,915</u>
End of year - June 30	<u>\$ 12,396,819</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, 2014

	<u>Water Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 2,494,582
Cash paid for goods and services	(1,301,183)
Cash paid to employees for services	(7,801)
Net cash provided (used) by operating activities	<u>1,185,598</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(1,099,008)
Restricted grants	21,250
Proceeds from issuance of long-term debt	923,252
Principal paid on long-term debt	(648,870)
Interest and fees	(32,035)
Net cash provided (used) for capital and related financing activities	<u>(835,411)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>2,336</u>
Net increase (decrease) in cash and cash equivalents	352,523
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>3,579,800</u>
End of year - June 30	<u>\$ 3,932,323</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 326,353
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	637,075
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	13,736
(Increase) decrease in inventory	3,056
Increase (decrease) in accounts payable and accrued liabilities	210,844
Increase (decrease) in accrued expenses	(15,727)
Increase (decrease) in customer deposits	2,335
Increase (decrease) in accrued vacation pay	1,940
Increase (decrease) in OPEB payable	5,986
Net cash provided (used) by operating activities	<u>\$ 1,185,598</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, 2014

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 66,474
Accounts receivable	<u>192,057</u>
Total assets	<u>\$ 258,531</u>
Liabilities:	
Accounts payable	<u>\$ 258,531</u>
Total liabilities	<u>\$ 258,531</u>

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

This page left blank intentionally.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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, 2014

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, Hazard Mitigation Grant Fund and Water Fund are the major funds of the County for the year ended June 30, 2014.

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, 2014

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, 2014. 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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the 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.

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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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. The Hazard Mitigation Grant Fund is a major fund for fund financial statement reporting purposes.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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 Capital Reserve Fund, Minnesott Pressure Improvement Project, and Kershaw Water Treatment Plant Project 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 by \$1,245,504.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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 \$42,050 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 \$120,364 in the Reappraisal Fund are classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Unexpended grant proceeds in the Hazard Mitigation Grant Fund of \$1,296,491 is restricted until used for grant purposes. 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, 2014

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013. 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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

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

<u>Asset</u>	<u>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 Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then.

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has 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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

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, 2014**

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>Hazard Mitigation Grant 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)]	\$1,703,403	\$ 97,011	\$ 11,200
<i>Restricted for Public Safety - Emergency Telephone System</i> - portion of fund balance that is restricted by revenue source for Emergency Telephone System expenditures	-	-	247,579
<i>Restricted for Economic Development - 4-H</i> - portion of fund balance that is restricted by revenue source for 4-H	-	-	16,154
<i>Restricted for Economic Development - Electronic Management</i> - portion of fund balance that is restricted by revenue source for electronic management expenditures	-	-	1,619
<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	<u>-</u>	<u>-</u>	<u>12,354</u>
Total	<u>\$1,703,403</u>	<u>\$ 97,011</u>	<u>\$ 288,906</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, 2014, the County had \$120,364 committed fund balance.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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, 2014, the County had \$359,244 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	\$ 7,467,425
Less:	
Prepays	(93,550)
Stabilization by State statute	<u>(1,703,403)</u>
Fund balance available for appropriation	<u>\$ 5,670,472</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, 2014

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. Deficit in Fund Balance of Individual Funds

The County's Hazard Mitigation Grant Fund had deficit fund balance of \$8,966. The County's All Fire Districts Fund had deficit fund balance of \$14,150. The deficit fund balances will be eliminated with future revenues or transfers in from other funds.

B. Excess of Expenditures over Appropriations

Excess of expenditures over appropriations are in violation of State law. Violations as of June 30, 2014, are:

General Fund:

Tax Listing Supervisor	\$	16,040
Emergency Management		144,964
Animal Control		<u>1,726</u>
Total General Fund	\$	<u>162,730</u>

Special Revenue Funds:

All Fire Districts Fund	\$	<u>2,321</u>
-------------------------	----	--------------

The County plans closer monitoring of the expenditure process to assure adequate appropriations prior to incurring expenditures.

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

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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.

At June 30, 2014, the County's deposits had a carrying amount of \$625,772 and a bank balance of \$1,250,042. The County only has deposits in institutions that collateralize under the Pooling Method. Of the bank balance, \$270,085 was covered by federal depository insurance, and \$979,957 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, 2014, the County had \$11,383,834 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, 2014.

Property Tax – Use-Value Assessment On Certain Land

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

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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

Year Levied	Tax	Interest	Total
2011	\$ 362,229	\$ 118,715	\$ 480,944
2012	365,976	87,003	452,979
2013	482,850	71,254	554,104
2014	490,757	28,220	518,977
Total	\$ 1,701,812	\$ 305,192	\$ 2,007,004

Receivables

Receivables at Exhibit A at June 30, 2014 were as follows:

	Taxes	Accounts	Due from Other Governments	Total
Governmental Activities:				
Ad valorem taxes	\$ 1,479,197	\$ -	\$ -	\$ 1,479,197
Allowance for doubtful accounts	(350,000)	-	-	(350,000)
Ad valorem taxes, net	1,129,197	-	-	1,129,197
Fire district taxes	74,324	-	-	74,324
Local option sales tax	-	-	417,357	417,357
Sales tax refund	-	-	54,827	54,827
Other intergovernmental	-	99,182	1,129,567	1,228,749
Accrued interest, property taxes	-	1,000	-	1,000
Emergency Telephone System Fund	-	9,029	-	9,029
Total governmental activities	\$ 1,203,521	\$ 109,211	\$ 1,601,751	\$ 2,914,483
Business-Type Activities:				
Water	\$ -	\$ 373,618	\$ -	\$ 373,618
Allowance for doubtful accounts	-	(36,865)	-	(36,865)
Total business-type activities	\$ -	\$ 336,753	\$ -	\$ 336,753

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Note Receivable

The County also has recorded an amount due from Bay River Metropolitan Sewer District (BRMSD) for \$460,125 at June 30, 2014, 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.

Capital Assets

Governmental Capital Assets

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

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2014</u>
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 334,634	\$ -	\$ -	\$ 334,634
Construction in progress	-	9,500	-	9,500
Total non-depreciable capital assets	<u>334,634</u>	<u>9,500</u>	<u>-</u>	<u>344,134</u>
Depreciable Capital Assets:				
Buildings and improvements	12,355,277	121,920	-	12,477,197
Equipment and vehicles	<u>3,022,751</u>	<u>302,553</u>	<u>-</u>	<u>3,325,304</u>
Total depreciable capital assets	<u>15,378,028</u>	<u>424,473</u>	<u>-</u>	<u>15,802,501</u>
Less Accumulated Depreciation:				
Buildings and improvements	2,323,148	240,537	-	2,563,685
Equipment	<u>2,066,717</u>	<u>187,338</u>	<u>-</u>	<u>2,254,055</u>
Total accumulated depreciation	<u>4,389,865</u>	<u>\$ 427,875</u>	<u>\$ -</u>	<u>4,817,740</u>
Depreciable capital assets, net	<u>10,988,163</u>			<u>10,984,761</u>
Governmental activity capital assets, net	<u>\$ 11,322,797</u>			<u>\$ 11,328,895</u>

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

Governmental Activities:

General government	\$ 213,937
Public safety	89,854
Environmental protection	21,394
Economic and physical development	4,279
Human services	89,854
Cultural and recreation	<u>8,557</u>
Total	<u>\$ 427,875</u>

Proprietary Capital Assets

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

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2014</u>
Business-Type Activities:					
Water Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 70,286	\$ -	\$ -	\$ -	\$ 70,286
Construction in progress	<u>200,626</u>	<u>896,702</u>	<u>-</u>	<u>(200,627)</u>	<u>896,701</u>
Total non-depreciable capital assets	<u>270,912</u>	<u>896,702</u>	<u>-</u>	<u>(200,627)</u>	<u>966,987</u>
Depreciable Capital Assets:					
Buildings and improvements	7,155,435	-	-	-	7,155,435
Plant	8,841,301	202,306	-	200,627	9,244,234
Equipment and vehicles	<u>2,269,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,269,673</u>
Total depreciable capital assets	<u>18,266,409</u>	<u>202,306</u>	<u>-</u>	<u>200,627</u>	<u>18,669,342</u>
Less Accumulated Depreciation:					
Buildings and improvements	2,016,446	281,119	-	-	2,297,565
Plant	2,413,817	242,619	-	-	2,656,436
Equipment and vehicles	<u>853,557</u>	<u>113,337</u>	<u>-</u>	<u>-</u>	<u>966,894</u>
Total accumulated depreciation	<u>5,283,820</u>	<u>\$ 637,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,920,895</u>
Depreciable capital assets, net	<u>12,982,589</u>				<u>12,748,447</u>
Business-type capital assets, net	<u>\$ 13,253,501</u>				<u>\$ 13,715,434</u>

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Net Investment in Capital Assets

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 11,328,895	\$ 13,715,434
Total long-term debt	11,758,426	5,347,090
Compensated absences	(352,946)	(29,115)
Unfunded OPEB and LEO obligations	(616,092)	(35,004)
Bay River Sewer District debt (offset by long-term receivable)	(460,125)	-
Pamlico County Board of Education debt:		
High school cafeteria	<u>(2,625,758)</u>	<u>-</u>
Long-term debt related to capital assets	<u>7,703,505</u>	<u>5,282,971</u>
Net investment in capital assets	<u>\$ 3,625,390</u>	<u>\$ 8,432,463</u>

Construction Commitments

The County has active construction projects as of June 30, 2014. At year end, the County's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Kershaw Water Treatment Plant	\$ 744,839	\$ 301,161

B. Liabilities

Accounts Payable

<u>Type of Payable</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Trade payables	\$ 171,244	\$ 204,009	\$ 375,253
Salaries payable	180,896	14,746	195,642
Accrued expenses and withholdings	<u>238,577</u>	<u>-</u>	<u>238,577</u>
Total	<u>\$ 590,717</u>	<u>\$ 218,755</u>	<u>\$ 809,472</u>

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

C. Deferred Inflows of Resources

	Unavailable Revenues	Unearned Revenues
Prepaid taxes (General Fund)	\$ -	\$ 75,246
Taxes receivable, net (General Fund)	1,129,197	-
Taxes receivable, net (special revenue funds)	74,324	-
Unearned grant revenues (special revenue funds)	-	1,296,491
Total	\$ 1,203,521	\$ 1,371,737

D. Pension and Retirement Plans

Employee Retirement Systems

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 7.07% and 7.55%, 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, 2014, 2013, and 2012 were \$575,707, \$554,666, and \$645,368, respectively. The contributions made by the County equaled the required contributions for each year.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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, 2013, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits and terminated employees entitled to, but not yet receiving, benefits	-
Active plan members	11
Total	<u>11</u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

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

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

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, 2012 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, 2012 was 18 years.

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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	\$ 17,381
Interest on net pension obligation	5,069
Adjustment to annual required contribution	<u>(8,259)</u>
Annual pension costs	14,191
Employer contributions made for fiscal year ended June 30, 2014	<u>6,272</u>
Increase (decrease) in net pension obligation	7,919
Net pension obligation:	
Beginning of year - July 1	<u>101,371</u>
End of year - June 30	<u><u>\$ 109,290</u></u>

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 16,241	0.00%	\$ 85,442
2013	16,738	4.83%	101,371
2014	14,191	44.20%	109,290

Funded Status and Funding Progress. As of December 31, 2013, 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 \$135,263. The covered payroll (annual payroll of active employees covered by the plan) was \$483,802, and the ratio of the UAAL to the covered payroll was 27.96%. 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.

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

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 were \$33,746, which consisted of \$26,884 from the County and \$6,862 from the employees.

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, 2014 was \$73,886.

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, 2014, the County's required and actual contributions were \$1,207.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the Death Benefit 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 Benefit 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. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are not set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

For the fiscal year ended June 30, 2014, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

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

Other Post-Employment Benefits – Healthcare Benefits

Plan Description. In addition to providing pension benefits, the County provides healthcare benefits as a single-employer defined benefit plan for retirees of the County under the North Carolina Local Governmental Employees' Retirement System (System) or the North Carolina Law Enforcement Officers' Local Governmental Employees' Retirement System who have their last five years of continuous service with the County at the time of retirement. The County has elected to contribute 2.0% of the cost of retiree health insurance to the plan, for each year of service. The benefits are available until the retiree reaches their 65th birthday, or obtains Medicare, whichever comes first.

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014, the County made payments for post-retirement health benefit premiums of \$6,400. The County purchases healthcare coverage through private insurers. A separate report was not issued for the plan.

Membership of the plan consisted of the following at December 31, 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><u>138</u></u>	<u><u>14</u></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 \$18,430, or .38%, 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 \$12,030. 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, 2014**

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	17,873
Adjustments to annual required contribution	<u>(15,420)</u>
Annual OPEB cost (expense)	113,413
Contributions made	<u>(18,430)</u>
Increase (decrease) in net OPEB obligation	94,983
Net OPEB obligation:	
Beginning of year - July 1	<u>446,823</u>
End of year - June 30	<u>\$ 541,806</u>

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

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 112,450	24.11%	\$ 356,701
2013	112,918	20.19%	446,823
2014	113,413	16.25%	541,806

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, 2014

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.

E. 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, 2014:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Current</u> <u>Portion</u>
Governmental Activities:					
Installment note	\$ 10,690,876	\$ -	\$ (465,113)	\$ 10,225,763	\$ 439,382
Installment note serviced by Bay River Sewer Authority	552,150	-	(92,025)	460,125	92,025
Capital lease obligations	-	103,500	-	103,500	19,147
Compensated absences	337,859	169,403	(154,316)	352,946	154,000
Other post-employment benefits	417,805	106,265	(17,268)	506,802	-
Net pension obligation	101,371	14,191	(6,272)	109,290	-
Total governmental activities	<u>\$ 12,100,061</u>	<u>\$ 393,359</u>	<u>\$ (734,994)</u>	<u>\$ 11,758,426</u>	<u>\$ 704,554</u>
Business-Type Activities:					
Installment notes	\$ 5,008,589	\$ 923,252	\$ (648,870)	\$ 5,282,971	\$ 524,166
Compensated absences	27,175	14,118	(12,178)	29,115	12,000
Other post-employment benefits	29,018	7,148	(1,162)	35,004	-
Total business-type activities	<u>\$ 5,064,782</u>	<u>\$ 944,518</u>	<u>\$ (662,210)</u>	<u>\$ 5,347,090</u>	<u>\$ 536,166</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 FIFO basis.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Installment Notes Payable

Governmental Activities:

\$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	\$ 2,625,758
\$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	2,088,600
\$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>)	460,125
\$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>5,511,405</u>
Total installment notes payable	<u>\$ 10,685,888</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, 2014**

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 \$94,109, plus interest, final payment May 2023; secured by Southeast Water Tower	\$ 846,985
\$3,888,793 State Revolving Loan, issued March 2012, interest at 0.00%, payable in annual installments ranging from \$214,489 to \$192,212, final payment May 2032; secured by system assets	3,459,816
\$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	399,247
\$576,923 Kershaw Water Plant Refurbishing Loan, issued May 2014, interest at 0.00%, payable in annual installments of \$115,385, final payment April 2019; unsecured	<u>576,923</u>
Total	<u>\$ 5,282,971</u>

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

Governmental Activities:

Year Ending June 30	Principal	Interest	Total
2015	\$ 531,407	\$ 405,733	\$ 937,140
2016	532,765	389,661	922,426
2017	533,895	373,483	907,378
2018	535,141	357,190	892,331
2019	536,506	340,778	877,284
2020-2024	1,816,517	1,486,553	3,303,070
2025-2029	951,843	1,254,062	2,205,905
2030-2034	1,172,131	1,033,770	2,205,901
2035-2039	1,443,427	762,477	2,205,904
2040-2044	1,777,534	428,370	2,205,904
2045-2049	<u>854,722</u>	<u>61,026</u>	<u>915,748</u>
Total	<u>\$ 10,685,888</u>	<u>\$ 6,893,103</u>	<u>\$ 17,578,991</u>

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Business-Type Activities:

Proprietary Funds:

Year Ending June 30	Principal	Interest	Total
2015	\$ 524,166	\$ 27,388	\$ 551,554
2016	520,779	24,063	544,842
2017	517,324	19,391	536,715
2018	443,802	14,787	458,589
2019	401,704	11,632	413,336
2020-2024	1,337,500	23,260	1,360,760
2025-2029	961,060	-	961,060
2030-2034	<u>576,636</u>	<u>-</u>	<u>576,636</u>
Total	<u>\$ 5,282,971</u>	<u>\$ 120,521</u>	<u>\$ 5,403,492</u>

At June 30, 2014, the County had a legal debt margin of \$130,285,000.

F. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency. Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence, auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers compensation coverage up to the statutory limits. All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants and audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for worker's compensation. Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$498 million purchased through a group of commercial carriers through the multi-state public entity captive.

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

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

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.

G. Interfund Balances and Activities

Transfers

Transfers to/from other funds as of June 30, 2014 consist of the following

	Transfers		
	From	To	Purpose
Fund:			
General Fund	\$ -	\$ 8,024	
Special Revenue Fund	8,024	-	Operations for Emergency Telephone System
Total	<u>\$ 8,024</u>	<u>\$ 8,024</u>	

Due From/To Other Funds

Interfund balances as of June 30, 2014 consist of the following:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 101,652	\$ -
Hazard Mitigation Grant Fund	-	97,011
CDBG Scattered Sites Fund	-	4,641
Total	<u>\$ 101,652</u>	<u>\$ 101,652</u>

Amounts due to the General Fund from the Hazard Mitigation Grant Fund and CDBG Scattered Sites Fund are for cash flow and operating purposes.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

4. 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.

5. 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 \$16,250 to the Authority during the fiscal year ended June 30, 2014, 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, 2014. 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, 2014. Money received from the ABC Board designated for alcohol education is passed through to the Center. Complete financial statements for the Center can be obtained from the Center's administrative offices at 144 Community College Road, Ahoskie, North Carolina 27910.

The County, in conjunction with the State of North Carolina and the Pamlico County Community College trustees, participates in a joint venture to operate Pamlico County Community College. The County appoints four members of the twelve-member Board of Trustees of the Community College. The Community College is included as a component unit of the State of North Carolina. The County has an ongoing financial responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College's facilities. The County contributed \$547,993 to the Community College during the fiscal year ended June 30, 2014. 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, 2014. 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.

PAMLICO COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

6. Jointly Governed Organization

North Carolina's Eastern Region. The County was formerly a member of the North Carolina Eastern Region Development Commission. For the fiscal year ended June 30, 2014, the State Legislature dissolved this organization in order to reorganize the economic development efforts in a different manner. The County received a distribution of \$211,144 during the fiscal year ended June 30, 2014, which represented their portion of the motor vehicle tax collected in previous years and formerly used as a loan fund for the County. The County borrowed the balance of \$576,923 to be paid back over five years. Pamlico County has chosen not to join the successor not-for-profit organization, The Eastern Alliance, but has chosen to pursue economic development efforts in conjunction with entities located within the County.

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, 2014, 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.

On October 23, 1995, the Bay River Metropolitan Sewer District, the Town of Oriental, and Pamlico County entered into an interlocal agreement which provides, among other things, that the District will lease (and ultimately own) and operate the Town of Oriental Sewer System. The District will expand geographically to include the Town of Oriental, and the County will contribute certain loan and grant funds to a project for the construction of a regional sewer system in the County that the District will ultimately own and operate. This project was completed, and the assets were transferred to the sewer district during a prior fiscal year.

In conjunction with this agreement, the Town of Oriental transferred its sewer system to the County in exchange for the County assuming the Town's debt. The County subsequently leased the system to the District, whereby the system and 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, 2014, as the District assumed liability for payment of this loan, in accordance with the above mentioned inter-local agreement.

PAMLICO COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

7. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 10,306,491	\$ 5,766,180
NC Health Choice	258,246	81,467
Women, Infants, and Children	228,659	-
Temporary Assistance to Needy Families	51,292	7,200
Foster Care	9,365	3,436
Adoption Assistance	31,700	8,344
CWS Adoption Subsidy	-	23,586
F/C At Risk Maximization	-	356
SC/SA Domiciliary Care Payment	-	84,752
State Foster Home	-	2,945
Total	<u>\$ 10,885,753</u>	<u>\$ 5,978,266</u>

8. Component Unit Transactions

In the fiscal year 2014, the County and Pamlico County ABC Board, its component unit, reported the following transactions:

<u>Amount</u>	<u>Purpose</u>
\$ 28,729	Profit distribution
628	Rehabilitation funds
220	ABC Law Enforcement
<u>\$ 29,577</u>	

9. 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, 2014, these programs were subject to audit in accordance with the Single Audit Act of 1984, the State Single Audit Implementation Act, and the provisions of OMB Circular A-133. The amount, if any, of expenditures which may be disallowed by the granting agencies resulting from such an audit, cannot be determined at this time; although the County expects such amounts, if any, to be immaterial.

PAMLICO COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

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)
12/31/2013	\$ -	\$ 135,263	\$ 135,263	0.00%	\$ 483,802	27.96%
12/31/2012	-	124,940	124,940	0.00%	558,156	22.38%
12/31/2011	-	124,001	124,001	0.00%	617,646	20.08%
12/31/2010	-	120,174	120,174	0.00%	595,481	20.18%
12/31/2009	-	137,480	137,480	0.00%	572,360	24.02%
12/31/2008	-	107,690	107,690	0.00%	496,067	21.71%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2014	\$ 17,381	36.09%
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%

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	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	17 years
Asset valuation method	Market value
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, 2014

 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
2012	\$ 110,960	\$ 27,113	24.43%
2013	110,960	22,796	20.54%
2014	110,960	18,430	16.61%

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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over /Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 9,794,942	\$ 10,192,401	\$ 397,459	\$ 9,284,545
Penalties and interest	40,000	133,576	93,576	87,959
Total	9,834,942	10,325,977	491,035	9,372,504
Local Option Sales Taxes:				
Article 39 and 44	708,701	764,100	55,399	750,338
Article 40 - one-half of one percent	662,811	675,441	12,630	652,033
Article 42 - one-half of one percent	379,377	394,913	15,536	376,715
Total	1,750,889	1,834,454	83,565	1,779,086
Other Taxes and Licenses:				
Documentary stamps	75,000	67,563	(7,437)	74,464
Scrap wire disposal tax	14,820	20,294	5,474	15,915
White goods disposal tax	4,368	5,095	727	4,070
Medicaid hold harmless	202,464	498,102	295,638	475,538
Miscellaneous	18,550	18,137	(413)	17,731
Total	315,202	609,191	293,989	587,718
Unrestricted Intergovernmental:				
Beer and wine tax	68,000	63,887	(4,113)	76,333
Controlled substance tax	-	3,286	3,286	4,238
ABC tax distribution	8,200	3,160	(5,040)	6,438
School resource officer	40,000	44,836	4,836	42,854
Sheriff/jail fees	1,169,557	1,257,184	87,627	1,197,317
Facility fees	16,176	12,534	(3,642)	14,460
Sales tax refunds	-	6,797	6,797	-
Total	1,301,933	1,391,684	89,751	1,341,640
Restricted Intergovernmental:				
Health department grants	407,822	343,118	(64,704)	471,733
Social services State grants	2,212,045	2,197,560	(14,485)	2,113,835
Other State grants	209,851	341,214	131,363	242,923
Senior Center grants	113,573	117,553	3,980	99,662
Social Services federal grants	164,340	144,984	(19,356)	171,059
Other federal grants	53,767	56,619	2,852	61,379
Hurricane grants	-	-	-	185,936
Total	3,161,398	3,201,048	39,650	3,346,527

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over /Under	Actual
Permits and Fees:				
Building permits	125,676	192,443	66,767	140,952
Register of Deeds	60,000	55,524	(4,476)	58,377
Other permits and fees	74,850	123,651	48,801	84,489
Total	260,526	371,618	111,092	283,818
Sales and Services:				
Rent and concessions	5,800	11,012	5,212	9,067
Recreation revenue	8,000	8,337	337	9,100
Patient fees - Nursing Home and Health Department	40,061	47,024	6,963	38,522
Senior services fees	37,019	23,015	(14,004)	44,273
Other	50,982	104,961	53,979	67,603
Total	141,862	194,349	52,487	168,565
Investment Earnings	10,000	7,361	(2,639)	8,561
Miscellaneous	8,010	173,044	165,034	22,513
Total revenues	16,784,762	18,108,726	1,323,964	16,910,932
Expenditures:				
General Government:				
Administration:				
Governing body	467,227	410,165		330,608
County Manager	174,862	168,813		163,912
Personnel	135,601	124,140		147,758
Finance	302,560	289,211		295,143
Data processing	41,833	35,715		22,165
Total administration	1,122,083	1,028,044	94,039	959,586
Tax Listing Supervisor	469,620	485,660	(16,040)	423,581
Board of Elections	130,443	126,829	3,614	123,701
Register of Deeds	138,330	134,218	4,112	120,659
Public Buildings	535,365	463,967	71,398	359,889
Water Fund Administrative Reimbursement	(95,000)	(95,000)	-	(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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over /Under	2013
	Budget	Actual		Actual
Total general government	2,300,841	2,143,718	157,123	1,902,416
Public Safety:				
Sheriff:				
Sheriff	1,241,691	1,199,798		1,151,732
Criminal Justice Partnership	-	-		606
Jail	1,498,809	1,475,679		1,373,787
Dispatch	252,597	232,964		212,346
LEPC Grant	9,700	9,700		-
Medical examiner	7,500	5,900		4,300
Total sheriff	3,010,297	2,924,041	86,256	2,742,771
Emergency Management:				
Emergency management	112,496	259,644		78,346
Fire departments	68,492	66,308		66,308
Rescue squad	399,640	399,640		388,000
Total emergency management	580,628	725,592	(144,964)	532,654
Total public safety	3,590,925	3,649,633	(58,708)	3,275,425
Environmental Protection:				
General:				
Recycling	167,475	159,807		151,163
Landfill monitoring	10,445	9,846		9,946
Total general	177,920	169,653	8,267	161,109
Animal Control	79,515	81,241	(1,726)	75,606
Total environmental protection	257,435	250,894	6,541	236,715
Economic and Physical Development:				
Planning:				
Planning board	13,179	9,764		9,259
Planning department	68,085	44,715		13,472
Total planning	81,264	54,479	26,785	22,731
Soil Conservation:				
Soil conservation cost share	47,396	45,509		95,495
Soil conservation	42,243	31,327		32,983
Total soil conservation	89,639	76,836	12,803	128,478

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over /Under	Actual
Other:				
Inspections	168,131	164,349	3,782	154,910
Cooperative Extension	100,733	81,922	18,811	97,578
N.C. Division of Forest Resources	87,003	68,801	18,202	79,770
Hurricane Irene relief	1,000	-	1,000	254,463
Total other	356,867	315,072	41,795	586,721
Total economic and physical development	527,770	446,387	81,383	737,930
Human Services:				
Senior Center:				
Senior Center	112,032	98,545		101,690
Senior Services Title V	20,753	18,238		16,681
NRCOG health promotion	4,955	2,516		2,233
NRCOG nutrition	113,550	107,100		111,382
NRCOG legal	-	-		1,073
Small home repair	7,418	3,641		5,190
Senior Center operations	29,245	19,341		3,792
Seniors health insurance info program	6,623	4,177		4,425
Total senior center	294,576	253,558	41,018	246,466
General Health:				
Health Department	149,323	112,204		270,641
Bioterrorism	39,022	30,768		32,781
Tuberculosis control	47,328	39,759		28,414
Communicable disease	56,624	50,816		43,344
Immunization action plan	63,773	52,964		33,308
Primary care	91,803	85,416		67,035
Breast cervical cancer	35,474	25,225		23,070
Child health	58,950	33,652		33,267
Maternal health	58,763	31,577		37,854
Women preventative health	155,212	128,334		97,399
Health promotion	49,273	29,674		28,791
WIC client services	79,015	68,208		54,039
WIC nutrition	25,601	20,184		17,541
WIC breast feeding	8,521	3,858		4,341
Child services coordinator	29,855	22,930		28,651
WIC general administration	7,232	4,694		4,619
Wise women program	7,686	2,755		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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over /Under	2013
	Budget	Actual		Actual
Environmental health	247,407	188,297		142,723
Mosquito control	23,451	5,428		14,124
HIV/STD	21,201	18,323		19,235
Food and lodging	85,359	67,235		57,861
Total general health	1,340,873	1,022,301	318,572	1,044,601
East Carolina Behavioral Healthcare	38,118	36,991	1,127	33,934
Social Services:				
Department of Social Services	2,045,944	1,946,347		1,914,222
Chore State in home	1,400	-		694
Jobs program	7,000	879		6,120
Program integrity	68,559	62,265		50,619
Work First transportation	5,576	1,440		4,680
Medicaid transportation	105,000	103,587		108,726
Recipient payments AFDC/TANF	8,000	864		975
Links scholarship	5,000	1,279		-
Special Assistance aged/disabled	116,000	84,728		91,162
State foster care 50%	24,804	6,878		10,260
AFDC/TANF foster care 34% IV-E	117,412	19,528		108,566
Emergency foster care	2,500	2,095		2,407
Medicaid payment to State	1,000	-		-
Aid to the blind	1,700	1,111		1,115
Adoption assistance	16,000	13,784		13,346
Crisis intervention program	123,401	117,700		86,853
Carolina Power utility program	58,919	3,926		2,981
NRCOG chore services	66,869	61,219		60,096
Daycare	579,584	592,170		533,426
Transportation	63,254	56,002		39,868
Transportation - RGP Grant	55,222	48,102		44,622
Total social services	3,473,144	3,123,904	349,240	3,080,738
Veterans Services	18,683	13,555	5,128	15,369
Department of Juvenile Justice Partnership:				
DJJP - Juvenile Service Restitution	26,279	10,634		10,292
DJJP - Task Force Certification	332	35		171
DJJP - Intervention - delinquency	62,300	57,435		115,311
Total Department of Juvenile Justice Partnership	88,911	68,104	20,807	125,774

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over /Under	Actual
Total human services	5,254,305	4,518,413	735,892	4,546,882
Cultural and Recreation:				
Regional library	196,092	196,092		185,720
Recreation	322,955	313,785		299,565
Total cultural and recreation	519,047	509,877	9,170	485,285
Education:				
Pamlico County Board of Education:				
Capital	200,000	200,000		200,000
Current expense	3,074,138	3,074,138		2,984,600
Emergency repairs	-	-		61,329
Total Pamlico County Board of Education	3,274,138	3,274,138	-	3,245,929
Pamlico County Community College	547,993	547,993	-	532,033
Total education	3,822,131	3,822,131	-	3,777,962
Debt Service:				
Principal retirement	557,138	557,138		474,569
Interest and fees	314,414	314,414		410,883
Total debt service	871,552	871,552	-	885,452
Total expenditures	17,144,006	16,212,605	931,401	15,848,067
Revenues over (under) expenditures	(359,244)	1,896,121	2,255,365	1,062,865
Other Financing Sources (Uses):				
Transfers in	-	8,024	8,024	-
Long-term debt issued	-	103,500	103,500	-
Appropriated fund balance	359,244	-	(359,244)	-
Total other financing sources (uses)	359,244	111,524	(247,720)	-
Net change in fund balance	\$ -	2,007,645	\$ 2,007,645	1,062,865
Fund Balance:				
Beginning of year - July 1		5,459,780		4,396,915
End of year - June 30		\$ 7,467,425		\$ 5,459,780

PAMLICO COUNTY, NORTH CAROLINA

HAZARD MITIGATION GRANT FUND - MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 8,455,904	\$ 1,251,070	\$ (7,204,834)
Total revenues	<u>8,455,904</u>	<u>1,251,070</u>	<u>(7,204,834)</u>
Expenditures:			
Economic and physical development			
Soft costs	715,164	110,628	604,536
Acquisition	6,523,866	1,146,111	5,377,755
Administration	345,000	3,297	341,703
Clearance	861,374	-	861,374
Relocate	10,500	-	10,500
Total expenditures	<u>8,455,904</u>	<u>1,260,036</u>	<u>6,323,994</u>
Net change in fund balance	<u>\$ -</u>	(8,966)	<u>\$ (8,966)</u>
Fund Balance:			
Beginning of year - July 1		-	
End of year - June 30		<u>\$ (8,966)</u>	

PAMLICO COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014**

	All Fire Districts Fund	Reappraisal Fund	Emergency Telephone System Fund
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 6,628	\$ -	\$ 250,257
Accounts receivable, net	-	-	9,029
Taxes receivable, net	74,324	-	-
Prepaid items	-	-	-
Restricted cash and cash equivalents	-	120,364	-
Total assets	<u>\$ 80,952</u>	<u>\$ 120,364</u>	<u>\$ 259,286</u>
 Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 20,778	\$ -	\$ 2,678
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>20,778</u>	<u>-</u>	<u>2,678</u>
 Deferred Inflows of Resources:			
Property taxes receivable	<u>74,324</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>74,324</u>	<u>-</u>	<u>-</u>
 Fund Balances:			
Non-spendable	-	-	-
Restricted:			
Stabilization of State Statute	-	-	9,029
Other	-	-	247,579
Committed	-	120,364	-
Unassigned	<u>(14,150)</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>(14,150)</u>	<u>120,364</u>	<u>256,608</u>
 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 80,952</u>	<u>\$ 120,364</u>	<u>\$ 259,286</u>

Schedule 3

CDBG Scattered Sites Fund	Register of Deeds Enhancement Preservation Fund	4-H Fund	Electronic Management Fund	Total
\$ 2,516	\$ 12,354	\$ 16,205	\$ 1,619	\$ 289,579
2,171	-	-	-	11,200
-	-	-	-	74,324
-	-	2,720	-	2,720
-	-	-	-	120,364
<u>\$ 4,687</u>	<u>\$ 12,354</u>	<u>\$ 18,925</u>	<u>\$ 1,619</u>	<u>\$ 498,187</u>
\$ -	\$ -	\$ 51	\$ -	\$ 23,507
4,641	-	-	-	4,641
<u>4,641</u>	<u>-</u>	<u>51</u>	<u>-</u>	<u>28,148</u>
-	-	-	-	74,324
-	-	-	-	74,324
-	-	2,720	-	2,720
2,171	-	-	-	11,200
-	12,354	16,154	1,619	277,706
-	-	-	-	120,364
(2,125)	-	-	-	(16,275)
<u>46</u>	<u>12,354</u>	<u>18,874</u>	<u>1,619</u>	<u>395,715</u>
<u>\$ 4,687</u>	<u>\$ 12,354</u>	<u>\$ 18,925</u>	<u>\$ 1,619</u>	<u>\$ 498,187</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, 2014**

	<u>All Fire Districts Fund</u>	<u>Reappraisal Fund</u>	<u>Emergency Telephone System Fund</u>
Revenues:			
Ad valorem taxes	\$ 571,862	\$ 43,271	\$ -
Restricted intergovernmental	-	-	127,399
Other taxes and licenses	106,216	-	-
Sales and services	-	-	-
Investment earnings	-	10	-
Miscellaneous	-	-	-
Total revenues	<u>678,078</u>	<u>43,281</u>	<u>127,399</u>
Expenditures:			
Current:			
General government	-	310	-
Public safety	697,833	-	196,102
Economic and physical development	-	-	-
Total expenditures	<u>697,833</u>	<u>310</u>	<u>196,102</u>
Revenues over (under) expenditures	<u>(19,755)</u>	<u>42,971</u>	<u>(68,703)</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds	-	-	(8,024)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(8,024)</u>
Net change in fund balances	(19,755)	42,971	(76,727)
Fund Balances:			
Beginning of year - July 1	<u>5,605</u>	<u>77,393</u>	<u>333,335</u>
End of year - June 30	<u>\$ (14,150)</u>	<u>\$ 120,364</u>	<u>\$ 256,608</u>

Schedule 4

CDBG Scattered Sites Fund	Register of Deeds Enhancement Preservation Fund	4-H Fund	Electronic Management Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 615,133
602,565	-	-	-	729,964
-	7,024	-	-	113,240
-	-	15,072	-	15,072
-	-	2	-	12
-	-	10,186	873	11,059
<u>602,565</u>	<u>7,024</u>	<u>25,260</u>	<u>873</u>	<u>1,484,480</u>
-	-	-	-	310
-	-	-	-	893,935
<u>602,519</u>	<u>5,458</u>	<u>17,086</u>	<u>-</u>	<u>625,063</u>
<u>602,519</u>	<u>5,458</u>	<u>17,086</u>	<u>-</u>	<u>1,519,308</u>
<u>46</u>	<u>1,566</u>	<u>8,174</u>	<u>873</u>	<u>(34,828)</u>
-	-	-	-	(8,024)
-	-	-	-	(8,024)
46	1,566	8,174	873	(42,852)
-	10,788	10,700	746	438,567
<u>\$ 46</u>	<u>\$ 12,354</u>	<u>\$ 18,874</u>	<u>\$ 1,619</u>	<u>\$ 395,715</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, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 582,460	\$ 571,862	\$ (10,598)
Other taxes	<u>113,052</u>	<u>106,216</u>	<u>(6,836)</u>
Total revenues	<u>695,512</u>	<u>678,078</u>	<u>(17,434)</u>
Expenditures:			
Public safety	<u>695,512</u>	<u>697,833</u>	<u>(2,321)</u>
Total expenditures	<u>695,512</u>	<u>697,833</u>	<u>(2,321)</u>
Net change in fund balance	<u>\$ -</u>	(19,755)	<u>\$ (19,755)</u>
Fund Balance:			
Beginning of year - July 1		<u>5,605</u>	
End of year - June 30		<u>\$ (14,150)</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, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 42,000	\$ 43,271	\$ 1,271
Investment earnings	35	10	(25)
Total revenues	<u>42,035</u>	<u>43,281</u>	<u>1,246</u>
Expenditures:			
General government	<u>42,035</u>	<u>310</u>	<u>41,725</u>
Total expenditures	<u>42,035</u>	<u>310</u>	<u>41,725</u>
Net change in fund balance	<u>\$ -</u>	42,971	<u>\$ 42,971</u>
Fund Balance:			
Beginning of year - July 1		<u>77,393</u>	
End of year - June 30		<u>\$ 120,364</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, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 108,346	\$ 127,399	\$ 19,053
Total revenues	<u>108,346</u>	<u>127,399</u>	<u>19,053</u>
Expenditures:			
FICA expense	160	397	(237)
Medicare expense	100	93	7
Retirement expense	500	540	(40)
Group expense	2,500	4,370	(1,870)
Contracted services	75,287	74,687	600
Travel	-	534	(534)
Maintenance and repairs - equipment	4,500	3,241	1,259
Capital outlay	123,425	104,979	18,446
Technical/administrative cost	<u>5,000</u>	<u>7,261</u>	<u>(2,261)</u>
Total expenditures	<u>211,472</u>	<u>196,102</u>	<u>15,370</u>
Revenues over (under) expenditures	<u>(103,126)</u>	<u>(68,703)</u>	<u>34,423</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds	(8,024)	(8,024)	-
Appropriated fund balance	<u>111,150</u>	<u>-</u>	<u>(111,150)</u>
Total other financing sources (uses)	<u>103,126</u>	<u>(8,024)</u>	<u>(111,150)</u>
Net change in fund balance	<u>\$ -</u>	<u>(76,727)</u>	<u>\$ (76,727)</u>
Fund Balance:			
Beginning of year - July 1		<u>333,335</u>	
End of year - June 30		<u>\$ 256,608</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, 2014

	<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	\$ 159,993	\$ 421,630	\$ 581,623
CDBG SS 09-C-2001	400,000	399,419	-	399,419
CDBG SS Contingency 05-D-2162	85,000	84,378	-	84,378
CDBG-ER SS 10-C-2156	500,000	219,886	169,022	388,908
CDBG SS 12-C-2437	225,000	-	11,913	11,913
Total revenues	<u>2,010,000</u>	<u>863,676</u>	<u>602,565</u>	<u>1,466,241</u>
Expenditures:				
Economic and physical development:				
CDBG SS 09-C-2074:				
Clearance	60,000	13,540	45,821	59,361
Relocation	598,000	108,171	328,718	436,889
Rehabilitation	62,000	-	17,993	17,993
Administration	80,000	38,282	29,098	67,380
Total CDBG SS 09-C-2074 expenditures	<u>800,000</u>	<u>159,993</u>	<u>421,630</u>	<u>581,623</u>
CDBG SS 09-C-2001:				
Clearance	43,500	43,168	-	43,168
Relocation	316,500	316,500	-	316,500
Administration	40,000	39,751	-	39,751
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	8,500	8,499	-	8,499
Total CDBG SS Contingency 05-D-2162 expenditures	<u>85,000</u>	<u>84,378</u>	<u>-</u>	<u>84,378</u>
CDBG-ER SS 10-C-2156:				
Clearance	36,000	16,777	17,370	34,147
Relocation	16,000	1,350	1,600	2,950
Reconstruction	398,000	180,574	142,302	322,876
Administration	50,000	21,185	7,751	28,936
Total CDBG-ER SS 10-C-2156 expenditures	<u>500,000</u>	<u>219,886</u>	<u>169,023</u>	<u>388,909</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, 2014

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
CDBG SS 12-C-2437:				
Clearance	14,500	-	-	-
Rehabilitation	188,000	-	4,371	4,371
Administration	22,500	-	7,495	7,495
Total CDBG SS 12-C-2437 expenditures	<u>225,000</u>	<u>-</u>	<u>11,866</u>	<u>11,866</u>
Total expenditures	<u>2,010,000</u>	<u>863,676</u>	<u>602,519</u>	<u>1,466,195</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	46	<u>\$ 46</u>
Fund Balance:				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ 46</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, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes and licenses	\$ 7,000	\$ 7,024	\$ 24
Total revenues	<u>7,000</u>	<u>7,024</u>	<u>24</u>
Expenditures:			
Economic and physical development	<u>8,317</u>	<u>5,458</u>	<u>2,859</u>
Total expenditures	<u>8,317</u>	<u>5,458</u>	<u>2,859</u>
Revenues over (under) expenditures	(1,317)	1,566	2,883
Other Financing Sources (Uses):			
Appropriated fund balance	<u>1,317</u>	<u>-</u>	<u>(1,317)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,566</u>	<u>\$ 1,566</u>
Fund Balance:			
Beginning of year - July 1		<u>10,788</u>	
End of year - June 30		<u>\$ 12,354</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, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Sales and services	\$ 5,000	\$ 15,072	\$ 10,072
Investment earnings	-	2	2
Miscellaneous	<u>11,500</u>	<u>10,186</u>	<u>(1,314)</u>
Total revenues	<u>16,500</u>	<u>25,260</u>	<u>8,760</u>
Expenditures:			
Economic and physical development	<u>21,900</u>	<u>17,086</u>	<u>4,814</u>
Total expenditures	<u>21,900</u>	<u>17,086</u>	<u>4,814</u>
Revenues over (under) expenditures	<u>(5,400)</u>	<u>8,174</u>	<u>13,574</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>5,400</u>	<u>-</u>	<u>(5,400)</u>
Total other financing sources (uses)	<u>5,400</u>	<u>-</u>	<u>(5,400)</u>
Net change in fund balance	<u>\$ -</u>	<u>8,174</u>	<u>\$ 8,174</u>
Fund Balance:			
Beginning of year - July 1		<u>10,700</u>	
End of year - June 30		<u>\$ 18,874</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, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Miscellaneous	\$ -	\$ 873	\$ 873
Total revenues	<u>-</u>	<u>873</u>	<u>873</u>
 Net change in fund balance	 <u>\$ -</u>	 873	 <u>\$ 873</u>
 Fund Balance:			
Beginning of year - July 1		<u>746</u>	
 End of year - June 30		 <u>\$ 1,619</u>	

PAMLICO COUNTY, NORTH CAROLINA

**WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services	\$ 2,195,494	\$ 2,200,506	\$ 5,012
Taps and connect fees	35,000	54,168	19,168
Other operating revenue	<u>282,140</u>	<u>46,172</u>	<u>(235,968)</u>
Total operating revenues	<u>2,512,634</u>	<u>2,300,846</u>	<u>(211,788)</u>
Non-operating revenues:			
Restricted grants	<u>20,000</u>	<u>21,250</u>	<u>1,250</u>
Total non-operating revenues	<u>20,000</u>	<u>21,250</u>	<u>1,250</u>
Total revenues	<u>2,532,634</u>	<u>2,322,096</u>	<u>(210,538)</u>
Expenditures:			
Personnel services	564,418	572,180	
Contractual services	511,236	333,892	
Operating expenses	556,251	569,540	
Utilities	7,240	7,290	
Printing and binding	500	258	
Maintenance and repair	26,154	23,997	
Capital outlay	269,984	68,984	
Debt service - principal	650,000	648,870	
Debt service - interest	<u>33,035</u>	<u>32,035</u>	
Total expenditures	<u>2,618,818</u>	<u>2,257,046</u>	<u>361,772</u>
Revenues over (under) expenditures	<u>(86,184)</u>	<u>65,050</u>	<u>151,234</u>
Other Financing Sources (Uses):			
Transfer from Water Capital Reserve Fund	86,184	-	(86,184)
Transfer to Minnesott Pressure Improvement Project	<u>-</u>	<u>(213,006)</u>	<u>(213,006)</u>
Total other financing sources (uses)	<u>86,184</u>	<u>(213,006)</u>	<u>(299,190)</u>

PAMLICO COUNTY, NORTH CAROLINA

**WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(147,956)	\$ (147,956)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Reconciling items:			
Capital reserve revenues		180,001	
Transfer to Minnesott Pressure Improvement Project		213,006	
Capital outlay		68,984	
Depreciation		(637,075)	
Change in accrued vacation		(1,940)	
Change in OPEB payable		(5,986)	
Debt service - principal		<u>648,870</u>	
Change in net position		<u>\$ 317,904</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, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
User fees		\$ 177,665	
Total revenues	\$ 170,000	<u>177,665</u>	\$ 7,665
Non-operating revenues:			
Interest on investments	<u>2,500</u>	<u>2,336</u>	<u>(164)</u>
Total revenues	<u>172,500</u>	<u>180,001</u>	<u>7,501</u>
Other Financing Sources (Uses):			
Intrafund transfers (to) from	(459,262)	(373,077)	86,185
Appropriated fund balance	<u>286,762</u>	<u>-</u>	<u>(286,762)</u>
Total other financing sources (uses)	<u>(172,500)</u>	<u>(373,077)</u>	<u>(200,577)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (193,076)</u>	<u>\$ (193,076)</u>

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, 2014

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
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	-	37,302	-	37,302	37,302
Expenditures:					
Economic and physical development:					
Construction costs	4,702,421	3,446,091	133,322	3,579,413	1,123,008
Professional fees	-	2,743	-	2,743	(2,743)
Debt service:					
Interest and fees	77,786	93,670	-	93,670	(15,884)
Total expenditures	4,780,207	3,542,504	133,322	3,675,826	1,104,381
Revenues over (under) expenditures	(4,780,207)	(3,505,202)	(133,322)	(3,638,524)	1,141,683
Other Financing Sources (Uses):					
Intrafund transfers (to) from	487,849	-	213,006	213,006	(274,843)
Refinancing of interim loan	(4,000,000)	(4,000,000)	-	(4,000,000)	-
Long-term debt issued	8,292,358	7,542,464	346,329	7,888,793	(403,565)
Total other financing sources (uses)	4,780,207	3,542,464	559,335	4,101,799	(678,408)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 37,262	\$ 426,013	\$ 463,275	\$ 463,275

PAMLICO COUNTY, NORTH CAROLINA

**KERSHAW WATER TREATMENT PLANT PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project</u>	<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Over/Under</u>
		<u>Years</u>	<u>Year</u>	<u>Date</u>	
Expenditures:					
Economic and physical development:					
Construction costs	\$ 948,700	\$ -	\$ 895,483	\$ 895,483	\$ 53,217
Professional fees	1,300	-	1,219	1,219	81
Total expenditures	<u>950,000</u>	<u>-</u>	<u>896,702</u>	<u>896,702</u>	<u>53,298</u>
Revenues over (under) expenditures	<u>(950,000)</u>	<u>-</u>	<u>(896,702)</u>	<u>(896,702)</u>	<u>53,298</u>
Other Financing Sources (Uses):					
Intrafund transfers (to) from	373,077	-	373,077	373,077	-
Long-term debt issued	576,923	-	576,923	576,923	-
Total other financing sources (uses)	<u>950,000</u>	<u>-</u>	<u>950,000</u>	<u>950,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,298</u>	<u>\$ 53,298</u>	<u>\$ 53,298</u>

PAMLICO COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Social Services:				
Assets:				
Cash and cash equivalents	\$ 19,650	\$ 225,168	\$ 212,371	\$ 32,447
Liabilities:				
Accounts payable	\$ 19,650	\$ 225,168	\$ 212,371	\$ 32,447
North Carolina DMV:				
Assets:				
Cash and cash equivalents	\$ 454	\$ -	\$ 454	\$ -
Liabilities:				
Intergovernmental payable	\$ 454	\$ -	\$ 454	\$ -
Jail Inmate Trust:				
Assets:				
Cash and cash equivalents	\$ 1,399	\$ 151,530	\$ 138,124	\$ 14,805
Liabilities:				
Accounts payable	\$ 1,399	\$ 151,530	\$ 138,124	\$ 14,805
Bay River Metropolitan Sewer District:				
Assets:				
Cash and cash equivalents	\$ 29,711	\$ 1,220,011	\$ 1,230,500	\$ 19,222
Accounts receivable	240,876	1,171,192	(1,220,011)	192,057
Total assets	<u>\$ 270,587</u>	<u>\$ 2,391,203</u>	<u>\$ 10,489</u>	<u>\$ 211,279</u>
Liabilities:				
Accounts payable	\$ 270,587	\$ 1,171,192	\$ (1,230,500)	\$ 211,279
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 51,214	\$ 1,596,709	\$ 1,581,449	\$ 66,474
Accounts receivable	240,876	1,171,192	(1,220,011)	192,057
Total assets	<u>\$ 292,090</u>	<u>\$ 2,767,901</u>	<u>\$ 361,438</u>	<u>\$ 258,531</u>
Liabilities:				
Accounts payable	\$ 291,636	\$ 1,547,890	\$ (880,005)	\$ 258,531
Intergovernmental payable	454	-	454	-
Total liabilities	<u>\$ 292,090</u>	<u>\$ 1,547,890</u>	<u>\$ (879,551)</u>	<u>\$ 258,531</u>

PAMLICO COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2014

Fiscal Year	Uncollected Balance July 1, 2013	Additions	Collections and Credits	Uncollected Balance June 30, 2014
2013-2014	\$ -	\$ 10,187,916	\$ 9,659,680	\$ 528,236
2012-2013	641,678	2,797	365,370	279,105
2011-2012	228,653	-	74,716	153,937
2010-2011	173,220	-	43,382	129,838
2009-2010	121,509	-	27,460	94,049
2008-2009	97,151	-	12,997	84,154
2007-2008	72,820	-	7,943	64,877
2006-2007	54,141	-	2,696	51,445
2005-2006	61,318	-	2,276	59,042
2004-2005	36,330	-	1,816	34,514
2003-2004	38,941	-	38,941	-
Total	\$ 1,525,761	\$ 10,190,713	\$ 10,237,277	1,479,197
Less: Allowance for uncollectible accounts				<u>(350,000)</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 1,129,197</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 10,325,977
Ad valorem taxes - reappraisal				43,271
Reconciling items:				
Interest and penalties collected				(133,576)
Tax garnishment fees collected				(25,182)
Abatements and credits for prior year taxes				13,348
Taxes written off due to statute of limitations				38,941
Miscellaneous adjustments				<u>(25,502)</u>
Total collections and credits				<u>\$ 10,237,277</u>

PAMLICO COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2014

	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	\$ 1,490,333,280	\$ 0.6250	\$ 9,314,583	\$ 9,314,583	\$ -
Less: Senior Citizen exemption	(17,227,360)	0.6250	(107,671)	(107,671)	-
Registered motor vehicles	124,974,240	0.6250	781,089	-	781,089
Public utilities	34,742,080	0.6250	217,138	217,138	-
Penalties	-		9,349	9,349	-
Total original levy	<u>1,632,822,240</u>		<u>10,214,488</u>	<u>9,433,399</u>	<u>781,089</u>
Discoveries:					
Current year taxes	<u>1,131,520</u>	0.6250	<u>7,072</u>	<u>4,842</u>	<u>2,230</u>
Abatements:					
Current year taxes	<u>(5,383,040)</u>	0.6250	<u>(33,644)</u>	<u>(25,097)</u>	<u>(8,547)</u>
Total property valuation	<u>\$ 1,628,570,720</u>				
Net Levy			10,187,916	9,413,144	774,772
Uncollected taxes at June 30, 2014			<u>528,236</u>	<u>488,815</u>	<u>39,421</u>
Current Year's Taxes Collected			<u>\$ 9,659,680</u>	<u>\$ 8,924,329</u>	<u>\$ 735,351</u>
Current Levy Collection Percentage			<u>94.82%</u>	<u>94.81%</u>	<u>94.91%</u>

PAMLICO COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2014**

Secondary Market Disclosures:

Assessed Valuation:

Assessment ratio	100%
Real property	\$ 1,412,489,974
Personal property	181,338,666
Public service companies	<u>34,742,080</u>
Total assessed valuation	<u>\$ 1,628,570,720</u>
Tax rate per \$100	<u>\$ 0.6250</u>
Levy (includes discoveries, releases, and abatements)	<u>\$ 10,187,916</u>

PAMLICO COUNTY, NORTH CAROLINA

TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Weyerhaeuser Co.	Timber Land	\$ 23,443,143	1.44%
River Dunes Investment	Real Estate Developer	16,199,463	0.99%
Burton Farm Development	Real Estate Developer	15,712,163	0.96%
Reserveco Inc.	Real Estate Developer	10,063,288	0.62%
River Dunes Land Holdings LLC	Real Estate Developer	6,952,459	0.43%
RR Dec North III LLC	Real Estate Developer	5,157,730	0.32%
DC INV, LLC	Real Estate Developer	4,143,327	0.25%
McCotter Farm LLC	Agriculture	4,097,532	0.25%
Don Lee Farms Inc.	Agriculture	3,274,241	0.20%
Neil Realty Company	Real Estate Developer	<u>3,200,998</u>	<u>0.20%</u>
Total		<u>\$ 92,244,344</u>	<u>5.66%</u>

This page left blank intentionally.