

PENDER COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2011

PENDER COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICERS
June 30, 2011

BOARD OF COUNTY COMMISSIONERS

George Brown - Chairman
Jimmy Tate- Vice-Chairman

Chester Ward
James David Williams, Jr.
F. D. Rivenbark

COUNTY MANAGER
Rick Benton

FINANCE OFFICER
David McCole

PENDER COUNTY, NORTH CAROLINA
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FINANCIAL SECTION

Thompson, Price, Scott, Adams & Co., P.A.

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Independent Auditors' Report

To the Board of County Commissioners
Pender County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pender County, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise Pender County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pender County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pender County ABC Board. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for Pender County ABC Board, is based on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Pender County ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pender County, North Carolina, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2011 on our consideration of Pender County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Pender County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements, budgetary schedules, other schedules and the accompanying schedule of expenditures of federal and State awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinion on them.



Thompson, Price, Scott, Adams & Co., P.A.
November 17, 2011

Management's Discussion and Analysis

As management of Pender County, we offer readers of Pender County's financial statements this narrative overview and analysis of the financial activities of Pender County for the fiscal year ended June 30, 2011. We encourage readers to read 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

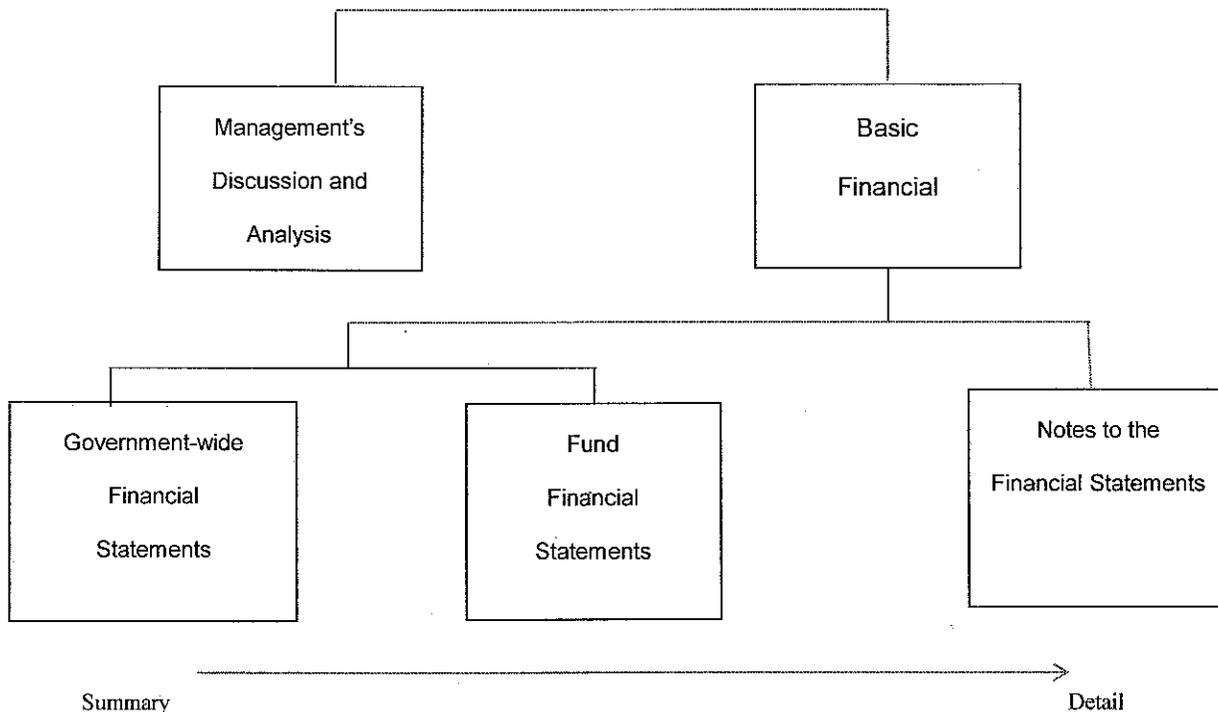
- The assets of Pender County exceeded its liabilities at the close of the fiscal year by \$21,591,283 (net assets).
- The government's total net assets increased by \$704,106 during the fiscal year. Of this amount, \$489,870 was from governmental sources, and business-type funds produced the remainder increase of \$214,236.
- As of the close of the current fiscal year, Pender County's governmental funds reported combined ending fund balances of \$40,042,877, a decrease of \$3,332,133 in comparison with the prior year. Approximately 34.76% of this total amount, or \$13,919,539, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14,000,081, or 32.70% of total general fund expenditures for the fiscal year.
- Pender County's total debt increased \$21,757,893 (25.05%) during the current fiscal year. Primarily due to the \$24,866,000 in bond anticipation notes issued for water and sewer improvements during the year, and \$4,985,000 of general obligation advance refunding bonds during the year, offset by principal payments.
- Pender County received an Aa2 rating from Moody's Investors and it's A+ rating from Standard and Poor's rating services bond rating.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Pender County's basic financial statements. The 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 (see 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 Pender County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide 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 fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can 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, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gage the County's financial condition.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Pender County. The final category is the component units. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on Exhibits 1 and 2 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. Pender County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Pender 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*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Pender 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 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.

Proprietary Funds – Pender County has one kind of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Pender County uses enterprise funds to account for its water and sewer activity and for its landfill operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Pender County has seven fiduciary funds, all of which are agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start after Exhibit 9.

Other Information -- In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Pender County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning at Exhibit A-1, directly after the notes.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Pender County exceeded liabilities by \$21,591,283 as of June 30, 2011. The County's net assets increased by \$704,106 for the fiscal year ended June 30, 2011. Net assets are reported in three categories: invested in capital assets, net of related debt of \$47,676,758, restricted net assets of \$14,112,026, and unrestricted net assets (deficit) of (\$40,197,501).

The invested in capital assets, net of related debt, category is defined as the County's investment in County owned capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Pender County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Pender County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Another category of net assets is restricted net assets. This represents resources that are subject to external restrictions on how they may be used.

The final category of net assets is unrestricted net assets. This balance may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net assets (deficit) totaled (\$40,197,501) at June 30, 2011. This deficit is a result of the situation described in the following paragraph.

Under North Carolina law, the County is responsible for providing capital funding for the schools. The County has chosen to meet its obligation to provide the schools capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the schools. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$61.1 million of the outstanding debt on the County's financial statements was related to assets included in the public schools financial statements.

However, since the majority of this schools related debt is general obligation debt, it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate and amount, as may be necessary to pay the debt service on its general obligation bonds.

Pender County's Net Assets
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 45,926,620	\$ 50,329,090	\$ (397,861)	\$ 1,255,508	\$ 45,528,759	\$ 51,584,598
Restricted Cash	30,429	-	12,697,707	2,153,997	12,728,136	2,153,997
Capital assets	29,146,637	27,248,222	53,131,357	36,290,290	82,277,994	63,538,512
Total assets	\$ 75,103,686	\$ 77,577,312	\$ 65,431,203	\$ 39,699,795	\$ 140,534,889	\$ 117,277,107
Long-term liabilities	\$ 63,359,716	\$ 65,323,195	\$ 23,787,307	\$ 21,317,726	\$ 87,147,023	\$ 86,640,921
Other liabilities	7,545,754	8,545,771	24,250,829	1,203,238	31,796,583	9,749,009
Total liabilities	\$ 70,905,470	\$ 73,868,966	\$ 48,038,136	\$ 22,520,964	\$ 118,943,606	\$ 96,389,930
Net assets:						
Invested in capital assets, net of related debt	\$ 27,901,841	\$ 25,627,438	\$ 19,774,917	\$ 16,967,783	\$ 47,676,758	\$ 42,595,221
Restricted	14,112,026	-	-	-	14,112,026	-
Unrestricted	(37,815,651)	(21,919,092)	(2,381,850)	211,048	(40,197,501)	(21,708,044)
Total net assets	\$ 4,198,216	\$ 3,708,346	\$ 17,393,067	\$ 17,178,831	\$ 21,591,283	\$ 20,887,177

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Several particular aspects of the County's financial operations influenced the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 95.41%, which is a slight decrease under the previous year's rate of 95.88%. However, this rate is lower than the statewide average of 97.05%.
- Increased charges for services revenue due to increased use and consumption by customers and citizens.
- Continued low cost of debt due to the County's high bond rating.

Pender County Changes in Net Assets
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 1,743,472	\$ 1,284,204	\$ 6,820,739	\$ 6,443,919	\$ 8,564,211	\$ 7,728,123
Operating grants and contributions	8,838,991	8,791,630	1,519,896	1,351,050	10,358,887	10,142,680
Capital grants and contributions	3,305,525	2,768,339	396,115	-	3,701,640	2,768,339
General revenues:						
Property taxes	37,085,034	36,490,528	-	-	37,085,034	36,490,528
Other taxes	7,181,968	7,596,799	-	-	7,181,968	7,596,799
Grants and contributions not restricted to specific programs	643,926	581,263	-	-	643,926	581,263
Other	609,544	267,146	74,686	8,999	684,230	276,145
Total revenues	59,408,460	57,779,909	8,811,436	7,803,968	68,219,896	65,583,877
Expenses:						
General government	6,381,023	6,033,866	-	-	6,381,023	6,033,866
Public safety	12,978,203	13,910,549	-	-	12,978,203	13,910,549
Economic and physical development	2,119,335	2,645,306	-	-	2,119,335	2,645,306
Human services	14,482,344	14,283,523	-	-	14,482,344	14,283,523
Cultural and recreation	1,730,499	1,113,525	-	-	1,730,499	1,113,525
Education	18,520,453	20,472,326	-	-	18,520,453	20,472,326
Interest on long-term debt	2,706,733	2,830,752	-	-	2,706,733	2,830,752
Landfill	-	-	4,319,739	4,273,762	4,319,739	4,273,762
Water and sewer	-	-	2,936,771	2,774,690	2,936,771	2,774,690
Section 8 Housing	-	-	1,299,731	1,156,348	1,299,731	1,156,348
Country Court	-	-	40,959	38,695	40,959	38,695
Total expenses	58,918,590	61,289,847	8,597,200	8,243,495	67,515,790	69,533,342
Increase (decrease) in net assets	489,870	(3,509,938)	214,236	(439,527)	704,106	(3,949,465)
Net assets, July 1	3,708,346	7,218,284	17,178,831	17,532,212	20,887,177	24,750,496
	4,198,216	3,708,346	17,393,067	17,092,685	21,591,283	20,801,031
Prior Period Adjustment	-	-	-	86,146	-	86,146
Net assets, June 30	\$ 4,198,216	\$ 3,708,346	\$ 17,393,067	\$ 17,178,831	\$ 21,591,283	\$ 20,887,177

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities increased the County's net assets by \$489,870 thereby accounting for 69.57% of the total increase in the net assets of Pender County. Key elements of this increase are as follows:

- Slight increases in operating grants and contributions and property taxes.
- Overall decreases in operating expenditures when compared to the prior year.
- Significant increases in capital related grants and contributions.

Business-type activities: Business-type activities increased Pender County's net assets by \$214,236, thereby accounting for 30.43% of the total decrease in net assets of Pender County. Key elements of this increase are as follows:

- Slight increases in operating grants and contributions and charges for services.
- Significant increases in capital related grants and contributions.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Pender County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Pender 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 Pender County. At the end of the current fiscal year, Pender County's fund balance available in the General Fund was \$21,750,333, while total fund balance reached \$30,973,421. The Governing Board of Pender County has determined that the county should maintain an available fund balance of 30% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 50.80% of general fund expenditures, while total fund balance represents 72.34% of that same amount.

At June 30, 2011, the governmental funds of Pender County reported a combined fund balance of \$40,042,877, a 7.68 percent decrease over last year. The primary reason for this decrease was construction related to schools and other construction projects.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of 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 revenues by \$555,703.

Proprietary Funds. Pender County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Resource Recovery Fund at the end of the fiscal year equaled a deficit of \$19,653, those for the Water and Sewer Funds totaled a deficit of \$4,586,948, those for the Section 8 Administration Fund equaled \$117,343, and those for the Country Court Apartments equaled \$44,134. The total growth (decline) in net assets for those funds was (\$184,860), \$474,666, (\$74,585), and (\$985), respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of Pender County's business-type activities.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital assets. Pender County's capital assets for its governmental and business-type activities as of June 30, 2011, totals \$82,277,994 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Purchase of new equipment and vehicles for governmental activities.
- Continued improvement and expansion of ongoing projects.
- Construction of water and wastewater infrastructure.

**Pender County's Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 8,219,446	\$ 8,219,446	\$ 415,193	\$ 415,193	\$ 8,634,639	\$ 8,634,639
Buildings	10,055,914	10,658,055	8,604,338	8,097,360	18,660,252	18,755,415
Furniture, fixtures and equipment	1,743,123	1,467,919	67,269	107,986	1,810,392	1,575,905
Other	483,588	597,271	4,342	6,325	487,930	603,596
Construction in Progress	8,644,566	6,305,531	44,040,215	27,663,426	52,684,781	33,968,957
Total	\$ 29,146,637	\$ 27,248,222	\$ 53,131,357	\$ 36,290,290	\$ 82,277,994	\$ 63,538,512

Long-term Debt. As of June 30, 2011, Pender County had total bonded debt outstanding of \$108,624,397, all of which is debt backed by the full faith and credit of the County.

**Pender County's Outstanding Debt
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 61,095,000	\$ 64,990,000	\$ 23,757,500	\$ 21,328,500	\$ 84,852,500	\$ 86,318,500
Bond Anticipation Notes	-	-	22,155,000	-	22,155,000	-
Installment Purchases	1,475,250	400,000	141,647	148,004	1,616,897	548,004
Total	\$ 62,570,250	\$ 65,390,000	\$ 46,054,147	\$ 21,476,504	\$ 108,624,397	\$ 86,866,504

Pender County's total debt increased by \$21,757,893 (25.05%) during the past fiscal year, primarily due to the \$24,866,000 in bond anticipation notes issued for water and sewer improvements during the year. Of this amount, \$2,711,000 was retired by the issuance of water and sewer bonds. The County also issued \$4,985,000 of general obligation advance refunding bonds during the year.

As mentioned in the financial highlights section of this document, Pender County received Aa2 bond rating from Moody's Investor Service and A+ rating from Standard and Poor's Corporation and a 82 rating from the North Carolina Municipal Council, which is equivalent to an A Rating. This bond rating is a clear indication of the sound financial condition of Pender County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Pender County is \$325,684,018. The County has \$73,589,000 in bonds authorized but un-issued at June 30, 2011.

Additional information regarding Pender County's long-term debt can be found in the notes to the financial statements under Section B.

Economic Factors and Next Year's Budgets and Rates

Economic Outlook

Pender County has been one of the fastest growing counties in North Carolina during the last decade, however, growth in population and other indicators have slowed considerably. The 2010 census reflected a population of 52,217, up 27.1% from the 2000 population of 41,082. Commercial and residential building permits issued have fallen from 1125 for 2007 to 508 for 2010. Tax base growth has been stagnant the last three years. The County's unemployment has grown from 4.2% in 2007 to 10.5% as of February, 2011. The County's poverty rate still hovers above 10%, and Pender County wages still fall short of the Wilmington MSA and State averages. Ironically, in 2009 the NC Department of Commerce designated Pender County as a Tier 3 County, one of 20th most wealthy counties in the State. This designation results from the high population growth in the middle of the decade and the assessed value of Topsail Township, and certainly is not indicative of the true county-wide economic picture.

The distressed economy is not unique to Pender County but is common to all counties in the state and nation. The negative impact on the county's budget and its ability to provide services has been significant, while at the same time the demand for services for many county functions (such as public health and social services) increases during economically challenging times.

Despite the short term impacts of a distressed economy, the long-term economic outlook for Pender County is positive. The Board has committed to making investments and policy decisions to put the County in an enviable position to accommodate and attract new growth and development in the future. Developing industrial product to market, expanding water and sewer utilities, putting into place new land use plans and regulations, and taking a positive approach to business and industry development are proactive measures the Board has initiated in the past few years. These efforts combined with the County's assets including major highways, skilled labor force, access to airport and sea port facilities, and lower cost land, put the County in an enviable position for when the economy gets back on track.

Thus in summary, while the current economic climate is presenting challenges to Pender County, the Board is doing all the right things to position itself properly for attracting and managing new growth and development that will surely present itself in the coming decade.

Encouraging Business and Industry Development

A vital element for the economic viability of Pender County long term is success with economic development. In simple terms, economic development is the creation of wealth in a county through the creation of jobs and investment. Central to creating jobs and investment is creating a climate that is attractive to new business and industry, and for the expansion of existing industry. The county's proximity to major transportation corridors, the Wilmington port, the airport, and the Wilmington metropolitan area is a major asset for economic development. The Commissioners have been committed to creating industrial product to attract industrial clients, evidenced by the purchase of over 750 acres of industrial land in the recent years on the US 421 corridor near the New Hanover County line. This industrial site is named Pender Commerce Park and is shovel-ready for development.

The County, together with Pender Progress Corporation, Four County EMC, Wilmington Industrial Development and the Town of Burgaw is constructing an industrial shell building in Pender Progress Industrial Park in Burgaw. This 40,000 square foot building is expandable to 80,000 square feet, and will be ready to market to potential clients this summer. Shell buildings are a proven tool for generating industrial client interest in a county.

The County's unemployment rate has hovered around 10% for the past year, and two industries (COTY and Prestige Label) announced they are vacating their facilities by the summer of 2011. Sixty percent of the county's workforce commutes out of the county to work, and we have to reverse that ratio. Economic development is a process, and the County Commissioners will continue to devote time, effort and resources along with its economic development partners to attract and recruit industrial development, jobs and investment into Pender County.

Strategies for the next two years include evaluating opportunities for creating business and tourism development incentives, securing and preparing additional sites for industrial development and facilitating development of additional shell building product.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities: The County Commissioners approved a \$49,437,421 General Fund Budget on June 27, 2011, which was included within a total budget ordinance of \$78,519,016, adopted on the same date.

The FY 11-12 General Fund Budget increased about 3.1% as compared to the FY 10-11 Adopted Budget. There was a combination of increases and decreases over last year's budget that resulted in a net increase of \$1,488,273 over FY 10-11 budget.

The General Fund shows an increase in appropriations from FY 10-11 due to increased cost of school debt payments, insurance, jail detention, DSS.

The FY 11-12 General Fund Budget of \$49,437,421 is in balance with a tax rate of \$.512 per 100 of assessed valuation. The County-wide tax rate decreased \$.138 over last year's tax rate. The decrease was a result of the County setting the rate at revenue neutral for FY 11/12 due to the revaluation that took effect January 1, 2011. Other funds are also in balance. The appropriation from the Fund Balance of the General Fund is \$3,434,748.

Recently (over the past several years), tax base growth has averaged \$100 million annually. The tax base increased over last budget year due to the revaluation that took effect January 1, 2011.

Projected fund balances as of June 30, 2012 in each of the major funds are adequate, but not excessive: General Fund (Undesignated)- \$15,000,000 est.; Emergency-911 - \$811,000 est.; Capital Improvements Program - \$1,752,241 est.; Solid Waste Management - \$2,074 est.; Public School Capital - \$1.5 Million est.; and Emergency Medical Services - \$265,159 est.

Business-type Activities: Expanding water and sewer infrastructure has been a priority for many years; however, the availability of water and sewer capacity has been a limiting factor. To remedy this, the County is undertaking numerous infrastructure related projects.

After years of planning, construction on a new 2 mgd water treatment plant and 13 mile transmission line is underway in the new Pender Commerce Park on US 421. The total cost of the project is \$33 million. The plant will be operational by the fall of 2012. The plant is designed to upgrade to 6 mgd with little additional investment. An agreement with the Cape Fear Public Utility Authority was approved this past year for construction of a future wastewater plant in Pender Commerce Park that will eventually serve the US 421 industrial corridor.

Plans for constructing a parallel water line from Rocky Point to the US 17 corridor are also underway. The estimated \$13 million project will be funded by a USDA Rural Development loan, and will deliver water from the new water plant across the county. A parallel water line from Wallace to Rocky Point is also in the works to transport more water from Wallace. USDA funds are in place for this project, estimated to cost \$1 million. The project to construct a major wastewater transmission line between Burgaw and Wallace will be complete in the near future, and will open up the US 117 corridor between the two towns for development now that both water and wastewater will be available. The County contributed \$2 million to this \$7.5 million project. The County is also in the process of evaluating how to most efficiently expand water availability to the Moore's Creek, Central and Columbia-Union water and sewer districts. An expansion feasibility report is underway, and more detailed planning will continue thereafter.

The County has been working diligently to finalize plans and permits for a wastewater system to serve the Maple Hill community. \$4.2 million in grant funds were secured for this project, and construction is finally beginning. The Scotts Hill water system project was completed in June. This project was funded with a \$2.7 million USDA loan. Over the past two years, the County has been negotiating with Integra Water, LLC for the construction of a regional treatment plant and wastewater trunk line to serve the US 17 corridor. An agreement was tentatively approved by the Board in October, and surveying and some general design work has been underway while final plans and details are being negotiated. Construction of the initial improvements is anticipated to take 18 months once started. And finally, an interconnection with the Town of Surf City has enabled about 400 new customers to tap onto the Rocky Point-Topsail district system in unincorporated areas along NC 210 in the area formerly served by Lanier's water system.

In order to assure the financial sustainability of the water and sewer utility system, the County conducted a multi-year financial and rate analysis in the past year. This analysis provides the Board and citizens with a specific financial plan for the coming five years. Pender County faces about \$500 million in water and sewer needs over the next 20 years, and county leaders are well on the way in addressing those needs with nearly 20 projects underway.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Pender County, 805 S Walker St, PO Box 1578, Burgaw, North Carolina 28425, (910) 259-1282.

BASIC FINANCIAL STATEMENTS

Pender County, North Carolina
Statement of Net Assets
June 30, 2011

	<u>Primary Government</u>			<u>Component Unit</u>	<u>Total Reporting Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Pender County ABC Board</u>	
ASSETS					
Cash and cash equivalents	\$ 34,521,257	\$ 3,408,263	\$ 37,929,520	\$ 540,594	\$ 38,470,114
Receivables (net)	6,734,306	662,197	7,396,503	250	7,396,753
Internal Balances	4,468,321	(4,468,321)	-	-	-
Inventories	-	-	-	534,196	534,196
Prepaid items	-	-	-	12,864	12,864
Restricted cash and cash equivalents	30,429	12,697,707	12,728,136	-	12,728,136
Deferred charges - Refunding	202,736	-	202,736	-	-
Capital assets:					
Land, improvements, and construction in progress	16,864,012	44,383,708	61,247,720	6,500	61,254,220
Other capital assets, net of depreciation	12,282,625	8,747,649	21,030,274	88,863	21,119,137
Total capital assets	29,146,637	53,131,357	82,277,994	95,363	82,373,357
Total assets	75,103,686	65,431,203	140,534,889	1,183,267	141,515,420
LIABILITIES					
Accounts payable and accrued expenses	2,216,743	1,489,721	3,706,464	459,610	4,166,074
Unearned revenue	-	-	-	-	-
Accrued interest payable	778,371	274,885	1,053,256	-	1,053,256
Customer deposits	-	29,274	29,274	-	29,274
Unamortized bond premium	565,640	-	565,640	-	-
Long-term liabilities:					
Due within one year	3,985,000	22,456,949	26,441,949	-	26,441,949
Due in more than one year	63,359,716	23,787,307	87,147,023	-	87,147,023
Total liabilities	70,905,470	48,038,136	118,943,606	459,610	118,837,576
NET ASSETS					
Invested in capital assets, net of related debt	27,901,841	19,774,917	47,676,758	95,363	47,772,121
Restricted	-	-	-	135,244	135,244
Stabilization by State statute	7,159,814	-	7,159,814	-	7,159,814
Economic Development	11,430	-	11,430	-	11,430
Health Department Escrow	93,350	-	93,350	-	93,350
Sheriff's Seizures	81,458	-	81,458	-	81,458
Public Safety	1,092,960	-	1,092,960	-	1,092,960
School Capital Projects	5,673,014	-	5,673,014	-	5,673,014
Unrestricted (deficit)	(37,815,651)	(2,381,850)	(40,197,501)	493,050	(39,704,451)
Total net assets	\$ 4,198,216	\$ 17,393,067	\$ 21,591,283	\$ 723,657	\$ 22,314,940

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
 Statement of Activities
 For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Pender County ABC Board	Total Reporting Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total		
Primary government:									
Governmental activities:									
General government	\$ 6,381,023	\$ 325,341	\$ 258,760	\$ 67,567	\$ (5,729,355)	\$ -	\$ (5,729,355)	\$ -	\$ (5,729,355)
Public safety	12,978,203	642,533	476,571	-	(11,859,099)	-	(11,859,099)	-	(11,859,099)
Economic and physical development	2,119,335	28,238	216,731	338,239	(1,536,127)	-	(1,536,127)	-	(1,536,127)
Human services	14,482,344	580,726	7,886,929	144,000	(5,870,689)	-	(5,870,689)	-	(5,870,689)
Cultural and recreation	1,730,499	166,634	-	28,808	(1,535,057)	-	(1,535,057)	-	(1,535,057)
Education	18,520,453	-	-	2,726,911	(15,793,542)	-	(15,793,542)	-	(15,793,542)
Interest on long-term debt	2,706,733	-	-	-	(2,706,733)	-	(2,706,733)	-	(2,706,733)
Total governmental activities	58,918,590	1,743,472	8,838,991	3,305,525	(45,030,602)	-	(45,030,602)	-	(45,030,602)
Business-type activities:									
Maple Hill Water Fund	157,203	173,571	-	396,115	-	412,483	412,483	-	412,483
Sewer Fund	6,282	357,430	-	-	-	351,148	351,148	-	351,148
Resource Recovery Fund	4,319,739	3,798,678	336,201	-	-	(184,860)	(184,860)	-	(184,860)
Section 8 Housing	1,299,731	-	1,183,695	-	-	(116,036)	(116,036)	-	(116,036)
Country Court Apartments	40,959	39,894	-	-	-	(1,065)	(1,065)	-	(1,065)
Rocky Point Water & Sewer Fund	2,773,286	2,403,486	-	-	-	(369,800)	(369,800)	-	(369,800)
Scott's Hill Water & Sewer	-	47,680	-	-	-	47,680	47,680	-	47,680
Water Treatment Plant	-	-	-	-	-	-	-	-	-
Waste Water Treatment Plant	-	-	-	-	-	-	-	-	-
Total business-type activities	8,597,200	6,820,739	1,519,896	396,115	-	139,550	139,550	-	139,550
Total primary government	67,515,790	8,564,211	10,358,887	3,701,640	(45,030,602)	139,550	(44,891,052)	-	(44,891,052)
Component units:									
Pender County ABC Board	\$ 4,549,890	\$ 4,567,892	\$ -	\$ -	-	-	-	18,002	18,002
General revenues:									
Taxes:									
Property taxes, levied for general purpose					37,085,034	-	37,085,034	-	37,085,034
Local option sales tax					6,555,477	-	6,555,477	-	6,555,477
Other taxes and licenses					626,491	-	626,491	-	626,491
Grants and contributions not restricted to specific programs					643,926	-	643,926	-	643,926
Investment earnings, unrestricted					98,325	33,250	131,575	760	132,335
Gain (loss) on retirement of assets					(18,169)	-	(18,169)	-	(18,169)
Miscellaneous, unrestricted					529,388	41,436	570,824	-	570,824
Transfers					-	-	-	-	-
Total general revenues, special items, and transfers					45,520,472	74,686	45,595,158	760	45,595,918
Change in net assets					489,870	214,236	704,106	18,762	722,868
Net assets-beginning					3,708,346	17,178,831	20,887,177	704,895	21,592,072
Net assets-ending					\$ 4,198,216	\$ 17,393,067	\$ 21,591,283	\$ 723,657	\$ 22,314,940

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2011

	Major Funds			Non-Major Funds Other	Total Governmental Funds
	General	School Capital Project	School Special Revenue Fund	Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 25,467,589	\$ 4,078,204	\$ 239,397	\$ 3,544,238	\$ 33,329,428
Receivables, net	4,168,627	158,014	1,369,190	805,539	6,501,370
Advance funding of projects	386,902	-	-	-	386,902
Due from other funds	4,470,418	-	-	-	4,470,418
Restricted Cash	30,429	-	-	-	30,429
Total assets	<u>\$ 34,523,965</u>	<u>\$ 4,236,218</u>	<u>\$ 1,608,587</u>	<u>\$ 4,349,777</u>	<u>\$ 44,718,547</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,480,539	\$ 121,841	\$ 49,950	\$ 449,318	\$ 2,101,648
Advance funding of projects	-	-	-	88,271	88,271
Due to other funds	2,097	-	-	-	2,097
Deferred revenue	2,067,908	-	-	415,746	2,483,654
Total liabilities	<u>3,550,544</u>	<u>121,841</u>	<u>49,950</u>	<u>953,335</u>	<u>4,675,670</u>
Fund balances:					
Restricted:					
Stabilization by State statute	7,159,814	-	-	-	7,159,814
Economic Development	-	-	-	11,430	11,430
Health Department Escrow	93,350	-	-	-	93,350
Sheriff's Seizures	81,458	-	-	-	81,458
Public Safety	-	-	-	1,092,960	1,092,960
School Capital Projects	-	4,114,377	1,558,637	-	5,673,014
Committed:					
Tax Revaluation	28,897	-	-	-	28,897
Automation Enhancement and Preservation	279,436	-	-	-	279,436
Capital Outlay and Improvements	-	-	-	2,372,594	2,372,594
Water and Sewer Plant	2,639,036	-	-	-	2,639,036
Pender Commerce Park Wastewater Treatment Facility	3,000,000	-	-	-	3,000,000
Assigned:					
Subsequent Year's expenditures	3,691,349	-	-	-	3,691,349
Unassigned:	14,000,081	-	-	(80,542)	13,919,539
Total fund balances	<u>30,973,421</u>	<u>4,114,377</u>	<u>1,558,637</u>	<u>3,396,442</u>	<u>40,042,877</u>
Total liabilities and fund balances	<u>\$ 34,523,965</u>	<u>\$ 4,236,218</u>	<u>\$ 1,608,587</u>	<u>\$ 4,349,777</u>	<u>\$ 44,718,547</u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Assets
Year Ended June 30, 2011

Amounts reported for governmental activities in the statement of net assets are different because:

Ending fund balance - governmental funds	\$	40,042,877
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		44,040,520
Less accumulated depreciation		<u>(14,893,883)</u>
Net capital assets		29,146,637
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements		232,936
Deferred charges related to advance refunding bond issue.		202,736
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		778,103
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide.		2,483,654
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:		
Bonds, leases, and installment financing		(62,570,250)
Compensated absences		(1,449,013)
Separation allowance		(376,469)
Other Postemployment Benefits		(2,948,984)
Unamortized Bond Premium		(565,640)
Accrued interest payable		<u>(778,371)</u>
		<u>(68,688,727)</u>
Net assets of governmental activities	\$	<u>4,198,216</u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2011

	Major Fund			Non-Major Funds	Total Governmental Funds
	General Fund	School Capital Project	School Special Revenue Fund	Other Governmental Funds	
REVENUES					
Ad valorem taxes	\$ 31,338,806	\$ -	\$ -	\$ 5,483,872	\$ 36,822,678
Other taxes and licenses	5,230,733	158,014	2,280,208	-	7,668,955
Unrestricted intergovernmental	151,479	-	-	736,053	887,532
Restricted intergovernmental	8,108,825	2,026,911	700,000	763,373	11,599,109
Permits and fees	1,604,641	-	-	-	1,604,641
Sales and services	348,882	-	-	-	348,882
Investment earnings	93,286	4,087	-	952	98,325
Miscellaneous	70,280	-	-	63,871	134,151
Total revenues	<u>46,946,932</u>	<u>2,189,012</u>	<u>2,980,208</u>	<u>7,048,121</u>	<u>59,164,273</u>
EXPENDITURES					
Current:					
General government	5,585,654	-	-	-	5,585,654
Public safety	6,692,257	-	-	5,672,726	12,364,983
Economic and physical development	1,590,664	-	-	274,248	1,864,912
Human services	13,728,553	-	-	-	13,728,553
Cultural and recreational	1,109,532	-	-	-	1,109,532
Education	13,509,308	3,680,936	101,089	-	17,291,333
Capital outlay	-	-	1,110,000	3,675,517	4,785,517
Debt service:					
Principal	570,000	-	3,390,000	-	3,960,000
Bond Recall Payment	-	-	49,150	-	49,150
Bond Issuance Cost	-	-	170,477	-	170,477
Interest and other charges	33,350	-	2,764,739	-	2,798,089
Total expenditures	<u>42,819,318</u>	<u>3,680,936</u>	<u>7,585,455</u>	<u>9,622,491</u>	<u>63,708,200</u>
Excess (deficiency) of revenues over expenditures	<u>4,127,614</u>	<u>(1,491,924)</u>	<u>(4,605,247)</u>	<u>(2,574,370)</u>	<u>(4,543,927)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	2,692,735	2,892,260	5,584,995
Transfers to other funds	(5,810,362)	-	-	-	(5,810,362)
Proceeds from Refund of Bonds	-	-	4,985,000	-	4,985,000
Payment of Refunded Bonds	-	-	(5,000,000)	-	(5,000,000)
Premium on Refunded Bonds	-	-	296,911	-	296,911
Loans	-	-	-	1,155,250	1,155,250
Reserve for Arbitrage	-	-	-	-	-
Total other financing sources and uses	<u>(5,810,362)</u>	<u>-</u>	<u>2,974,646</u>	<u>4,047,510</u>	<u>1,211,794</u>
Net change in fund balance	<u>(1,682,748)</u>	<u>(1,491,924)</u>	<u>(1,630,601)</u>	<u>1,473,140</u>	<u>(3,332,133)</u>
Fund balances-beginning	<u>32,656,169</u>	<u>5,606,301</u>	<u>3,189,238</u>	<u>1,923,302</u>	<u>43,375,010</u>
Fund balances-ending	<u>\$ 30,973,421</u>	<u>\$ 4,114,377</u>	<u>\$ 1,558,637</u>	<u>\$ 3,396,442</u>	<u>\$ 40,042,877</u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2011

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	\$ (3,332,133)
Capital Outlay Expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	3,213,229
Cost of disposed capital asset not recorded in fund statements	(18,169)
Depreciation Expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(1,296,645)
New debt issued during the year is recorded as a source of funds on the fund statements; it has not effect on the statement of activities -- it affects only the government-wide statement of net assets.	(6,140,250)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements.	8,960,000
The County refunded bonds during the year which resulted in the following deferred charges and premiums that will be expensed over the remaining life of the loan:	
Deferred Charges	170,477
Unamortized Premiums	(296,911)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	65,730
Amortization of deferred charges resulted in an increase to interest expense of \$25,381, while amortization of bond premiums of \$51,007 resulted in a decrease to interest expense.	25,626
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(83,405)
Increase in Separation Allowance	(64,984)
Expenses for Other Postemployment Benefits are recorded on the government-wide statements but not recorded on the fund statements.	(991,998)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Increase (decrease) in deferred revenue	221,391
Increase (decrease) in accrued taxes receivable	40,965
Net Revenue of Internal service funds determined to be governmental-type.	<u>16,947</u>
Change in net assets of governmental activities	\$ <u>489,870</u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2011

	General Fund			Variance With Final Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 30,181,488	\$ 30,181,488	\$ 31,338,806	\$ 1,157,318
Other taxes and licenses	4,340,541	4,340,541	5,230,733	890,192
Unrestricted intergovernmental	210,000	210,000	151,479	(58,521)
Restricted intergovernmental	8,806,074	9,355,725	8,108,825	(1,246,900)
Permits and fees	1,867,415	1,867,415	1,604,641	(262,774)
Sales and services	333,451	339,503	348,882	9,379
Investment earnings	192,807	192,807	93,286	(99,521)
Miscellaneous	103,320	103,320	70,280	(33,040)
Total revenues	<u>46,035,096</u>	<u>46,590,799</u>	<u>46,946,932</u>	<u>356,133</u>
Expenditures				
Current:				
General government	5,475,789	5,814,609	5,331,091	483,518
Public safety	6,187,120	6,950,136	6,692,257	257,879
Economic and physical development	1,572,831	1,660,038	1,590,664	69,374
Human services	14,265,193	15,127,863	13,728,553	1,399,310
Cultural and recreational	1,165,865	1,211,145	1,109,532	101,613
Intergovernmental:				
Education	13,288,741	13,606,769	13,509,308	97,461
Debt service:				
Principal retirement	570,000	570,000	570,000	-
Interest and other charges	33,350	33,350	33,350	-
Total expenditures	<u>42,558,889</u>	<u>44,973,910</u>	<u>42,564,755</u>	<u>2,409,155</u>
Revenues over (under) expenditures	<u>3,476,207</u>	<u>1,616,889</u>	<u>4,382,177</u>	<u>2,765,288</u>
Other financing sources (uses):				
Transfers to other funds	(5,448,459)	(5,935,362)	(5,935,362)	-
Transfers from other funds	-	-	-	-
Fund balance appropriated	1,972,252	4,318,473	-	(4,318,473)
Total other financing sources (uses)	<u>(3,476,207)</u>	<u>(1,616,889)</u>	<u>(5,935,362)</u>	<u>(4,318,473)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,553,185)</u>	<u>\$ (1,553,185)</u>
Fund balances:				
Beginning of year, July 1			32,497,709	
End of year, June 30			<u>\$ 30,944,524</u>	
A legally budgeted Tax Reassessment Fund is consolidated into the General Fund for reporting purposes:				
Investment Earnings			-	
Transfer from General Fund			125,000	
Expenditures			(254,563)	
Fund Balance, beginning of year			<u>158,460</u>	
Fund Balance, end of year (Exhibit 4)			<u>\$ 30,973,421</u>	

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Enterprise Funds										
	Major			Non-Major							
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	Total	Internal Service Fund
ASSETS											
Current assets:											
Cash and cash equivalents	\$ 54,277	\$ 2,393,750	\$ -	\$ -	\$ 1,057,032	\$ 153,135	\$ 48,700	\$ -	\$ -	\$ 3,706,894	\$ 893,198
Receivables, net	321,048	276,664	-	20,094	38,517	5,855	19	-	-	662,197	-
Due from other funds	-	-	-	12,568	24,507	-	2,097	-	-	39,172	-
Prepaid expense	-	-	-	-	-	-	-	-	-	-	-
Total current assets	<u>375,325</u>	<u>2,670,414</u>	<u>-</u>	<u>32,662</u>	<u>1,120,056</u>	<u>158,990</u>	<u>50,816</u>	<u>-</u>	<u>-</u>	<u>4,408,263</u>	<u>893,198</u>
Noncurrent assets:											
Restricted cash and cash equivalents	-	1,381,459	10,363,644	-	-	-	-	952,604	-	12,697,707	-
Capital assets:											
Land and Construction In Progress	-	21,111,207	14,065,102	1,413,340	3,151,106	-	-	1,876,614	2,766,339	44,383,708	-
Other Capital Assets (Net)	1,443,787	6,341,247	-	643,827	122,514	2,972	193,302	-	-	8,747,649	-
Total Capital Assets	<u>1,443,787</u>	<u>27,452,454</u>	<u>14,065,102</u>	<u>2,057,167</u>	<u>3,273,620</u>	<u>2,972</u>	<u>193,302</u>	<u>1,876,614</u>	<u>2,766,339</u>	<u>53,131,357</u>	<u>-</u>
Total noncurrent assets	<u>1,443,787</u>	<u>28,833,913</u>	<u>24,428,746</u>	<u>2,057,167</u>	<u>3,273,620</u>	<u>2,972</u>	<u>193,302</u>	<u>2,829,218</u>	<u>2,766,339</u>	<u>65,829,064</u>	<u>-</u>
Total assets	<u>1,819,112</u>	<u>31,504,327</u>	<u>24,428,746</u>	<u>2,089,829</u>	<u>4,393,676</u>	<u>161,962</u>	<u>244,118</u>	<u>2,829,218</u>	<u>2,766,339</u>	<u>70,237,327</u>	<u>893,198</u>
LIABILITIES											
Current liabilities:											
Advanced Funding of Projects	-	-	-	298,631	-	-	-	-	-	298,631	-
Accounts payable and accrued liabilities	352,091	79,897	481,188	559,847	-	15,798	487	413	-	1,489,721	115,095
Customer deposits	-	22,729	-	350	-	-	6,195	-	-	29,274	-
Accrued interest payable	-	77,378	187,149	1,167	-	-	-	9,191	-	274,885	-
Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	37,075	1,577,179	-	-	-	-	-	2,893,239	4,507,493	-
Notes payable	-	-	-	-	-	-	6,449	-	-	6,449	-
General obligation bonds payable	-	287,500	-	8,000	-	-	-	-	-	295,500	-
Bond anticipation notes payable	-	-	22,155,000	-	-	-	-	-	-	22,155,000	-
Total current liabilities	<u>352,091</u>	<u>504,579</u>	<u>24,400,516</u>	<u>867,995</u>	<u>-</u>	<u>15,798</u>	<u>13,131</u>	<u>9,604</u>	<u>2,893,239</u>	<u>29,056,953</u>	<u>115,095</u>
Noncurrent liabilities:											
Compensated absences	12,104	33,298	-	4,547	-	6,159	-	-	-	56,108	-
OPEB Payable	30,783	75,196	-	8,332	-	19,690	-	-	-	134,001	-
Note payable	-	-	-	-	-	-	135,198	-	-	135,198	-
General obligation bonds payable	-	20,515,500	-	235,500	-	-	-	2,711,000	-	23,462,000	-
Total noncurrent liabilities	<u>42,887</u>	<u>20,623,994</u>	<u>-</u>	<u>248,379</u>	<u>-</u>	<u>25,849</u>	<u>135,198</u>	<u>2,711,000</u>	<u>-</u>	<u>23,787,307</u>	<u>-</u>
Total liabilities	<u>394,978</u>	<u>21,128,573</u>	<u>24,400,516</u>	<u>1,116,374</u>	<u>-</u>	<u>41,647</u>	<u>148,329</u>	<u>2,720,604</u>	<u>2,893,239</u>	<u>52,844,260</u>	<u>115,095</u>
NET ASSETS											
Invested in capital assets, net of related debt	1,443,787	8,030,913	2,273,746	1,813,667	3,273,620	2,972	51,655	118,218	2,766,339	19,774,917	-
Unrestricted	(19,653)	2,344,841	(2,245,516)	(840,212)	1,120,056	117,343	44,134	(9,604)	(2,893,239)	(2,381,850)	778,103
Total net assets	<u>\$ 1,424,134</u>	<u>\$ 10,375,754</u>	<u>\$ 28,230</u>	<u>\$ 973,455</u>	<u>\$ 4,393,676</u>	<u>\$ 120,315</u>	<u>\$ 95,789</u>	<u>\$ 108,614</u>	<u>\$ (126,900)</u>	<u>\$ 17,393,067</u>	<u>\$ 778,103</u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Enterprise Funds										
	Major					Non-Major					Internal Service Fund
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	Total	
OPERATING REVENUES											
Charges for services	\$ 3,721,530	\$ 2,403,486	\$ -	\$ 170,574	\$ 357,430	\$ -	\$ -	\$ -	\$ -	\$ 6,653,020	\$ -
Dwelling rental	-	-	-	-	-	-	39,860	-	-	39,860	-
Other operating revenue	77,148	-	-	2,997	-	-	34	47,680	-	127,859	-
Sales tax refund	-	-	-	-	-	-	-	-	-	-	-
Premiums received	-	-	-	-	-	-	-	-	-	-	2,705,306
Total operating revenues	<u>3,798,678</u>	<u>2,403,486</u>	<u>-</u>	<u>173,571</u>	<u>357,430</u>	<u>-</u>	<u>39,894</u>	<u>47,680</u>	<u>-</u>	<u>6,820,739</u>	<u>2,705,306</u>
OPERATING EXPENSES											
Personnel	186,645	528,139	-	44,897	-	105,988	-	-	-	865,669	-
Contracted services	4,023,136	291,435	-	14,874	-	-	12,007	-	-	4,341,452	-
Water purchases	-	435,653	-	36,820	-	-	-	-	-	472,473	-
System maintenance	74,794	302,063	-	13,796	-	14,727	21,242	-	-	426,622	-
Administration and housing assistance	-	-	-	-	-	1,171,584	-	-	-	1,171,584	-
Depreciation	23,447	242,512	-	29,609	6,282	938	7,710	-	-	310,498	-
OPEB Expense	11,717	33,679	-	2,810	-	6,494	-	-	-	54,700	-
Other Equipment	-	-	-	-	-	-	-	-	-	-	2,913,726
Total operating expenses	<u>4,319,739</u>	<u>1,833,481</u>	<u>-</u>	<u>142,806</u>	<u>6,282</u>	<u>1,299,731</u>	<u>40,959</u>	<u>-</u>	<u>-</u>	<u>7,642,998</u>	<u>2,913,726</u>
Operating income (loss)	<u>(521,061)</u>	<u>570,005</u>	<u>-</u>	<u>30,765</u>	<u>351,148</u>	<u>(1,299,731)</u>	<u>(1,065)</u>	<u>47,680</u>	<u>-</u>	<u>(822,259)</u>	<u>(208,420)</u>
NONOPERATING REVENUES (EXPENSES)											
Interest revenue (expense)	-	(938,159)	28,230	(14,397)	-	15	80	3,279	-	(920,952)	-
Operating Subsidy - HUD	-	-	-	-	-	1,183,695	-	-	-	1,183,695	-
Miscellaneous Revenue	-	-	-	-	-	41,436	-	-	-	41,436	-
Total nonoperating revenue (expenses)	<u>-</u>	<u>(938,159)</u>	<u>28,230</u>	<u>(14,397)</u>	<u>-</u>	<u>1,225,146</u>	<u>80</u>	<u>3,279</u>	<u>-</u>	<u>304,179</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>(521,061)</u>	<u>(368,154)</u>	<u>28,230</u>	<u>16,368</u>	<u>351,148</u>	<u>(74,585)</u>	<u>(985)</u>	<u>50,959</u>	<u>-</u>	<u>(518,080)</u>	<u>(208,420)</u>
Other Financing Sources (Uses)											
Capital Contributions	30,287	-	-	396,115	-	-	-	-	-	426,402	-
Reimbursements from school	244,154	-	-	-	-	-	-	-	-	244,154	-
Other Reimbursements	61,760	-	-	-	-	-	-	-	-	61,760	-
Contribution from General Fund	-	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	-	426,250	-	-	(426,250)	-	-	-	-	-	225,367
Total other financing sources (uses)	<u>336,201</u>	<u>426,250</u>	<u>-</u>	<u>396,115</u>	<u>(426,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>732,316</u>	<u>225,367</u>
Change in net assets	<u>(184,860)</u>	<u>58,096</u>	<u>28,230</u>	<u>412,483</u>	<u>(75,102)</u>	<u>(74,585)</u>	<u>(985)</u>	<u>50,959</u>	<u>-</u>	<u>214,236</u>	<u>16,947</u>
Total net assets - beginning	<u>1,608,994</u>	<u>10,317,658</u>	<u>-</u>	<u>560,972</u>	<u>4,468,778</u>	<u>194,900</u>	<u>96,774</u>	<u>57,655</u>	<u>(126,900)</u>	<u>17,178,831</u>	<u>761,156</u>
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-
Total net assets - ending	<u>\$ 1,424,134</u>	<u>\$ 10,375,754</u>	<u>\$ 28,230</u>	<u>\$ 973,455</u>	<u>\$ 4,393,676</u>	<u>\$ 120,315</u>	<u>\$ 95,789</u>	<u>\$ 108,614</u>	<u>\$ (126,900)</u>	<u>\$ 17,393,067</u>	<u>\$ 778,103</u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2011

	Enterprise Funds										
	MAJOR			NON-MAJOR							
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	Total	Internal Service Fund
Cash flows from operating activities:											
Cash received from customers	\$ 3,770,045	\$ 2,491,965	\$ -	\$ 169,250	\$ 357,307	\$ (2,827)	\$ 39,841	\$ 47,680	\$ -	\$ 6,873,261	\$ 2,705,306
Cash paid for goods and services	(4,489,787)	(1,010,414)	-	490,676	-	(1,173,444)	(33,249)	-	-	(6,216,218)	(2,987,968)
Cash paid to employees for services	(183,733)	(524,224)	-	(44,947)	-	(106,963)	-	-	-	(859,867)	-
Customer deposits received	-	-	-	-	-	-	258	-	-	258	-
Customer deposits returned	-	-	-	-	-	-	-	-	-	-	-
Other operating revenue	77,148	-	-	2,997	-	-	34	-	-	80,179	-
Net cash provided (used) by operating activities	(826,327)	957,327	-	617,976	357,307	(1,283,234)	6,884	47,680	-	(122,387)	(282,662)
Cash flows from noncapital financing											
Transfers in (out)	-	426,250	-	-	(426,250)	-	-	-	-	-	225,367
Due to/from	(58,406)	-	-	-	-	-	(219)	-	1,592,924	1,534,299	-
General Fund Advance to cover expenses	-	-	-	(94,999)	-	-	-	(67,127)	-	(162,126)	-
Operating Subsidy	-	-	-	-	-	1,183,695	-	-	-	1,183,695	-
Miscellaneous Revenue	-	-	-	-	-	41,436	-	-	-	41,436	-
Net cash provided (used) by capital and related financing activities	(58,406)	426,250	-	(94,999)	(426,250)	1,225,131	(219)	(67,127)	1,592,924	2,597,304	225,367
Cash flows from capital and related financing activities:											
Proceeds of bond anticipation notes	-	-	-	-	-	-	-	-	-	-	-
Acquisition and construction of capital assets	(5,183)	(416,544)	(12,006,735)	(897,159)	-	-	-	(1,751,419)	(1,592,924)	(16,669,964)	-
Proceeds from sale of equipment	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Grants, Loans and Debt	336,201	-	22,155,000	396,115	-	-	-	2,711,000	-	25,598,316	-
Principal paid on bond maturities and equipment contracts	-	(274,500)	-	(7,500)	-	-	(6,357)	-	-	(288,357)	-
Interest paid on bond maturities and equipment contracts	-	(940,829)	187,149	(14,433)	-	-	-	9,191	-	(758,922)	-
Capital contributions - federal grant	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	331,018	(1,631,873)	10,335,414	(522,977)	-	-	(6,357)	968,772	(1,592,924)	7,881,073	-
Cash flows from investing activities:											
Interest on investments	-	1,646	28,230	-	-	15	80	3,279	-	33,250	-
Net increase (decrease) in cash and cash equivalents	(553,715)	(246,650)	10,363,644	-	(68,943)	(58,088)	388	952,604	-	10,389,240	(57,295)
Cash and cash equivalents, July 1	607,992	4,021,859	-	-	1,125,975	211,223	48,312	-	-	6,015,361	950,493
Cash and cash equivalents, June 30	\$ 54,277	\$ 3,775,209	\$ 10,363,644	\$ -	\$ 1,057,032	\$ 153,135	\$ 48,700	\$ 952,604	\$ -	\$ 16,404,601	\$ 893,198

(continued)

Pender County, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2011

	Enterprise Funds										
	Major			Non-Major							
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	Total	Internal Service Fund
Reconciliation of operating income to net cash provided by operating activities:											
Operating income	\$ (521,061)	\$ 570,005	\$ -	\$ 30,765	\$ 351,148	\$ (1,299,731)	\$ (1,065)	\$ 47,680	\$ -	\$ (822,259)	\$ (208,420)
Adjustments to reconcile operating income to net cash provided by operating activities:											
Depreciation	23,447	242,512	-	29,609	6,282	938	7,710	-	-	310,498	-
OPEB Expense	11,717	33,679	-	2,810	-	6,494	-	-	-	54,700	-
Landfill closure and postclosure care costs	-	-	-	-	-	-	-	-	-	-	-
Changes in assets and liabilities:											
(Increase) Decrease in accounts receivable	48,515	82,263	-	(1,083)	(123)	(2,827)	(19)	-	-	126,726	-
Decrease in inventory	-	-	-	-	-	-	-	-	-	-	-
(Increase) in prepaid items	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	(391,857)	18,737	-	556,166	-	12,867	-	-	-	195,913	(74,242)
(Decrease) in deferred revenues	-	-	-	-	-	-	-	-	-	-	-
(Decrease) in customer deposits	-	6,216	-	(241)	-	-	258	-	-	6,233	-
Increase (decrease) in accrued vacation pay	2,912	3,915	-	(50)	-	(975)	-	-	-	5,802	-
Total adjustments	(305,266)	387,322	-	587,211	6,159	16,497	7,949	-	-	699,872	(74,242)
Net cash provided (used) by operating activities	\$ (826,327)	\$ 957,327	\$ -	\$ 617,976	\$ 357,307	\$ (1,283,234)	\$ 6,884	\$ 47,680	\$ -	\$ (122,387)	\$ (282,662)

(concluded)

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 85,844
Total assets	<u>85,844</u>
Liabilities	
Accounts payable	85,844
Due to other funds	<u>-</u>
Total liabilities	<u>85,844</u>
Net assets	
Held in trust (Fiduciary net assets)	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

PENDER COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of Pender 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. Description of the Reporting Entity

Pender County is located in the southeastern part of the State in the Coastal Region and has a population of approximately 48,630. The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153 A-10. As required by generally accepted accounting principles, these financial statements present the County and its component unit, a legally separate entity for which the County is financially accountable.

Blended Component Units – The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method.

The Pender County Housing Authority, a separate legal entity governed by the County Commissioners, exists to provide low and moderate income residents alternatives for affordable housing. Its primary revenues are rental payments and subsidies paid by the federal government. The Authority's operations are reported in two enterprise funds: the Section 8 Administration and Country Court Apartments Fund. Separate financial statements are not issued for the Authority.

The Maple Hill Water District (the District) was established by the Pender County Board of Commissioners on February 21, 1989. It includes a section of Northeast Pender County near the Onslow and Duplin County lines. Approximately 450 potential customers (households and businesses) are within the District. The District provides potable water to the customers in the District. Under State law [NCGS 162A-89], the Pender County Board of Commissioners also serve as the governing board of the District. This District is reported as an enterprise fund. Separate financial statements are not issued for the district.

The Rocky Point / Topsail Water / Sewer District was established by the Pender County Board of Commissioners. The District provides potable water and access to sewer services to the customers inside the District. Under State law [NCGS 162A-89], the Pender County Board of Commissioners also serve as the governing board of the District. The District is reported as an enterprise fund. Separate financial statements are not issued for the district.

Discretely Presented Component Units – Discretely presented component units are presented as if they are separate proprietary funds of the County.

The discretely presented component unit presented below is reported in a separate column in the County's combined financial statements in order to emphasize that it is legally separate from the County.

Pender County ABC Board

The members of the Alcoholic Beverage Control Board's governing board are appointed by the County Commissioners. The ABC Board is required by state statute to distribute its surpluses to the General Fund of the County. The Board, as provided by North Carolina Alcoholic Beverage Control Laws, operates four retail liquor stores. The Alcoholic Beverage Control Board, which has a June 30 year-end, is presented as if it were a proprietary fund.

Complete financial statements for the discretely presented component units may be obtained at the administrative offices of those entities, which are as follows:

Pender County ABC Board
207 US 117 Bypass
Burgaw, North Carolina 28425

Other Component Unit

The County's Board of Commissioners are responsible for appointing the members of the board of the Industrial Facilities and Pollution Control Financing Authority (Industrial Authority), and the County can remove any member of the Board with or without cause. The Industrial Authority exists to issue and service revenue bond debt for private businesses to aid in the financing of the industrial manufacturing facilities for the purpose of providing employment and raising below average manufacturing wages and for established industries that are in need of modernization in order to meet the pollution control requirements of the federal government, state, county and city. The Industrial Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Industrial Authority does not issue separate financial statements.

B. Basis of Presentation – Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. 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. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

General Fund - This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

School Capital Project Fund – This fund is used to track revenue and expenditures for school projects financed with GO Bonds for school construction.

School Special Revenue Fund – This fund is used to track revenue and expenditures for school capital outlay.

The County reports the following major enterprise funds:

Resource Recovery Fund – This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

Rocky Point – Topsail Water and Sewer Fund – This fund is used to account for the operations of the water and sewer district within Rocky Point and Topsail.

Water Treatment Plant - This fund is used to account for the construction of the Water Treatment Plant.

The County reports the following fund type:

Agency Funds - Agency Funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains seven agency funds: the Tax Clearing Agency Fund; the 4 - H Fund; Extension Education Fund; the Sea Oats Travel Fund; a Pesticide Recycling Grant; the Tourism Development Authority Fund; and the 3% Motor Vehicle Tax Collection Fund, which includes the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles. The Tax-Clearing Fund accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County.

Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements - The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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 from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Pender County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they became due. Therefore, taxes for vehicles registered from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. 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 assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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, the Emergency Telephone, Fire District, and Revaluation Special Revenue Funds, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for Capital Reserve Special Revenue Fund, the Capital Projects funds, and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. During the year, several material amendments to the original budget were necessary. 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.

Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the County and the ABC Board are made in board-designated official depositories and are secured as required by G.S.159-31. The County and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and the ABC Board 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 and the ABC Board 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).

The County and the ABC Board's investments are carried 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.

2. Cash and Cash Equivalents

The County pools moneys 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. The ABC Board considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

The unexpended bond proceeds of the District's Bonds are classified as restricted assets within the Water and Sewer Districts because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Tax Reassessment Fund is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

4. 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, 2010. As allowed by State law, the County has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. 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.

6. Inventories and Prepaid Items

The inventories of the ABC Board are valued at cost (first-in, first-out), which approximates market. The inventory of the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory is recorded as an expense as it is consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines and other plant and distribution systems, \$5,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$10,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Pender 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 acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility 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 and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Pender County Board of Education.

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

	<u>Years</u>
Buildings	50
Improvements	25
Furniture and equipment	10
Vehicles	6
Computer equipment	3

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Years</u>
Property	15 - 50
Equipment	5-10
Vehicles	5

8. Long-Term Obligations

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

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

9. Compensated Absences

The vacation policy of the County generally provides for the accumulation of up to 240 hours earned vacation leave with such leave being fully vested when earned. Effective July 1, 1994, the County has elected to pay, upon satisfactory separation of service from the County with over five years of service to the County, 25% of the accumulated sick leave value to the separating employee. Accumulated earned leave pay at June 30, 2011, amounted to \$1,505,121 in total, \$1,449,013 of which represents the liability of the governmental funds and is recorded in the government-wide statements and \$56,108 is recorded in the Enterprise Funds. The 75% remaining unused sick leave accumulated at the time of retirement may also be used in the determination of length of service for retirement benefit purposes. Since no termination payment is involved, no accrual for this part of the sick leave is provided by the County.

ABC Board employees may accumulate up to two hundred forty hours earned vacation, and such leave is fully vested when earned. Accumulated earned vacation amounted to approximately \$26,056 at June 30, 2011. Employees can accumulate an unlimited amount of sick leave. Sick leave does not vest, but unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made. Accumulated sick leave amounted to approximately \$131,834 at June 30, 2011.

10. Net Assets/Fund Balances

Net Assets

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

Fund Balances

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

The governmental fund types classify fund balance as follows:

Nonspendable 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.

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

 Restricted for Stabilization of State Statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

 Restricted for Public Safety - portion of fund balance that is restricted by revenue source for fire protection, emergency services, and emergency telephone purposes.

 Restricted for Economic Development - portion of fund balance that is restricted by revenue source for economic development purposes.

 Restricted for Health Department Escrow - portion of fund balance that is restricted by revenue source for the health department.

 Restricted for Sheriff's Seizures - portion of fund balance that is restricted by revenue source for Sheriff Seizures.

 Restricted for School Capital Projects - portion of fund balance that is restricted for School Capital Projects.

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

 Tax Reassessment - portion of fund balance that is committed for tax revaluation.

 Automation Enhancement and Preservation - portion of fund balance that is committed for automation enhancement projects.

 Capital Outlay and Improvements - portion of fund balance that is committed for Capital Outlay and Improvements.

 Water and Sewer Plant - portion of fund balance that is committed for Water and Sewer Plant Construction.

 Pender Commerce Park Wastewater Treatment Facility - portion of fund balance that is committed for Wastewater Treatment Facility construction within Pender Commerce Park.

Assigned Fund Balance - portion of fund balance that the Pender County governing board has budgeted.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

Pender County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, and county funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County.

Pender County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 30% of current fiscal year expenditures. Any portion of the General Fund balance in excess of 30% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

NOTE 2: Stewardship, Compliance and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

None Noted.

2. Deficit Fund Balance or Net Assets of Individual Funds

The County reported deficit fund balances in the following accounts:

Domestic Violence Grant	\$	42,000
CDBG Scattered Site		7,375
05 CHAF		17
HPRP Grant		31,150
Waste Water Treatment Plant		126,900

These deficit balances were primarily a result of timing differences between collecting the revenue and spending the money. The County will monitor these more closely in the future.

NOTE 3: Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's and the ABC Board'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 securities held by the County's or the ABC Board's agents in these units' names. 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 and the ABC Board, these deposits are considered to be held by their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposit 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 the ABC Board, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County and the ABC Board under the Pooling Method, the potential exists for the under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County and the ABC Board rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of 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 ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2011, the County's deposits had a carrying amount of \$26,422,159 and a bank balance of \$26,741,358. Of the bank balance, \$750,000 was covered by federal depository insurance and the remaining \$25,991,658 covered by collateral held under the Pooling Method. Of this amount, \$1,714 was cash on hand.

At June 30, 2011, the carrying amount of deposits for Pender County ABC Board was \$539,594 and the bank balance was \$500,998. Of the bank balance \$250,000 was covered by federal depository insurance and the remaining was covered by collateral held under the Pooling Method.

2. Investments

As of June 30, 2011, the County's investments consisted of \$24,321,341 in the North Carolina Capital Management Trust's cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The County has no policy on credit risk.

3. Receivables

	Taxes and					Total
	Accounts	Related Accrued Interest	Sales Tax	Due from Other Governments	Other	
Governmental Activities:						
General	\$ 346,687	\$ 3,037,345	\$ 149,215	\$1,608,072	\$ 6,419	\$ 5,147,738
Other Governmental	748,070	541,372	499,737	669,190	-	2,458,369
Total Receivables	1,094,757	3,578,717	648,952	2,277,262	6,419	7,606,107
Allowance for Doubtful Accounts	-	(871,801)	-	-	-	(871,801)
Total Governmental Activities	\$ 1,094,757	\$ 2,706,916	\$ 648,952	\$ 2,277,262	\$ 6,419	\$ 6,734,306
Business Type Activities:						
Maple Hill Water Fund	\$ 23,210	\$ -	\$ 5	\$ -	\$ -	\$ 23,215
Sewer Fund	38,517	-	-	-	-	38,517
Resource Recovery	503,034	-	9	-	-	503,043
Section 8 Administration	5,824	-	31	-	-	5,855
Country Court	-	-	19	-	-	19
Rocky Point Water & Sewer	437,754	-	361	-	-	438,115
Total Receivables	1,008,339	-	425	-	-	1,008,764
Allowance for doubtful accounts	(346,567)	-	-	-	-	(346,567)
Total Business-Type Activities	\$ 661,772	\$ -	\$ 425	\$ -	\$ -	\$ 662,197

The due from other governments that is owed to the County consists of the following:

Local Option Sales Tax	\$1,963,694
Video Programming Tax	86,350
Medicaid Hold Harmless	227,218
Lottery	-
Total	\$2,277,262

4. Receivables - Allowances for Doubtful Accounts:

The amounts reported for County receivables are net of the following allowances for doubtful accounts:

General:	
Ad Valorem Taxes	\$ 746,175
Special Revenue:	
Ad Valorem Taxes	\$ 125,626

5. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

Governmental Activities	Beginning Balances				Ending Balances
	July 1, 2010	Additions	Retirements	Transfers	June 30, 2011
Capital assets not being depreciated:					
Land	\$ 8,219,446	\$ -	\$ -	\$ -	8,219,446
Construction in Progress	6,305,531	2,339,035	-	-	8,644,566
Total capital assets not being depreciated	14,524,977	2,339,035	-	-	16,864,012
Other capital assets:					
Buildings & Improvements	19,961,447	-	-	-	19,961,447
Intangibles	1,219,996	-	-	-	1,219,996
Equipment	2,513,953	131,967	21,461	-	2,624,459
Vehicles	3,156,485	742,227	528,106	-	3,370,606
Total other capital assets at historical cost	26,851,881	874,194	549,567	-	27,176,508
Less accumulated depreciation for:					
Buildings & Improvements	9,303,392	602,141	-	-	9,905,533
Intangibles	622,725	113,683	-	-	736,408
Equipment	1,929,305	117,103	21,461	-	2,024,947
Vehicles	2,273,214	463,718	509,937	-	2,226,995
Total other capital assets at historical cost	14,128,636	1,296,645	531,398	-	14,893,883
Other capital assets, net	12,723,245	(422,451)	18,169	-	12,282,625
Governmental activities capital assets, net	\$ 27,248,222	\$ 1,916,584	\$ 18,169	\$ -	\$ 29,146,637

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

Governmental activities	
General governmental	367,665
Public Safety	462,665
Human Services	326,634
Education	55,381
Economic and physical development	69,744
Cultural and Recreational	14,556
Total depreciation expense	<u>\$ 1,296,645</u>

Business-type activities:

	Beginning Balances	Increases	Decreases	Ending Balances
SEWER FUND				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	3,151,106	-	-	3,151,106
Total capital assets not being depreciated	3,151,106	-	-	3,151,106
Capital assets being depreciated:				
Buildings and improvements	256,544	-	-	256,544
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	16,295	-	-	16,295
Total capital assets being depreciated	272,839	-	-	272,839
Less accumulated depreciation for:				
Buildings and improvements	127,748	6,282	-	134,030
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	16,295	-	-	16,295
Total accumulated depreciation	144,043	6,282	-	150,325
Business type activities capital assets, net	\$ 3,279,902	\$ (6,282)	\$ -	\$ 3,273,620
Maple Hill				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ 4,930	\$ -	\$ -	\$ 4,930
Construction in progress	516,181	897,159	-	1,413,340
Total capital assets not being depreciated	521,111	897,159	-	1,418,270
Capital assets being depreciated:				
Buildings and improvements	1,202,031	-	-	1,202,031
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total capital assets being depreciated	1,202,031	-	-	1,202,031
Less accumulated depreciation for:				
Buildings and improvements	533,525	29,609	-	563,134
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	533,525	29,609	-	563,134
Business type activities capital assets, net	\$ 1,189,617	\$ 867,550	\$ -	\$ 2,057,167

Business-type activities (continued):

RP/T Water	Balances	Increases	Decreases	Balances
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ 343,493	\$ -	\$ -	\$ 343,493
Construction in progress	20,351,170	416,544	-	20,767,714
Total capital assets not being depreciated	20,694,663	416,544	-	21,111,207
Capital assets being depreciated:				
Buildings and improvements	7,884,454	-	-	7,884,454
Intangibles	9,485	-	-	9,485
Vehicles	212,533	-	-	212,533
Equipment	33,907	-	-	33,907
Total capital assets being depreciated	8,140,379	-	-	8,140,379
Less accumulated depreciation for:				
Buildings and improvements	1,398,828	204,933	-	1,603,761
Intangibles	7,570	925	-	8,495
Vehicles	135,809	35,891	-	171,700
Equipment	14,413	763	-	15,176
Total accumulated depreciation	1,556,620	242,512	-	1,799,132
Business type activities capital assets, net	\$ 27,278,422	\$ 174,032	\$ -	\$ 27,452,454

Section 8	Beginning Balances	Increases	Decreases	Ending Balances
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	-	-	-	-
Intangibles	9,383	-	-	9,383
Vehicles	5,100	-	-	5,100
Equipment	-	-	-	-
Total capital assets being depreciated	14,483	-	-	14,483
Less accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Intangibles	5,473	938	-	6,411
Vehicles	5,100	-	-	5,100
Equipment	-	-	-	-
Total accumulated depreciation	10,573	938	-	11,511
Business type activities capital assets, net	\$ 3,910	\$ (938)	\$ -	\$ 2,972

Country Court	Beginning Balances	Increases	Decreases	Ending Balances
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	333,617	-	-	333,617
Intangibles	1,200	-	-	1,200
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total capital assets being depreciated	334,817	-	-	334,817
Less accumulated depreciation for:				
Buildings and improvements	133,105	7,590	-	140,695
Intangibles	700	120	-	820
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	133,805	7,710	-	141,515
Business type activities capital assets, net	\$ 201,012	\$ (7,710)	\$ -	\$ 193,302

Business-type activities (continued):

	Beginning Balances	Increases	Decreases	Ending Balances
Solid Waste				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ 66,770	\$ -	\$ -	\$ 66,770
Construction in progress	769,593	-	769,593	-
Total capital assets not being depreciated	836,363	-	769,593	66,770
Capital assets being depreciated:				
Buildings and improvements	1,082,950	774,776	-	1,857,726
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	47,795	-	-	47,795
Total capital assets being depreciated	1,130,745	774,776	-	1,905,521
Less accumulated depreciation for:				
Buildings and improvements	469,030	19,384	-	488,414
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	36,027	4,063	-	40,090
Total accumulated depreciation	505,057	23,447	-	528,504
Business type activities capital assets, net	\$ 1,462,051	\$ 751,329	\$ 769,593	\$ 1,443,787

	Beginning Balances	Increases	Decreases	Ending Balances
Scott's Hill Water & Sewer				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 124,782	\$ 1,751,832	\$ -	\$ 1,876,614
Total capital assets not being depreciated	\$ 124,782	\$ 1,751,832	\$ -	\$ 1,876,614

	Beginning Balances	Increases	Decreases	Ending Balances
Water Treatment Plant				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 1,577,179	\$ 12,487,923	\$ -	\$ 14,065,102
Total capital assets not being depreciated	\$ 1,577,179	\$ 12,487,923	\$ -	\$ 14,065,102

	Beginning Balances	Increases	Decreases	Ending Balances
Waste Water Treatment Plant				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 1,173,415	\$ 1,592,924	\$ -	\$ 2,766,339
Total capital assets not being depreciated	\$ 1,173,415	\$ 1,592,924	\$ -	\$ 2,766,339

Total Business-type activities \$36,290,290 \$ 17,610,660 \$ 769,593 \$ 53,131,357

Construction Commitments

The government has active construction projects as of June 30, 2011. The projects include various school construction projects, as well as water district projects. At June 30, 2011, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Water Treatment Plant	\$ 2,300,000	\$ 618,537
Trask Performing Arts	3,929,276	664,637
Total	\$ 6,229,276	\$ 1,283,174

Discretely presented component units

The following is a summary of proprietary fund type fixed assets for the ABC Board at June 30, 2011:

	<u>Useful Life</u>	<u>Cost</u> June 30, 2011	<u>Accumulated</u> Depreciation	<u>Net</u> Amount
Property	15 - 50 yrs	\$ 143,406	\$ 98,140	\$ 45,266
Equipment	5 - 10 yrs	204,444	160,847	43,597
Vehicle	5 yrs	20,622	20,622	-
		<u>\$ 368,472</u>	<u>\$ 279,609</u>	<u>\$ 88,863</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2011, were as follows:

	<u>Vendors</u>	<u>Salaries and</u> <u>Benefits</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General	\$ 893,116	\$ 587,423	\$ 778,371	\$ -	\$ 2,258,910
Other Governmental	621,109	-	-	-	621,109
Internal Service	-	115,095	-	-	115,095
Total Governmental Activities	<u>\$ 1,514,225</u>	<u>\$ 702,518</u>	<u>\$ 778,371</u>	<u>\$ -</u>	<u>\$ 2,995,114</u>
Business-type Activities					
Maple Hill Water Fund	\$ 559,847	\$ -	\$ 1,167	\$ -	\$ 561,014
Sewer Fund	-	-	-	-	-
Resource Recovery	352,091	-	-	-	352,091
Section 8 Administration	15,798	-	-	-	15,798
Country Court Apts	487	-	-	-	487
Scott's Hill Water & Sewer	413	-	9,191	-	9,604
Water Treatment Plant	481,188	-	187,149	-	668,337
Rocky Point Water & Sewer	79,897	-	77,378	-	157,275
Total Business-Type Activities	<u>\$ 1,489,721</u>	<u>\$ -</u>	<u>\$ 274,885</u>	<u>\$ -</u>	<u>\$ 1,764,606</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System of North Carolina

Plan Description. Pender County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System 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. The 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 and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.45% and 6.41%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 6.35% of annual covered payroll. The contribution requirements of members and of Pender County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009 were \$856,398, \$627,145, and \$599,132, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009 were \$22,982, \$15,419, and \$14,226 respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description:

Pender County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2010, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>58</u>
Total	<u><u>59</u></u>

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies:

Basis of Accounting - Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value. Short-term debt money market debt instruments, deposits, repurchase agreements, and the North Carolina Capital Management Trust investments are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

3. Contributions:

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

The annual required contributions for the fiscal year ended June 30, 2011 was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 - 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected pay on a closed basis. The remaining amortization period at December 31, 2010 was 20 years.

Annual Pension Cost and Net Pension Obligation - The County's annual pension cost and net pension obligation to the Separation Allowance for the current year was as follows:

Annual Required Contribution	\$ 73,505
Interest on Net Pension Obligation	15,574
Adjustments to Annual Required Contributions	<u>(16,676)</u>
Annual Pension Cost	\$ 72,403
Contributions Made	<u>(7,419)</u>
Increase (Decrease) in Net Pension Obligation	\$ 64,984
Net Pension Obligation Beginning of Year	311,485
Net Pension Obligation End of Year	<u><u>\$ 376,469</u></u>

3-Year Trend Information

<u>Year Ended</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Obligation</u>
6-30-09	48,958	25.66%	267,309
6-30-10	54,183	18.47%	311,485
6-30-11	72,403	10.25%	376,469

4. Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$483,372, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$483,372. The covered payroll (annual payroll of active employees covered by the plan) was \$2,071,322, and the ratio of the UAAL to the covered payroll was 23.34%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description - The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of the State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy - Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2011 were \$133,846, which consisted of \$108,933 from the County and \$24,913 from the law enforcement officers.

d. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The County has complied with changes in the laws which govern the County's Deferred Compensation Plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. Formerly, the undistributed amounts that had been deferred by the plan participants were required to be reported as assets of the County. Effective for the current fiscal year and in accordance with GASB Statement 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the County's Deferred Compensation Plan is no longer reported within the County's Agency Funds.

e. Register of Deeds' Supplemental Pension Fund

Plan Description . Pender County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds that 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 Register of Deeds' Supplemental Pension 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 Register of Deeds' Supplemental Pension 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 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) 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%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2011, the County's required and actual contributions were \$5,200.

f. Other Post-employment Benefits

Plan Description . According to a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of creditable service with the County. The County pays the full cost of coverage for these benefits through private insurers. Also, retirees can purchase coverage for their dependents at the County's group rates. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan

Membership of the HCB Plan consisted of the following at December 31, 2010, the date of latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	11	1
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	318	58
Total	<u>329</u>	<u>59</u>

Funding Policy. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the Board of Commissioners. The County's members can purchase coverage for their dependents at the County's group rates. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 6.77% of annual covered payroll. For the current year, the County contributed \$44,031 or .34% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a Board resolution, for employees not engaged in law enforcement and for law enforcement officers represented .41% and .12% of covered payroll, respectively. There were no contributions made by employees. The County's obligation to contribute to HCB Plan is established and may be amended by the Board of Commissioners.

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

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the current year, the amount actually contributed to the plan, and changed in the County's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 1,087,088
Interest on net OPEB obligation	81,451
Adjustment to annual required contribution	<u>(77,810)</u>
Annual OPEB cost (expense)	1,090,729
Contributions made	<u>(44,031)</u>
Increase (decrease) in net OPEB obligation	1,046,698
Net OPEB obligation, beginning of year	<u>2,036,287</u>
Net OPEB obligation, end of year	<u>\$ 3,082,985</u>

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

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 1,047,796	2.50%	\$ 1,022,468
2010	\$ 1,047,796	3.20%	\$ 2,036,287
2011	\$ 1,090,728	4.00%	\$ 3,082,985

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial liability (UAAL) was \$8,009,338. The covered payroll (annual payroll of active employees covered by the plan) was \$12,994,710, and the ratio of UAAL to the covered payroll was 61.6 percent. 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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 to 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, 2010, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included a 3.00 percent inflation assumption. The medical cost trend rate varied between 10.50 and 5.00 percent. The actuarial value of assets 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 unit credit on a level percent of pay, open basis. The remaining amortization period at December 31, 2010, was 30 years.

g. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit 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 System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System 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 the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. 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. The County considers these contributions to be immaterial.

3. Deferred/Unearned Revenues:

The balance in deferred or unearned revenue on the fund statements and unearned revenues on the government-wide statements at year-end is composed of the following elements:

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
Prepaid taxes not yet earned (General)	\$ -	\$ -
Taxes Receivable, net (General)	2,058,236	-
Taxes Receivable, net (Special Revenue)	415,746	-
Special assessments (General)	9,672	-
Total	<u>\$ 2,483,654</u>	<u>\$ -</u>

4. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a participant in one insurance pool administered by the North Carolina Association of County Commissioners, which provides property and general liability coverage.

The County obtains general, auto, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and property coverage equal to replacement cost values of owned property. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request.

Beginning July 1, 2005, the County became self-insured for group medical insurance. The County contracts with Employers Direct Health to administer the program. The contract provides for stop loss -aggregate stop-loss charges of claims above a specified amount. During any one contract period the total accumulated claims expense paid for any one participant above \$75,000 will not be charged to the group; during the remainder of that contract period for that participant.

The County is also self-insured for workers compensation claims. The County contracts with Discovery Insurance Services to administer the program. The stop-loss is \$500,000 per occurrence. The maximum loss to the County for the entire plan is \$2 million.

The liability of unpaid claims of the County as of June 30, 2011 is as follows:

	<u>Fiscal Year Ended June 30,</u>	
	2011	2010
Unpaid claims at July 1	\$ 189,337	\$ 170,919
Incurred claims and judgements for current and prior year events where the County has retained risk of loss	2,079,600	2,000,029
Payments on claims for current and prior year events where the County has retained risk of loss	<u>2,153,842</u>	<u>1,981,611</u>
Unpaid claims at June 30	<u>\$ 115,095</u>	<u>\$ 189,337</u>

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 a commercial surety bond. The Director of Finance, Deputy Finance Officer, Chairman of the Board of Commissioners, and County Manager are each individually bonded for \$100,000. The Tax Collector, Assistant Tax Collector, Deputy County Manager, and Director of Utilities are each individually bonded for \$30,000. The Housing Director is bonded for \$25,000.

The County carries flood insurance through the North Carolina Association of County Commissioners, with a deductible of \$25,000 per occurrence. Flood coverage is excluded on property located in the 100 year flood zone as designated by the Federal Emergency Management Agency.

The County continues to carry commercial insurance 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

6. Contingent Liabilities

The County is a defendant in various lawsuits. Management of the County and its respective legal counsel feels that these claims can be successfully defended and intend to resist the allegations of these matters in every way and do not plan to seek out-of-court settlements. In the event that judgments adverse to the interest of the County should be rendered, management and its legal counsel feel any liability will be covered by existing insurance policies.

7. Long Term Debt

Mortgage Notes

Pender County Housing Authority (Country Court Enterprise Fund) has outstanding two notes aggregating \$141,647 due to the Farmer's Home Administration. The notes are collateralized by an apartment complex with a carrying value of \$192,342 and bear interest at 1%.

General Obligation Bonds

The general obligation bonds serviced by the General Fund are collateralized by the full faith, credit and taxing power of the County. The general obligation bonds serviced by the Water Fund, and Sewer Fund are collateralized by the full faith, credit and taxing power of the Maple Hill Water District and the Rocky Point – Topsail Water and Sewer District. The following individual issues are outstanding at June 30, 2011:

Serviced by the General Fund:

Refunded - General Obligation School Bonds, Series 1997 \$3,425,000 due in annual payments ranging from \$300,000 to \$465,000, plus interest at 3.36% through 2017, serviced by the Special Revenue Fund	\$ 2,430,000
General Obligation Refunding Bonds, Series 2010 \$4,985,000 due in annual payments ranging from \$10,000 to \$460,000, plus interest ranging from 4.40% to 4.70% through 2022, serviced by the Special Revenue Fund.	4,975,000
General Obligation Refunding Bonds, Series 2004 \$9,815,000 due in annual payments ranging from \$460,000 to \$1,125,000, plus interest ranging from 2.50% to 4.00% through 2016, serviced by the General Fund and the Special Revenue Fund.	3,515,000

Serviced by the Capital Projects Fund:

General Obligation School Bonds, Series 2005 \$35,000,000 due in annual payments ranging from \$1,000,000 to \$3,000,000, plus interest ranging from 3.00% to 4.75% through 2025, serviced by the School Capital Project Fund.	32,000,000
General Obligation School Bonds, Series 2007 \$20,875,000 due in annual payments ranging from \$900,000 to \$1,875,000, plus interest ranging from 4.00% to 6.00% through 2028, serviced by the School Capital Project Fund.	<u>18,175,000</u>

Total General Obligation Bonds (Governmental Activities) \$ 61,095,000

Serviced by Water and Sewer Districts:

Maple Hill Water District Bond R-1 \$330,000 to USDA Rural Development, due in annual payments ranging from \$3,500 to \$14,000, plus interest at 5.75%, through June 2031	\$ 243,500
Scott's Hill Water & Sewer District Bonds, Series 2011 to USDA Rural Development, due in annual payments ranging from \$32,000 to \$128,000, plus interest at 4.125% through June 2051.	2,711,000
Rocky Point - Topsail Water & Sewer District Bonds, Series 2001 to USDA Rural Development, due in annual payments ranging from \$39,000 to \$156,000, plus interest at 4.75% on \$2,783,000, and 4.875% on \$850,000 through June 2041.	3,271,500
Rocky Point - Topsail Water & Sewer District Bonds, Series 2002 to USDA Rural Development, due in annual payments ranging from \$4,000 to \$16,000, plus interest at 4.75% on \$375,000, through June 2041.	338,500
Rocky Point - Topsail Water & Sewer District Bonds, Series 2006 to USDA Rural Development, due in annual payments ranging from \$196,000 to \$784,000, plus interest at 4.50% on \$4,823,000; 4.375% on \$900,000; 4.25% on \$1,529,000; 4.375% on \$8,000,000; and 4.375% on \$2,625,000, through June 2046.	<u>17,193,000</u>
Total Serviced by the Enterprise Funds	<u>\$ 23,757,500</u>

Bond Anticipation Notes

Pender County has issued various bond anticipation notes, in order to finance various water, sewer, and wastewater improvement projects.

\$17,200,000 Water Bond Anticipation Note, Series 2010, dated October 12, 2010, maturing July 6, 2011, bearing interest at 1.25%.	\$ 17,200,000
\$4,955,000 Revenue Water Bond Anticipation Note, Series 2010, dated October 12, 2010, maturing October 12, 2012, bearing interest at 1.20%	<u>4,955,000</u>
Total Bond Anticipation Notes	<u>\$ 22,155,000</u>

Other Indebtedness

Serviced by the General Fund:

Installment Purchase

\$960,000 note to BB&T Governmental Finance, due in annual installments of \$80,000 through June 29, 2015; interest at 4.05% fixed.	\$ 320,000
\$655,250 note to North Carolina Department of Commerce to finance Industrial Shell Building. Interest only payments due first two years, with first payment due July 1, 2011 and principal will amortize thereafter on July 1, 2013 until the loan is paid in full.	655,250
\$500,000 note to Four County EMC to finance the Industrial Shell Building. Principal payments will be repaid in 84 equal monthly installments, with the first installment being due July 31, 2014. Interest rate is 0%.	<u>500,000</u>
Total Installment Purchases	<u>\$ 1,475,250</u>
Total Long-Term Debt	<u>\$ 108,482,750</u>

Annual maturity requirements on all long-term debt (except accrued compensated absences and unfunded pension obligations, which have no definite maturities, and capital lease obligations, which are presented elsewhere) with no related interest as of June 30, 2011, are as follows:

Year Ending June 30	General Obligation Bonds		Installment Note		Mortgage Notes		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ 21,400,500	\$ 3,748,819	\$ 80,000	\$ 26,065	\$ 6,449	\$ 1,387	\$ 25,263,220
2013	9,148,000	3,442,963	80,000	22,825	6,514	1,322	12,701,624
2014	4,314,500	3,232,178	294,106	19,585	6,580	1,256	7,868,205
2015	4,358,500	3,067,056	369,817	12,063	6,646	1,190	7,815,272
2016	4,351,000	2,894,561	294,184	4,455	6,712	1,124	7,552,036
2017-2021	21,616,500	11,604,433	357,143	-	34,587	4,593	33,617,256
2022-2026	20,983,500	6,947,051	-	-	36,360	2,820	27,969,731
2027-2031	7,103,500	3,743,239	-	-	37,799	916	10,885,454
2032-2036	4,095,000	2,674,245	-	-	-	-	6,769,245
2037-2041	4,842,500	1,692,216	-	-	-	-	6,534,716
2042-2046	4,198,000	651,429	-	-	-	-	4,849,429
2047-2051	596,000	72,450	-	-	-	-	668,450
Total	\$ 107,007,500	\$ 43,770,640	\$ 1,475,250	\$ 84,993	\$ 141,647	\$ 14,608	\$ 152,494,638

*General Obligation Bonds above in the annual maturity schedule includes Bond Anticipation Notes as well as General Obligation Bonds.

Advance Refundings

On September 14, 2010, the County issued \$4,985,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$5,000,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$296,911. This amount is being netted against the new debt and amortized over the life of the refunded debt, which has the same maturity as the old debt. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$557,585, and resulted in an economic gain of \$260,674.

Long-Term Obligation Activity:

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2011:

	Balance 7/1/2010	Additions	Retirements	Balance 6/30/2011	Current Portion of Balance
Governmental Activities:					
General Obligation Bonds	\$ 64,990,000	\$ 4,985,000	\$ 8,880,000	\$ 61,095,000	\$ 3,905,000
Installment Note	400,000	1,155,250	80,000	1,475,250	80,000
Unfunded Pension Obligation	311,485	64,984	-	376,469	-
Other Postemployment Benefits	1,956,986	991,998	-	2,948,984	-
Compensated Absences	1,365,608	83,405	-	1,449,013	-
Total	\$ 69,024,079	\$ 7,280,637	\$ 8,960,000	\$ 67,344,716	\$ 3,985,000
Business-type Activities:					
General Obligation Debt	\$ 21,328,500	\$ 2,711,000	\$ 282,000	\$ 23,757,500	\$ 295,500
Bond Anticipation Notes	-	24,866,000	2,711,000	22,155,000	17,200,000
Mortgage Note	148,004	-	6,357	141,647	6,449
Other Postemployment Benefits	79,301	54,700	-	134,001	-
Compensated Absences	50,306	5,802	-	56,108	-
Total	\$ 21,606,111	\$ 27,637,502	\$ 2,999,357	\$ 46,244,256	\$ 17,501,949

Conduit Debt Obligations

The Industrial Authority has issued industrial revenue bonds to provide financial assistance to private business for economic development purposes. These bonds are secured by the properties financed, as well as letters of credit, and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2011, there were no industrial revenue bonds outstanding.

Other

The County's legal debt margin at June 30, 2011, approximates \$325,684,018. Bonds authorized but unissued at June 30, 2011, are as follows:

Rocky Point - Topsail Water and Sewer General Obligation Bonds	
Water Plant	\$ 300,000
Scott's Hill Water & Sewer District General Obligation Bonds	1,289,000
Moore's Creek Water & Sewer General Obligation Bonds	45,000,000
Central Water & Sewer District General Obligation Bonds	27,000,000
Total Bonds Authorized but unissued	<u>\$ 73,589,000</u>

C. Interfund Balances and Activity

Interfund Receivables and Payables

Amounts classified on the balance sheet as "Due from other funds" and "Due to other funds" at June 30, 2011, include the following interfund gross receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 4,470,418	\$ 2,097
Country Court	2,097	-
Maple Hill Water Fund	12,568	-
Sewer Fund	24,507	-
Solid Waste	-	-
Rocky Point / Topsail Water & Sewer	-	37,075
Water Treatment Plant	-	1,577,179
Waste Water Treatment Plant	-	2,893,239
	<u>4,509,590</u>	<u>4,509,590</u>
Total	\$	\$

All interfund receivables and payables resulted from transfers used to supplement other funding sources.

Interfund Transfers

Interfund transfers and transfers from component unit during the year ended June 30, 2011, can be summarized as follows:

From the General fund to the Public School Capital fund to fund School Capital Projects.	\$ 2,692,735
From the General fund to the Worker's Comp fund to pay workers compensation premiums.	225,367
From the General fund to the Vehicle Replacement Capital fund to accumulate resources for vehicle purchases.	52,269
From the General fund to the Domestic Violence Grant to provide additional funds.	15,000
From the General Fund to Capital Improvements Capital Project Fund to provide funds for various projects	2,824,991
From the Wallace WWTP Capacity Fund to Rocky Point Topsail Water & Sewer Fund to provide resources for projects.	426,250
	<u>\$ 6,236,612</u>

D. Fund Balance

Pender County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, and county funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County.

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	\$ 30,973,421
Less:	
Stabilization by State statute	7,159,814
Health Department Escrow	93,350
Sheriff's Seizures	81,458
Tax Revaluation	28,897
Automation Enhancement and Preservation	279,436
Water and Sewer Plant	2,639,036
Pender Commerce Park Wastewater Treatment Facility	3,000,000
Appropriated Fund Balance in 2012 Budget	3,691,349
Working Capital / Fund Balance Policy	12,845,795
Remaining Fund Balance	1,154,286

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The General Fund had outstanding encumbrances of \$192,103.

NOTE 4: Joint Venture

The County, in conjunction with the State of North Carolina, New Hanover County and the Pender County and New Hanover County Boards of Education, participates in a joint venture to operate Cape Fear Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the Community College. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic 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 because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$185,711 to the Community College operating purposes during the fiscal year ended June 30, 2011. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2011. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 321 North Front Street, Wilmington, North Carolina 28401.

The County, in conjunction with New Hanover and Brunswick Counties, participates in a joint venture to operate Southeastern Center for Mental Health Development Disabilities, and Substance Abuse Services (Center). Each of the Counties appoints three Board members. The Center is not considered a component unit of any other government. The County has ongoing responsibility for the Center or would otherwise have to provide mental health services itself. The County contributed \$156,000 to the Center during the year ended June 30, 2011, and provides the Center use of space at its government complex center in Burgaw. The County has no equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2011. Complete copies of the Center's financial statements may be obtained at the Center's administrative offices on South 17th Street in Wilmington, North Carolina.

NOTE 5: Related Organizations

The County commissioners are responsible for appointing the members of the Industrial Pollution Control and Financing Authority, but the County's accountability for this organization does not extend beyond making these appointments. The Authority exists to aid in the financing of industrial and manufacturing facilities in the area for the general economic benefit of the area. As of June 30, 2011, the Authority has no debt issues outstanding.

NOTE 6: Jointly Governed Organizations

The County, in conjunction with other counties and municipalities, established the Cape Fear Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$21,203 to the Council during the fiscal year ended June 30, 2011.

The County, along with the City of Wilmington and four other counties in southeastern North Carolina established the Lower Cape Fear Water and Sewer Authority (Authority). The Authority was formed to help facilitate water and sewer services in southeastern North Carolina. Pender County Commissioners appoint two of thirteen members of the Authority's Board of Directors. The County paid its annual system development charge in the amount of \$109,718 to the Authority during the year ended June 30, 2011. The balance due to the Authority at June 30, 2011 is \$578,555.

NOTE 7: Supplemental and Additional Supplemental One-Half of One Percent Local Government Sales and Use Tax

State law (Chapter 105, Article 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales tax, or local option sales taxes, for the public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2011, the County reported these local option sales taxes with its General Fund. The County expended the restricted portion of these taxes for public school capital outlays.

NOTE 8: Public School Building Capital Fund

This program is funded by a one percent increase (from 6% to 7%) in the corporate income tax rate which the Department of Revenue collects and deposits into the fund. The Department made monthly deposits into the fund from October 1, 1987 through July 31, 1988, of 100% of the revenues it collected from the additional 1% tax through June 30, 1991. Beginning July 1, 1988, the Department makes quarterly deposits into the fund of 50% of the revenues it collects from the additional 1% tax less \$2.5 million which it deposits into the Critical School Facilities Needs Fund (see below).

The corporate income taxes deposited into the fund are allocated to Pender County on the basis of its average daily membership (ADM) determined by the State Board of Education. The Office of State Budget and Management establishes and maintains an ADM allocation account for the County. At June 30, 2011, the balance of the County's ADM allocation account was \$21,343.

After approving a school capital project authorization by the Act, the Office of State Budget and Management will transfer funds from the County's ADM allocation account to its disbursing account maintained with the State Treasurer. At June 30, 2011, the County's disbursing account had a balance of \$1,290,746. The County must match these funds on the basis of one dollar for every three dollars of State funds.

NOTE 9: Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. 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 that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	338,298	-
Medicaid	38,428,908	15,376,123
Food stamp program	12,362,811	-
Energy Assistance	347,950	-
Adoption Assistance	235,978	54,704
Title IV-E, foster care	204,175	29,061
Adult Assistance	-	296,257

NOTE 10: Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

NOTE 11: Subsequent Events

\$17,500,000 Water Series Bonds, 2011 were issued on July 5, 2011. The maturity date is April 4, 2012 with an interest rate of .37%.

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principals.

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separatin Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits

Pender County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
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 % of Covered Payroll ((b - a)/c)
12/31/2005	\$ -	\$ 297,699	\$ 297,699	0.00%	\$ 1,488,838	20.00%
12/31/2006	\$ -	\$ 292,912	\$ 292,912	0.00%	\$ 1,545,765	18.95%
12/31/2007	\$ -	\$ 347,378	\$ 347,378	0.00%	\$ 1,643,950	21.13%
12/31/2008	\$ -	\$ 361,521	\$ 361,521	0.00%	\$ 2,128,149	16.99%
12/31/2009	\$ -	\$ 513,679	\$ 513,679	0.00%	\$ 2,135,467	24.05%
12/31/2010	\$ -	\$ 483,372	\$ 483,372	0.00%	\$ 2,071,322	23.34%

Pender County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage of APC Contributed	Net Pension Obligation End of Year
2006	\$ 40,514	57.67%	\$ 170,316
2007	\$ 40,206	28.12%	\$ 199,218
2008	\$ 42,998	28.12%	\$ 230,912
2009	\$ 48,958	25.66%	\$ 267,309
2010	\$ 54,183	18.47%	\$ 311,485
2011	\$ 72,403	10.25%	\$ 376,469

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 actuarial valuation follows.

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level % of pay closed
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 to 7.85 %
*Includes inflation at	3.00%
Cost-of living adjustments	N/A

**Pender County, North Carolina
Other Postemployment Benefits
Required Supplementary Information
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 % of Covered Payroll ((b - a)/c)
12/31/2008	\$ -	\$ 9,250,385	\$ 9,250,385	0.00%	\$ 12,737,378	72.62%
12/31/2010	\$ -	\$ 8,009,338	\$ 8,009,338	0.00%	\$ 12,994,710	61.64%

**Pender County, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contribution	Percentage of APC Contributed	Net Pension Obligation End of Year
2009	1,047,796	2.47%	1,022,468
2010	1,047,796	3.24%	2,036,287
2011	1,087,088	4.05%	3,082,985

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 actuarial valuation follows.

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level % 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	
Pre-Medicare trend rate	10.50% to 5.00 %
Post-Medicare trend rate	8.50% to 5.00%
Year of ultimate trend rate	2018
 *Includes inflation at	 3.00%

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Pender County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	2011		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Ad valorem Taxes	\$ 30,181,488	\$ 31,338,806	\$ 1,157,318
Other Taxes and Licenses	4,340,541	5,230,733	890,192
Unrestricted Intergovernmental Revenues	210,000	151,479	(58,521)
Restricted Intergovernmental Revenues	9,355,725	8,108,825	(1,246,900)
Permits and Fees	1,867,415	1,604,641	(262,774)
Sales and Services	339,503	348,882	9,379
Investment Earnings	192,807	93,286	(99,521)
Reimbursements to General Fund	-	-	-
Miscellaneous	103,320	70,280	(33,040)
Total Revenues	<u>\$ 46,590,799</u>	<u>\$ 46,946,932</u>	<u>\$ 356,133</u>
Expenditures			
General Government:			
Governing Body	\$ 159,098	\$ 127,746	\$ 31,352
County Manager	242,819	234,818	8,001
Human Resources	160,983	118,361	42,622
Board of Elections	252,393	205,076	47,317
Finance	303,547	285,062	18,485
Information Systems	770,457	719,332	51,125
Tax Administrator	1,190,902	1,114,896	76,006
AE&P Fund	58,200	58,000	200
Register of Deeds	234,264	228,803	5,461
Public Buildings	1,198,572	1,162,944	35,628
Court Facilities	16,500	16,500	-
Nondepartmental	822,318	751,518	70,800
County Attorney	76,400	63,230	13,170
Outside Agencies	-	-	-
Vehicle Maintenance	328,156	244,805	83,351
Contingency	-	-	-
Total General Government	<u>\$ 5,814,609</u>	<u>\$ 5,331,091</u>	<u>\$ 483,518</u>
Public safety:			
Sheriff	\$ 4,479,529	\$ 4,479,529	\$ -
DHS - Interoperability Comm	-	-	-
Jail	1,656,729	1,612,244	44,485
CJPP - Pretrial Release Program	74,614	68,932	5,682
Emergency Management	366,609	249,685	116,924
Inspections and Planning	-	-	-
Forest Resources	220,000	201,259	18,741
Sheriff Seizure	45,000	40,243	4,757
SHSG Program 10/11	9,500	-	9,500
Medical Examiner	98,155	40,365	57,790
Total Public Safety	<u>\$ 6,950,136</u>	<u>\$ 6,692,257</u>	<u>\$ 257,879</u>
Economic and Physical Development:			
Extension Service	\$ 132,863	\$ 102,076	\$ 30,787
Planning	884,666	810,203	74,463
Tourism Office	132,600	132,600	-
Option 4 Payments	275,535	311,411	(35,876)
Outside Agencies	234,374	234,374	-
Total Economic and Physical Develop	<u>\$ 1,660,038</u>	<u>\$ 1,590,664</u>	<u>\$ 69,374</u>

Pender County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	2011		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Human services:			
Health Department	\$ 4,981,503	\$ 4,067,948	\$ 913,555
Mosquito Control	253,788	225,116	28,672
Public Assistance	9,331,852	8,881,925	449,927
Veterans Services	81,831	79,565	2,266
Mental Health	20,000	15,620	4,380
Hurricane Contingency	5,510	5,000	510
Flooding	27,135	27,135	-
EDTAP Transportation	190,316	190,316	-
Outside Agencies	235,928	235,928	-
Total Human Services	<u>\$ 15,127,863</u>	<u>\$13,728,553</u>	<u>\$ 1,399,310</u>
Cultural and recreational:			
Library	\$ 745,484	\$ 734,135	\$ 11,349
Recreational	453,411	363,147	90,264
Outside Agencies	12,250	12,250	-
Total Cultural and Recreational	<u>\$ 1,211,145</u>	<u>\$ 1,109,532</u>	<u>\$ 101,613</u>
Education:			
Cape Fear Community College	\$ -	\$ -	\$ -
Pender County Schools:			
Current Operating - County	13,226,855	13,217,433	9,422
Youth Alternatives	177,203	90,164	87,039
Outside Agencies	202,711	201,711	1,000
Total Education	<u>\$ 13,606,769</u>	<u>\$13,509,308</u>	<u>\$ 97,461</u>
Debt service:			
Principal	\$ 570,000	\$ 570,000	\$ -
Interest	33,350	33,350	-
Total Debt Service	<u>\$ 603,350</u>	<u>\$ 603,350</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 44,973,910</u>	<u>\$42,564,755</u>	<u>\$ 2,409,155</u>
Revenue Over Expenditures	<u>\$ 1,616,889</u>	<u>\$ 4,382,177</u>	<u>\$ 2,765,288</u>
Other Financing Sources (Uses):			
Transfer from other funds:			
Emergency Telephone	\$ -	\$ -	\$ -
Capital Improvements	-	-	-
Transfer to other funds:			
County Wide	-	-	-
Capital Project Fund	(2,824,991)	(2,824,991)	-
Public School Capital	(2,692,735)	(2,692,735)	-
Revaluation	(125,000)	(125,000)	-
Vehicle Replacement	(52,269)	(52,269)	-
Domestic Violence	(15,000)	(15,000)	-
Workers Comp Fund	(225,367)	(225,367)	-
Appropriated Fund Balance	4,318,473	-	(4,318,473)
Total Other Financing (Uses)	<u>\$ (1,616,889)</u>	<u>\$ (5,935,362)</u>	<u>\$ (4,318,473)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (1,553,185)</u>	<u>\$ (1,553,185)</u>
Fund Balance:			
Beginning of year, July 1		32,497,709	
Prior Period Adjustment (See NOTE 11)		-	
End of year, June 30		<u>\$30,944,524</u>	

Pender County, North Carolina
Revaluation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	2011		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Interest Income	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
General Government	\$ 38,161	\$ 36,628	\$ 1,533
Capital Outlay	1,148	1,148	-
Reserves	244,150	216,787	27,363
Total expenditures	<u>\$ 283,459</u>	<u>\$ 254,563</u>	<u>\$ 28,896</u>
Revenues over expenditures	<u>\$ (283,459)</u>	<u>\$ (254,563)</u>	<u>\$ 28,896</u>
Other financing sources (uses):			
Appropriated fund balance	\$ 158,459	\$ -	\$ (158,459)
Transfer from:			
General Fund	125,000	125,000	-
Total Other Financing Sources (Uses)	<u>\$ 283,459</u>	<u>\$ 125,000</u>	<u>\$ (158,459)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (129,563)</u>	<u>\$ (129,563)</u>
Fund balances:			
Beginning of year, July 1		<u>158,460</u>	
End of year, June 30		<u>\$ 28,897</u>	

OTHER MAJOR GOVERNMENTAL FUNDS

Major Governmental Funds - School Capital Projects Fund
Major Governmental Funds - School Special Revenue Fund

Pender County, North Carolina
School Capital Project Fund - Capital Projects Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

Exhibit B-2

	Project Author- ization	Actual			Total to Date
		Prior Years	Current Year	Closed Projects	
Revenues					
Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax Refund	500,000	661,303	158,014	-	819,317
Lottery Funds	1,518,876	134,040	1,384,836	-	1,518,876
PSBCF - State Revenue	1,545,815	903,741	642,075	-	1,545,816
Interest Income	2,071,803	1,536,918	4,087	-	1,541,005
Total revenues	\$ 5,636,494	\$ 3,236,002	\$ 2,189,012	\$ -	\$ 5,425,014
Expenditures					
Intergovernmental:					
Schools:					
Burgaw Middle	\$ 227,517	\$ 689,517	\$ -	\$ -	\$ 689,517
Topsail Middle	3,093,945	2,753,034	250,297	-	3,003,331
Pender High School	2,821,446	-	-	-	-
Burgaw Elementary Land	100,721	-	-	-	-
Burgaw Elementary Sch Add	5,977,888	5,972,827	-	-	5,972,827
Topsail High Land	1,585,132	1,510,017	-	-	1,510,017
Topsail High School	36,563,351	36,199,809	106,113	-	36,305,922
Central Topsail Elementary	750,000	526,520	151,453	-	677,973
Penderlea School	500,000	474,002	14,812	-	488,814
Rocky Point Primary School	1,929,000	1,625,225	148,501	-	1,773,726
West Pender Middle School	500,000	320,983	172,288	-	493,271
Topsail Performing Arts Center	2,200,000	2,200,000	-	-	2,200,000
Trask Performing Arts Center	4,593,914	1,072,656	2,833,572	-	3,906,228
Bond Closing Costs	160,000	178,494	-	-	178,494
Contract Service - Arbitrage	3,900	-	3,900	-	3,900
Interest Expenditures	87,161	-	-	-	-
Total Expenditures	\$ 61,093,975	\$ 53,523,084	\$ 3,680,936	\$ -	\$ 57,204,020
Revenues under expenditures	\$ (55,457,481)	\$ (50,287,082)	\$ (1,491,924)	\$ -	\$ (51,779,006)
Other financing sources:					
Public School Capital Fd	\$ (426,319)	\$ -	\$ -	\$ -	\$ -
Premium on Debt Issued	426,319	426,319	-	-	426,319
Bond Proceeds	55,875,000	55,875,000	-	-	55,875,000
Reserve for Arbitrage	(591,519)	(581,936)	-	-	(581,936)
Public School Capital Fd	174,000	174,000	-	-	174,000
Fund Balance Appropriated	-	-	-	-	-
	\$ 55,457,481	\$ 55,893,383	\$ -	\$ -	\$ 55,893,383
Revenues and other sources over (under) expenditures	\$ -	\$ 5,606,301	\$ (1,491,924)	\$ -	\$ 4,114,377
Fund balances:					
Beginning of year, July 1			5,606,301		
End of year, June 30			\$ 4,114,377		

Pender County, North Carolina
School Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance
Revenues			
Other Taxes - Sales	\$ 2,279,988	\$ 2,280,208	\$ 220
Public School Building Capital Fund	-	-	-
Interest Earned	-	-	-
Lottery Funds	700,000	700,000	-
Total Revenues	<u>\$ 2,979,988</u>	<u>\$ 2,980,208</u>	<u>\$ 220</u>
Expenditures			
General Government	\$ -	\$ -	\$ -
Education	-	-	-
Water Project	-	-	-
Capital Outlay	1,110,000	1,110,000	-
Option 4 Redistribution	115,414	101,089	14,325
Debt Service Payment	3,390,000	3,390,000	-
Bond Recall Payment	49,150	49,150	-
Debt Issuance Cost	-	170,477	(170,477)
Interest Expense	2,653,305	2,764,739	(111,434)
Reserve	-	-	-
Total Expenditures	<u>\$ 7,317,869</u>	<u>\$ 7,585,455</u>	<u>\$ (267,586)</u>
Excess Revenue Over (Under) Expenditures	\$ (4,337,881)	\$ (4,605,247)	\$ (267,366)
Other financing sources (uses)			
Transfers from (to):			
General Fund	\$ 2,692,735	\$ 2,692,735	\$ -
School Capital Project	-	-	-
Proceeds from Refund of Bonds	-	4,985,000	4,985,000
Payment on Refunded Bonds	-	(5,000,000)	(5,000,000)
Premium on Refunded Bonds	-	296,911	296,911
Fund Balance Appropriated	1,645,146	-	(1,645,146)
Total other financing sources (uses)	<u>\$ 4,337,881</u>	<u>\$ 2,974,646</u>	<u>\$ (1,363,235)</u>
Revenues and other financing sources over uses	<u>\$ -</u>	<u>\$ (1,630,601)</u>	<u>\$ (1,630,601)</u>
Fund balance:			
Beginning of year, July 1		<u>3,189,238</u>	
End of Year, June 30		<u>\$ 1,558,637</u>	

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Pender County, North Carolina
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011**

Assets	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Cash and cash equivalents	\$ 1,194,993	\$ 2,349,245	\$ 3,544,238
Taxes receivable (net)	415,746	-	415,746
Other Receivables	48,115	341,678	389,793
Total assets	<u>\$ 1,658,854</u>	<u>\$ 2,690,923</u>	<u>\$ 4,349,777</u>
 Liabilities and Fund Balances			
Liabilities:			
Advance funding of projects	\$ 88,271	\$ -	\$ 88,271
Accounts payable and accrued liabilities	130,989	318,329	449,318
Due to other funds	-	-	-
Deferred revenue	415,746	-	415,746
Total liabilities	<u>635,006</u>	<u>318,329</u>	<u>953,335</u>
 Fund balances:			
Restricted:			
Stabilization by State Statute	-	-	-
Capital Outlay and Improvements	-	2,372,594	2,372,594
Public Safety	1,092,960	-	1,092,960
Economic Development	11,430	-	11,430
Unassigned:	(80,542)	-	(80,542)
Total fund balances	<u>1,023,848</u>	<u>2,372,594</u>	<u>3,396,442</u>
Total liabilities and fund balances	<u>\$ 1,658,854</u>	<u>\$ 2,690,923</u>	<u>\$ 4,349,777</u>

Pender County, North Carolina
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Revenues			
Ad valorem taxes	\$ 5,483,872	\$ -	\$ 5,483,872
Other taxes	-	-	-
Investment earnings	952	-	952
Sales tax refund	-	340,651	340,651
Unrestricted intergovernmental	395,402	-	395,402
Restricted Intergovernmental	260,447	502,926	763,373
Loans	-	1,155,250	1,155,250
Donations	-	28,808	28,808
Local Match	-	35,063	35,063
Total revenues	<u>6,140,673</u>	<u>2,062,698</u>	<u>8,203,371</u>
Expenditures			
Current:			
General government	\$ -	\$ -	\$ -
Public safety	5,656,686	-	5,656,686
Economic and physical development	274,248	-	274,248
Education	-	-	-
Capital outlay	160,234	3,515,283	3,675,517
Other equipment	-	16,040	16,040
Titles/Tags/Tax	-	-	-
Option 4 redistribution	-	-	-
Debt service	-	-	-
Total expenditures	<u>6,091,168</u>	<u>3,531,323</u>	<u>9,622,491</u>
Revenues over (under) expenditures	<u>\$ 49,505</u>	<u>\$ (1,468,625)</u>	<u>\$ (1,419,120)</u>
Other financing sources:			
Transfers in (out)	\$ 15,000	\$ 2,877,260	\$ 2,892,260
Proceeds from Refund of Bonds	-	-	-
Payment on Refunded Bonds	-	-	-
Premium on Refunded Bonds	-	-	-
Total other financing sources uses	<u>\$ 15,000</u>	<u>\$ 2,877,260</u>	<u>\$ 2,892,260</u>
Revenues and other financing sources over (under) expenditures	<u>\$ 64,505</u>	<u>\$ 1,408,635</u>	<u>\$ 1,473,140</u>
Fund balances:			
Beginning of year, July 1	959,343	963,959	1,923,302
Prior Period Adjustment (See NOTE 11)	-	-	-
End of year, June 30	<u>\$ 1,023,848</u>	<u>\$ 2,372,594</u>	<u>\$ 3,396,442</u>

**Pender County, North Carolina
Special Revenue Funds
Combining Balance Sheets
June 30, 2011**

Assets	Fire Service District Fund	Rescue Districts Fund	911 Emergency Telephone Fund	Community Development Block Grant Fund	Seven Oaks	CDBG CDBG 2002-Scattered Sites	HWY 421 Industrial Park
Cash and cash equivalents	\$ 110,836	\$ 268,779	\$ 801,311	\$ -	\$ -	\$ 2,767	\$ -
Taxes receivable (net)	176,622	239,124	-	-	-	-	-
Other Receivables	-	-	33,241	-	-	-	-
Total assets	<u>\$ 287,458</u>	<u>\$ 507,903</u>	<u>\$ 834,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,767</u>	<u>\$ -</u>
Liabilities and Fund Balances							
Liabilities:							
Advance funding of projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	97,415	3,612	22,817	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Deferred revenue	176,622	239,124	-	-	-	-	-
Total liabilities	<u>\$ 274,037</u>	<u>\$ 242,736</u>	<u>\$ 22,817</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Equity:							
Fund balances:							
Restricted:							
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	13,421	265,167	811,735	-	-	-	-
Economic Development	-	-	-	-	-	2,767	-
Unassigned:	-	-	-	-	-	-	-
Total fund balances	<u>\$ 13,421</u>	<u>\$ 265,167</u>	<u>\$ 811,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,767</u>	<u>\$ -</u>
Total liabilities and fund balances	<u>\$ 287,458</u>	<u>\$ 507,903</u>	<u>\$ 834,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,767</u>	<u>\$ -</u>

(continued)

**Pender County, North Carolina
Special Revenue Funds
Combining Balance Sheets
June 30, 2011**

Assets	CDBG 2004 Concentrated Needs	Domestic Violence Grant	Giant Salvinia Eradication	CDBG Scattered Sites	2005 CHAF #071-0-04	HPRP Grant	Totals June 30, 2011
Cash and cash equivalents	\$ 2,637	\$ -	\$ 8,663	\$ -	\$ -	-	\$ 1,194,993
Taxes receivable (net)	-	-	-	-	-	-	415,746
Other Receivables	-	14,874	-	-	-	-	48,115
Total assets	<u>\$ 2,637</u>	<u>\$ 14,874</u>	<u>\$ 8,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,658,854</u>
 Liabilities and Fund Balances							
Liabilities:							
Advance funding of projects	\$ -	\$ 56,345	\$ -	\$ 2,148	\$ 17	\$ 29,761	\$ 88,271
Accounts payable	-	529	-	5,227	-	1,389	130,989
Due to Other Funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	415,746
Total liabilities	<u>\$ -</u>	<u>\$ 56,874</u>	<u>\$ -</u>	<u>\$ 7,375</u>	<u>\$ 17</u>	<u>\$ 31,150</u>	<u>\$ 635,006</u>
 Equity:							
Fund balances:							
Restricted:							
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	2,637	-	-	-	-	-	1,092,960
Economic Development	-	-	8,663	-	-	-	11,430
Unassigned:	-	(42,000)	-	(7,375)	(17)	(31,150)	(80,542)
Total fund balances	<u>\$ 2,637</u>	<u>\$ (42,000)</u>	<u>\$ 8,663</u>	<u>\$ (7,375)</u>	<u>\$ (17)</u>	<u>\$ (31,150)</u>	<u>\$ 1,023,848</u>
Total liabilities and fund balances	<u>\$ 2,637</u>	<u>\$ 14,874</u>	<u>\$ 8,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,658,854</u>

Pender County, North Carolina
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

	Fire Service District Fund	Rescue Districts Fund	911 Emergency Telephone Fund	Community Development Block Grant Fund	Seven Oaks	CDBG 2002-Scattered Sites	HWY 421 Industrial Park
Revenues							
Ad valorem taxes	\$ 2,113,660	\$ 3,370,212	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-	-
Restricted intergovernmental	-	-	-	-	-	-	-
Unrestricted intergovernmental	-	-	395,402	-	-	-	-
Investment earnings	-	-	952	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>\$ 2,113,660</u>	<u>\$ 3,370,212</u>	<u>\$ 396,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures							
Current:							
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	2,173,942	3,141,524	282,617	-	-	-	-
Economic and Physical Develop	-	-	-	-	-	-	-
Capital Outlay	-	150,509	9,725	-	-	-	-
Option 4 Redistribution	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Total expenditures	<u>\$ 2,173,942</u>	<u>\$ 3,292,033</u>	<u>\$ 292,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues over (under) expenditures	<u>\$ (60,282)</u>	<u>\$ 78,179</u>	<u>\$ 104,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other financing sources:							
Transfers from:							
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers to:							
General Fund	-	-	-	-	-	-	-
Highway 117 Sewer Project	-	-	-	-	-	-	-
School Capital Project	-	-	-	-	-	-	-
Proceeds from Refund of Bonds	-	-	-	-	-	-	-
Payment on Refunded Bonds	-	-	-	-	-	-	-
Premium on Refunded Bonds	-	-	-	-	-	-	-
Total other fin. sources uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ (60,282)</u>	<u>\$ 78,179</u>	<u>\$ 104,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, Beginning of Year	73,703	186,988	707,723	-	-	2,767	-
Prior Period Adjustment	-	-	-	-	-	-	-
Fund Balance, End of Year	<u>\$ 13,421</u>	<u>\$ 265,167</u>	<u>\$ 811,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,767</u>	<u>\$ -</u>

(continued)

Pender County, North Carolina
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

	CDBG 2004 Concentrated Needs	Domestic Violence Grant	Giant Salvinia Eradication	CDBG Scattered Sites	2005 CHAF #71-0-04	HPRP Grant	Totals June 30, 2011
Revenues							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,483,872
Other Taxes	-	-	-	-	-	-	-
Restricted intergovernmental	-	44,456	11,455	86,050	1,895	116,591	260,447
Unrestricted intergovernmental	-	-	-	-	-	-	395,402
Investment earnings	-	-	-	-	-	-	952
Miscellaneous	-	-	-	-	-	-	-
Total revenues	\$ -	\$ 44,456	\$ 11,455	\$ 86,050	\$ 1,895	\$ 116,591	\$ 6,140,673
Expenditures							
Current:							
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	-	58,603	-	-	-	-	5,656,686
Economic and Physical Develop	-	-	24,590	96,600	1,912	151,146	274,248
Capital Outlay	-	-	-	-	-	-	160,234
Option 4 Redistribution	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Total expenditures	\$ -	\$ 58,603	\$ 24,590	\$ 96,600	\$ 1,912	\$ 151,146	\$ 6,091,168
Revenues over (under) expenditures	\$ -	\$ (14,147)	\$ (13,135)	\$ (10,550)	\$ (17)	\$ (34,555)	\$ 49,505
Other financing sources:							
Transfers from:							
General Fund	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Transfers to:							
General Fund	-	-	-	-	-	-	-
Highway 117 Sewer Project	-	-	-	-	-	-	-
School Capital Project	-	-	-	-	-	-	-
Proceeds from Refund of Bonds	-	-	-	-	-	-	-
Payment on Refunded Bonds	-	-	-	-	-	-	-
Premium on Refunded Bonds	-	-	-	-	-	-	-
Total other fin. sources uses	-	15,000	-	-	-	-	15,000
Revenues and other financing sources over (under) expenditures	\$ -	\$ 853	\$ (13,135)	\$ (10,550)	\$ (17)	\$ (34,555)	\$ 64,505
Fund Balance, Beginning of Year	2,637	(42,853)	21,798	3,175	-	3,405	959,343
Prior Period Adjustment	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ 2,637	\$ (42,000)	\$ 8,663	\$ (7,375)	\$ (17)	\$ (31,150)	\$ 1,023,848

Pender County, North Carolina
County-Wide Fire Service District Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	2011		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Ad Valorem Taxes - Fire District Taxes	\$ 2,134,832	\$ 2,113,660	\$ (21,172)
Total revenues	<u>\$ 2,134,832</u>	<u>\$ 2,113,660</u>	<u>\$ (21,172)</u>
Expenditures			
Public safety:			
Pender Central	\$ 219,119	\$ 219,119	\$ -
Sloop Point	399,192	399,192	-
Maple Hill	94,852	94,852	-
Rocky Point	310,228	310,228	-
Long Creek	157,237	157,237	-
Shiloh	77,007	75,710	1,297
Penderlea	123,221	123,221	-
Atkinson	106,745	104,474	2,271
Hampstead	466,925	466,925	-
Scotts Hill	89,920	89,920	-
Northeast Pender	113,911	113,911	-
Penderlea - Dublin Area	14,980	13,573	1,407
Contracted Services	8,722	5,580	3,142
Total Expenditures	<u>\$ 2,182,059</u>	<u>\$ 2,173,942</u>	<u>\$ 8,117</u>
Revenues over expenditures	<u>\$ (47,227)</u>	<u>\$ (60,282)</u>	<u>\$ (13,055)</u>
Other financing sources (uses):			
Transfer in (out)	\$ -	\$ -	\$ -
Fund Balance Appropriated	47,227	-	(47,227)
Total Other financing sources (uses)	<u>\$ 47,227</u>	<u>\$ -</u>	<u>\$ (47,227)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (60,282)</u>	<u>\$ (60,282)</u>
Fund balances:			
Beginning of year, July 1		<u>73,703</u>	
End of year, June 30		<u>\$ 13,421</u>	

Pender County, North Carolina
Rescue District Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	2011		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Ad valorem taxes:			
Rescue District Taxes:			
Pender County EMS Taxes	\$ 3,141,524	\$ 3,369,408	\$ 227,884
Pender East Rescue	-	207	207
Pender County Rescue	-	533	533
Union	-	56	56
Surf City	-	5	5
Topsail Beach	-	3	3
Total revenues	<u>\$ 3,141,524</u>	<u>\$ 3,370,212</u>	<u>\$ 228,688</u>
Expenditures			
Current:			
Public safety:			
Pender Volunteer EMS & Rescue	\$ 3,141,524	\$ 3,141,524	\$ -
Capital Outlay	150,509	150,509	-
Total Expenditures	<u>\$ 3,292,033</u>	<u>\$ 3,292,033</u>	<u>\$ -</u>
Revenues over expenditures	<u>\$ (150,509)</u>	<u>\$ 78,179</u>	<u>\$ 228,688</u>
Other financing sources (uses):			
Transfer from:			
General Fund	\$ -	\$ -	\$ -
Fund Balance Appropriated	150,509	-	(150,509)
Total Other financing sources (uses)	<u>\$ 150,509</u>	<u>\$ -</u>	<u>\$ (150,509)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 78,179</u>	<u>\$ 78,179</u>
Fund balances:			
Beginning of year, July 1		<u>186,988</u>	
End of year, June 30		<u>\$ 265,167</u>	

Pender County, North Carolina
911 Emergency Telephone Systems
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	2011		Variance Favorable (Unfavorable)
	Annual Budget	Actual	
Revenues			
Investment Earnings	\$ -	\$ 952	\$ 952
Unrestricted Intergovernmental	391,786	395,402	3,616
Total	<u>\$ 391,786</u>	<u>\$ 396,354</u>	<u>\$ 4,568</u>
Expenditures			
Salaries	\$ 78,543	\$ 78,543	\$ -
Fringe Benefits	25,843	25,064	779
Training	5,000	1,579	3,421
Telephone	4,500	3,295	1,205
Supplies & Materials	20,670	4,331	16,339
Contracted Services	98,353	28,953	69,400
Telecommunication Service	145,500	138,047	7,453
Other Equipment	10,000	2,805	7,195
Capital Outlay	15,000	9,725	5,275
Total Expenditures	<u>\$ 403,409</u>	<u>\$ 292,342</u>	<u>\$ 111,067</u>
Revenues over expenditures	<u>\$ (11,623)</u>	<u>\$ 104,012</u>	<u>\$ 115,635</u>
Other Financing Sources:			
Appropriated Fund Balance	\$ 11,623	\$ -	\$ (11,623)
Transfer from (to) general fund			-
	<u>\$ 11,623</u>	<u>\$ -</u>	<u>\$ (11,623)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 104,012</u>	<u>\$ 104,012</u>
Fund balances:			
Beginning of year, July 1		<u>707,723</u>	
End of year, June 30		<u>\$ 811,735</u>	

Pender County, North Carolina
Community Development Block Grant Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenue				
Restricted Intergovernmental	\$ 1,821,760	\$ 525,904	\$ -	\$ 525,904
Project Revenues	176,142	7,041	-	7,041
Program Revenues	-	5,647	-	5,647
Investment Income	-	13,093	-	13,093
Total Revenue	<u>\$ 1,997,902</u>	<u>\$ 551,685</u>	<u>\$ -</u>	<u>\$ 551,685</u>
Expenditures				
Economic and Physical Development	<u>\$ 1,997,902</u>	<u>\$ 587,064</u>	<u>\$ -</u>	<u>\$ 587,064</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (35,379)</u>	<u>\$ -</u>	<u>\$ (35,379)</u>
Other financing sources (uses):				
Transfers from (to):				
General Fund	<u>\$ -</u>	<u>\$ 35,379</u>	<u>\$ -</u>	<u>\$ 35,379</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 35,379</u>	<u>\$ -</u>	<u>\$ 35,379</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:				
Beginning of year, July 1			<u>-</u>	
End of year, June 30			<u>\$ -</u>	

Pender County, North Carolina
Seven Oaks
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted Intergovernmental Revenues	\$ 1,500,000	\$ 750,000	\$ -	\$ 750,000
Loan Proceeds	987,908	-	-	-
Equity form CAHEC	3,625,956	424,619	-	424,619
Total Revenues	<u>\$ 6,113,864</u>	<u>\$ 1,174,619</u>	<u>\$ -</u>	<u>\$ 1,174,619</u>
Expenditures				
Utilities	\$ 162,372	\$ 100	\$ -	\$ 100
Contracted Services	491,219	77,261	-	77,261
Reserves	241,730	17,056	-	17,056
Tax Credit Fees	53,108	-	-	-
Loan Closing Costs	206,902	2,137	-	2,137
Contingency	51,222	-	-	-
Capital Outlay	10,000	-	-	-
Construction	4,804,330	1,078,065	-	1,078,065
Land Purchase	125,000	-	-	-
Total Expenditures	<u>\$ 6,145,883</u>	<u>\$ 1,174,619</u>	<u>\$ -</u>	<u>\$ 1,174,619</u>
Excess Revenue Over (Under) Expenditures	\$ (32,019)	\$ -	\$ -	\$ -
Other financing sources (uses)				
Transfers from (to):				
General Fund	\$ -	\$ -	\$ -	\$ -
Fund Balance Appropriated	32,019	-	-	-
Total other financing sources (uses)	<u>\$ 32,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and other financing sources over uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:				
Beginning of year, July 1			-	
End of Year, June 30			<u>\$ -</u>	

Pender County, North Carolina
 CDBG 2002 Scattered Sites
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2011

	Project Authorization	Prior Years	Actual	
			Actual	Total to Date
Revenues				
Community Development Block Grant	\$ 600,000	\$ 600,000	\$ -	\$ 600,000
Program Income	42,281	42,282	-	42,282
Total	<u>\$ 642,281</u>	<u>\$ 642,282</u>	<u>\$ -</u>	<u>\$ 642,282</u>
Expenditures				
Current:				
Clearance/Demolition	\$ 59,287	\$ 59,287	\$ -	\$ 59,287
Relocation	403,932	401,915	-	401,915
Rehabilitation	135,520	134,771	-	134,771
Administration	43,542	43,542	-	43,542
Total Expenditures	<u>\$ 642,281</u>	<u>\$ 639,515</u>	<u>\$ -</u>	<u>\$ 639,515</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 2,767</u>	<u>\$ -</u>	<u>\$ 2,767</u>
Other Financing Sources:				
Appropriated Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 2,767</u>	<u>\$ -</u>	<u>\$ 2,767</u>
Fund balances:				
Beginning of year, July 1			<u>2,767</u>	
End of year, June 30			<u>\$ 2,767</u>	

**Pender County, North Carolina
 HWY 421 Industrial Park Study
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2011**

	Project Authorization	Actual		Total to Date
		Prior Years	Actual	
Revenues				
Rural Center Capacity Bldg	\$ 40,000	\$ -	\$ -	\$ -
Investment Earnings	\$ -	\$ 7,762	\$ -	\$ 7,762
Unrestricted Intergovernmental	-	-	-	-
Total	\$ 40,000	\$ 7,762	\$ -	\$ 7,762
Expenditures				
Current:				
Supplies and Materials	\$ 5,000	\$ -	\$ -	\$ -
Contracted Services - Attorneys	5,000	-	-	-
Contracted Services - Engineers	19,500	12,262	-	12,262
Contracted Services - Planning	15,000	-	-	-
Total Expenditures	\$ 44,500	\$ 12,262	\$ -	\$ 12,262
Revenues over expenditures	\$ (4,500)	\$ (4,500)	\$ -	\$ (4,500)
Other Financing Sources:				
Transfers from (to):				
Capital Improvement Project Fund	\$ 4,500	\$ 4,500	\$ -	\$ 4,500
Appropriated Fund Balance	-	-	-	-
Total other financing sources (uses)	\$ 4,500	\$ 4,500	\$ -	\$ 4,500
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:				
Beginning of year, July 1				-
End of year, June 30			<u>\$ -</u>	

**Pender County, North Carolina
CDBG 2004 Concentrated Needs
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011**

	Project Authorization	Prior Years	Actual	
			Actual	Total to Date
Revenues				
Community Development Fund	\$ 700,000	\$ 657,726	\$ -	\$ 657,726
Unrestricted Intergovernmental	4,950	2,637	-	2,637
Total	<u>\$ 704,950</u>	<u>\$ 660,363</u>	<u>\$ -</u>	<u>\$ 660,363</u>
Expenditures				
Current:				
Clearance/Demolition	\$ 48,000	\$ 39,419	\$ -	\$ 39,419
Relocation	434,000	397,283	-	397,283
Rehabilitation	68,950	63,101	-	63,101
Administration	59,000	57,090	-	57,090
L1 Administration	-	352	-	352
L1 Clearance	10,000	9,900	-	9,900
L1 Relocation	85,000	89,285	-	89,285
L1 Acquisition	-	1,296	-	1,296
Total Expenditures	<u>\$ 704,950</u>	<u>\$ 657,726</u>	<u>\$ -</u>	<u>\$ 657,726</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 2,637</u>	<u>\$ -</u>	<u>\$ 2,637</u>
Other Financing Sources:				
Appropriated Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 2,637</u>	<u>\$ -</u>	<u>\$ 2,637</u>
Fund balances:				
Beginning of year, July 1			<u>2,637</u>	
End of year, June 30			<u>\$ 2,637</u>	

Pender County, North Carolina
Domestic Violence Grant
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	2011		
	Annual Budget	Actual	Variance to Date
Revenues			
Restricted Intergovernmental Revenues	\$ 45,000	\$ 44,456	\$ (544)
Total Revenues	<u>\$ 45,000</u>	<u>\$ 44,456</u>	<u>\$ (544)</u>
Expenditures			
Salaries	\$ 40,383	\$ 40,538	\$ (155)
Fringe Benefits	14,614	13,904	710
Travel	-	203	(203)
Supplies and Materials	4,666	3,598	1,068
Uniforms	500	360	140
Total Expenditures	<u>\$ 60,163</u>	<u>\$ 58,603</u>	<u>\$ 1,560</u>
Excess Revenue Over (Under) Expenditures	\$ (15,163)	\$ (14,147)	\$ 1,016
Other financing sources (uses)			
Transfers from (to):			
General Fund	\$ 15,000	\$ 15,000	\$ -
Appropriated Fund Balance	163	-	163
Total other financing sources (uses)	<u>\$ 15,163</u>	<u>\$ 15,000</u>	<u>\$ 163</u>
Revenues and other financing sources over uses	<u>\$ -</u>	<u>\$ 853</u>	<u>\$ 853</u>
Fund balance:			
Beginning of year, July 1		<u>(42,853)</u>	
End of Year, June 30		<u>\$ (42,000)</u>	

Pender County, North Carolina
Giant Salvinia Eradication
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Project Authorization	Prior Years	Actual	
			Actual	Total to Date
Revenues				
NFWF - Giant Salvinia Education	\$ 218,230	\$ 166,775	\$ 11,455	\$ 178,230
Total	\$ 218,230	\$ 166,775	\$ 11,455	\$ 178,230
Expenditures				
Current:				
Salaries	\$ 73,412	\$ 63,205	\$ -	\$ 63,205
FICA	5,698	4,836	-	4,836
Postage	489	327	-	327
Travel	19,726	12,617	-	12,617
Vehicle Repairs and Maintenance	2,400	186	-	186
Supplies and Materials	19,285	18,288	585	18,873
Supplies - Chemicals	29,331	28,514	-	28,514
Contracted Services	46,816	6,581	24,005	30,586
Training	5,850	2,967	-	2,967
Other Equipment	18,223	10,456	-	10,456
Total Expenditures	\$ 221,230	\$ 147,977	\$ 24,590	\$ 172,567
Revenues over expenditures	\$ (3,000)	\$ 18,798	\$ (13,135)	\$ 5,663
Other Financing Sources:				
Transfers from (to):				
General Fund	\$ 3,000	\$ 3,000	\$ -	\$ 3,000
Appropriated Fund Balance	-	-	-	-
Total other financing sources (uses)	\$ 3,000	\$ 3,000	\$ -	\$ 3,000
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 21,798	\$ (13,135)	\$ 8,663
Fund balances:				
Beginning of year, July 1			21,798	
End of year, June 30			\$ 8,663	

Pender County, North Carolina
CDBG Scattered Sites
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Project Authorization	Prior Years	Actual	
			Actual	Total to Date
Revenues				
Community Development Fund	\$ 1,400,000	\$ 810,016	\$ 86,050	\$ 896,066
Total	<u>\$ 1,400,000</u>	<u>\$ 810,016</u>	<u>\$ 86,050</u>	<u>\$ 896,066</u>
Expenditures				
Current:				
Clearance/Demolition	\$ 71,000	\$ 62,488	\$ 2,619	\$ 65,107
Relocation	1,010,000	559,887	51,800	611,687
Rehabilitation	169,000	99,557	28,666	128,223
Administration	146,500	81,409	13,515	94,924
Planning	3,500	3,500	-	3,500
Total Expenditures	<u>\$ 1,400,000</u>	<u>\$ 806,841</u>	<u>\$ 96,600</u>	<u>\$ 903,441</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 3,175</u>	<u>\$ (10,550)</u>	<u>\$ (7,375)</u>
Other Financing Sources:				
Appropriated Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 3,175</u>	<u>\$ (10,550)</u>	<u>\$ (7,375)</u>
Fund balances:				
Beginning of year, July 1			<u>3,175</u>	
End of year, June 30			<u>\$ (7,375)</u>	

Pender County, North Carolina
2005 CHAF #071-0-04
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Project Authorization	Prior Years	Actual	
			Actual	Total to Date
Revenues				
Crisis Housing Assistance	\$ 995,200	\$ 331,793	\$ 1,895	\$ 333,688
Investment Income	-	8,153	-	8,153
Total	\$ 995,200	\$ 339,946	\$ 1,895	\$ 341,841
Expenditures				
Current:				
Repair	\$ 114,400	\$ 102,937	\$ -	\$ 102,937
Replacements	805,300	162,018	1,912	163,930
Service Delivery	75,500	74,991	-	74,991
Total Expenditures	\$ 995,200	\$ 339,946	\$ 1,912	\$ 341,858
Revenues over expenditures	\$ -	\$ -	\$ (17)	\$ (17)
Other Financing Sources:				
Appropriated Fund Balance	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$ -	\$ -	\$ (17)	\$ (17)
Fund balances:				
Beginning of year, July 1			-	
End of year, June 30			\$ (17)	

Pender County, North Carolina
HPRP Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Actual			Total to Date
	Project Authorization	Prior Years	Actual	
Revenues				
HPRP Grant	\$ 275,000	\$ 16,304	\$ 116,591	\$ 132,895
Investment Income	-	-	-	-
Total	<u>\$ 275,000</u>	<u>\$ 16,304</u>	<u>\$ 116,591</u>	<u>\$ 132,895</u>
Expenditures				
Current:				
Salaries and Fringe Benefits	\$ 82,864	\$ 1,847	\$ 33,185	\$ 35,032
Utilities	28,851	-	20,491	20,491
Utility Deposit	1,000	-	483	483
Security Deposit	10,541	1,175	8,025	9,200
Rent Assistance	150,138	9,877	87,893	97,770
Supplies and Materials	1,027	-	514	514
Contracted Services	568	-	555	555
Miscellaneous	11	-	-	-
Total Expenditures	<u>\$ 275,000</u>	<u>\$ 12,899</u>	<u>\$ 151,146</u>	<u>\$ 164,045</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 3,405</u>	<u>\$ (34,555)</u>	<u>\$ (31,150)</u>
Other Financing Sources:				
Appropriated Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 3,405</u>	<u>\$ (34,555)</u>	<u>\$ (31,150)</u>
Fund balances:				
Beginning of year, July 1			<u>3,405</u>	
End of year, June 30			<u>\$ (31,150)</u>	

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds

Pender County, North Carolina
 Capital Projects Funds
 Combining Balance Sheets
 June 30, 2011

	NON-MAJOR			Combining Totals June 30, 2011
	Vehicle Replacement Fund	Capital Improvements Fund	Capital Facilities Reserve Fund	
Assets				
Current Assets:				
Cash and Investments	\$ 92,263	\$ 2,157,834	\$ 99,148	\$ 2,349,245
Accounts Receivable (Net)	856	340,822	-	341,678
Total assets	<u>\$ 93,119</u>	<u>\$ 2,498,656</u>	<u>\$ 99,148</u>	<u>\$ 2,690,923</u>
Liabilities and Fund Balances				
Liabilities:				
Advance funding of projects	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	2,500	315,829	-	318,329
Due to other funds	-	-	-	-
Total liabilities	<u>\$ 2,500</u>	<u>\$ 315,829</u>	<u>\$ -</u>	<u>\$ 318,329</u>
Fund balances:				
Restricted				
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -
Capital Outlay and Improvements	90,619	2,182,827	99,148	2,372,594
Unassigned	-	-	-	-
Total fund balances	<u>\$ 90,619</u>	<u>\$ 2,182,827</u>	<u>\$ 99,148</u>	<u>\$ 2,372,594</u>
Total liabilities and fund balances	<u>\$ 93,119</u>	<u>\$ 2,498,656</u>	<u>\$ 99,148</u>	<u>\$ 2,690,923</u>

Pender County, North Carolina
 Capital Projects Fund
 Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 For the Year Ended June 30, 2011

	NON-MAJOR			Combining Totals June 30, 2011
	Vehicle Replacement Fund	Capital Improvements Fund	Capital Facilities Reserve Fund	
Revenues				
Interest Income	\$ -	\$ -	\$ -	\$ -
Sales Tax Refund	-	340,651	-	340,651
Restricted intergovernmental	-	502,926	-	502,926
Loans	-	1,155,250	-	1,155,250
Donations	-	28,808	-	28,808
Local Match	-	35,063	-	35,063
Total Revenue	<u>\$ -</u>	<u>\$ 2,062,698</u>	<u>\$ -</u>	<u>\$ 2,062,698</u>
Expenditures				
Capital Outlay	\$ -	\$ 3,515,283	\$ -	\$ 3,515,283
Other Equipment	16,040	-	-	16,040
Titles/Tags/Tax	-	-	-	-
Education	-	-	-	-
Total Expenditures	<u>\$ 16,040</u>	<u>\$ 3,515,283</u>	<u>\$ -</u>	<u>\$ 3,531,323</u>
Revenues over (under) expenditures	<u>\$ (16,040)</u>	<u>\$ (1,452,585)</u>	<u>\$ -</u>	<u>\$ (1,468,625)</u>
Other financing sources (uses)				
Transfers from (to):				
General Fund	\$ 52,269	\$ 2,824,991	\$ -	\$ 2,877,260
Total other financing sources (uses)	<u>\$ 52,269</u>	<u>\$ 2,824,991</u>	<u>\$ -</u>	<u>\$ 2,877,260</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 36,229</u>	<u>\$ 1,372,406</u>	<u>\$ -</u>	<u>\$ 1,408,635</u>
Fund Balances:				
Beginning of Year - July 1	54,390	810,421	99,148	963,959
End of Year - June 30	<u>\$ 90,619</u>	<u>\$ 2,182,827</u>	<u>\$ 99,148</u>	<u>\$ 2,372,594</u>

Pender County, North Carolina
Vehicle Replacement Fund - Capital Project Fund
Statement of Revenue, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	2011		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Proceeds From Vehicle Disposals	\$ -	\$ -	\$ -
Other Income	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Capital Outlay - Vehicle	\$ 751,000	\$ -	\$ 751,000
Other Equipment	18,000	16,040	1,960
Titles/tags/tax	44,252	-	44,252
Total Expenditures	<u>813,252</u>	<u>16,040</u>	<u>797,212</u>
Revenues under expenditures	<u>\$ (813,252)</u>	<u>\$ (16,040)</u>	<u>\$ 797,212</u>
Other financing sources (uses):			
Transfers from (to):			
General Fund	\$ 812,252	\$ 52,269	\$ (759,983)
Fund Balance Appropriated	1,000	-	(1,000)
Total financing sources (uses)	<u>\$ 813,252</u>	<u>\$ 52,269</u>	<u>\$ (760,983)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 36,229</u>	<u>\$ 36,229</u>
Fund balances:			
Beginning of year, July 1		<u>54,390</u>	
End of year, June 30		<u>\$ 90,619</u>	

Pender County, North Carolina
 Capital Improvements Fund - Capital Project Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2011

	2011		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Restricted Intergovernmental	\$ 4,240,548	\$ 502,926	\$ (3,737,622)
Miscellaneous	-	340,651	340,651
Total revenues	<u>\$ 4,240,548</u>	<u>\$ 843,577</u>	<u>\$ (3,396,971)</u>
Expenditures			
Capital Outlay:			
Undefined Projects	\$ 4,943,403	\$ 518,889	\$ 4,424,514
Industrial Infrastructure Development	1,089,466	450,130	639,336
Industrial Incentive-Prestige Label	40,000	-	40,000
Industrial Incentive-Def Lab	260,000	-	260,000
Solid Waste Study	150,000	-	150,000
Upgrades RPT/Hamp Convenience Centers	41,800	-	41,800
Parks & Recreation	250,000	22,069	227,931
Beach Renourishment	1,450,000	277,464	1,172,536
Pender Memorial Park	728,633	8,961	719,672
Mallard Bay Dredging - Phase II	438,960	-	438,960
Hampstead District Park	619,796	424	619,372
Nixon Creek Dredging	85,397	-	85,397
Water Treatment Plant	1,994,009	-	1,994,009
WasteWater Treatment Plant	1,994,009	-	1,994,009
Dogwood Lane Dredging	31,242	-	31,242
Millcreek Dredging Ph I	20,548	-	20,548
Hampstead District Park Phase II	405,801	1,350	404,451
Facilities Maintenance	682,533	120,322	562,211
Space Plan Development	1,288,711	3,235	1,285,476
Stormwater Project	106,107	1,143	104,964
Courthouse Renovations	324,244	238,686	85,558
Radio Tower	45,323	-	45,323
Pender Packing Sewer	431,000	119,486	311,514
Pender Kitchen Incubator	401,416	-	401,416
HWY 421 Industrial Park Study	15,025	24,975	(9,950)
Mill Creek (Phase 2) Dredging	702,687	71,370	631,317
Hampstead Library Annex	289,072	231,325	57,747
Black River Restoration	95,040	-	95,040
Miller's Pond Park	43,850	16,030	27,820
Drainage Management	202,000	2,380	199,620
Pender Progress Industrial Shell Building	1,499,460	897,711	601,749
Pender Memorial Park	10,000	-	10,000
Hampstead Kiwanis Park	10,000	-	10,000
Mental Health Services Facility	148,320	144,000	4,320
Recreation - Lighting of Fields	394,570	365,333	29,237
Animal Shelter	164,000	-	164,000
Courthouse Sidewalk Replacement	125,000	-	125,000
York House Renovation	75,000	-	75,000
Environmental Health Modular Renovation	15,000	-	15,000
US 421 Property Acquisition	326,277	-	326,277
Jail/LEC Building	895,276	-	895,276
DSS Building	225,000	-	225,000
Total Expenditures	<u>\$ 23,057,975</u>	<u>\$ 3,515,283</u>	<u>\$ 19,542,692</u>
Revenues under expenditures	<u>\$ (18,817,427)</u>	<u>\$ (2,671,706)</u>	<u>\$ 16,145,721</u>
Other financing sources:			
Operating Transfer In (Out)			
General Fund	\$ 16,637,377	\$ 2,824,991	\$ (13,812,386)
Solid Waste	802,256	-	(802,256)
Public School Capital	(10,000)	-	10,000
Hwy 421 Industrial Park	(4,500)	-	4,500
Loans	1,155,250	1,155,250	-
Donations	130,036	28,808	(101,228)
Local Match	107,008	35,063	(71,945)
Appropriated Fund Balance	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 18,817,427</u>	<u>\$ 4,044,112</u>	<u>\$ (14,773,315)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,372,406</u>	<u>\$ 1,372,406</u>
Fund balances:			
Beginning of year, July 1		<u>810,421</u>	
End of year, June 30		<u>\$ 2,182,827</u>	

Pender County, North Carolina
Capital Facilities Reserve Fund - Capital Projects Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Other financing sources:				
Operating Transfer In (Out)				
General Fund	\$ -	\$ 1,999,148	\$ -	\$ 1,999,148
Capital Improvements Fund	-	(1,900,000)	-	(1,900,000)
Total Other Fin. Sources (Uses)	<u>\$ -</u>	<u>\$ 99,148</u>	<u>\$ -</u>	<u>\$ 99,148</u>
Fund balances:				
Beginning of year, July 1			<u>99,148</u>	
End of year, June 30			<u>\$ 99,148</u>	

PROPRIETARY FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Pender County, North Carolina
Proprietary Fund
Combining Balance Sheets
June 30, 2011

Exhibit E-1

	MAJOR				NON-MAJOR					Totals
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	
Assets										
Current assets:										
Cash and cash equivalents	\$ 54,277	\$ 2,393,750	\$ -	\$ -	\$ 1,057,032	\$ 153,135	\$ 48,700	\$ -	\$ -	\$ 3,706,894
Due from other funds	-	-	-	12,568	24,507	-	2,097	-	-	39,172
Accounts receivable (net)	321,048	276,664	-	20,094	38,517	5,855	19	-	-	662,197
Prepaid expense	-	-	-	-	-	-	-	-	-	-
Total current assets	<u>375,325</u>	<u>2,670,414</u>	<u>-</u>	<u>32,662</u>	<u>1,120,056</u>	<u>158,990</u>	<u>50,816</u>	<u>-</u>	<u>-</u>	<u>4,408,263</u>
Restricted Cash	-	1,381,459	10,363,644	-	-	-	-	952,604	-	12,697,707
Temporary Construction	-	20,767,714	14,065,102	1,413,340	3,151,106	-	-	1,876,614	2,766,339	44,040,215
Capital assets (net)	1,443,787	6,684,740	-	643,827	122,514	2,972	193,302	-	-	9,091,142
Total assets	<u>1,819,112</u>	<u>31,504,327</u>	<u>24,428,746</u>	<u>2,089,829</u>	<u>4,393,676</u>	<u>161,962</u>	<u>244,118</u>	<u>2,829,218</u>	<u>2,766,339</u>	<u>70,237,327</u>
Liabilities and Fund Equities										
Current liabilities:										
Advance Funding of Projects	-	-	-	298,631	-	-	-	-	-	298,631
Accounts payable and accrued liabilities	352,091	79,897	481,188	559,847	-	15,798	487	413	-	1,489,721
Accrued interest	-	77,378	187,149	1,167	-	-	-	9,191	-	274,885
Customer deposits	-	22,729	-	350	-	-	6,195	-	-	29,274
Deferred Revenue	-	-	-	-	-	-	-	-	-	-
General Obligation bonds payable	-	287,500	-	8,000	-	-	-	-	-	295,500
Bond anticipation note	-	-	22,155,000	-	-	-	-	-	-	22,155,000
Notes payable	-	-	-	-	-	-	6,449	-	-	6,449
Due to other funds	-	37,075	1,577,179	-	-	-	-	-	2,893,239	4,507,493
Total current liabilities	<u>352,091</u>	<u>504,579</u>	<u>24,400,516</u>	<u>867,995</u>	<u>-</u>	<u>15,798</u>	<u>13,131</u>	<u>9,604</u>	<u>2,893,239</u>	<u>29,056,953</u>
Noncurrent liabilities:										
Compensated absences payable	12,104	33,298	-	4,547	-	6,159	-	-	-	56,108
OPEB payable	30,783	75,196	-	8,332	-	19,690	-	-	-	134,001
General obligation bond payable	-	20,515,500	-	235,500	-	-	-	2,711,000	-	23,462,000
Note payable	-	-	-	-	-	-	135,198	-	-	135,198
Total noncurrent liabilities	<u>42,887</u>	<u>20,623,994</u>	<u>-</u>	<u>248,379</u>	<u>-</u>	<u>25,849</u>	<u>135,198</u>	<u>2,711,000</u>	<u>-</u>	<u>23,787,307</u>
Total liabilities	<u>394,978</u>	<u>21,128,573</u>	<u>24,400,516</u>	<u>1,116,374</u>	<u>-</u>	<u>41,647</u>	<u>148,329</u>	<u>2,720,604</u>	<u>2,893,239</u>	<u>52,844,260</u>
Net Assets										
Capital assets net of related debt	1,443,787	8,030,913	2,273,746	1,813,667	3,273,620	2,972	51,655	118,218	2,766,339	19,774,917
Unrestricted	(19,653)	2,344,841	(2,245,516)	(840,212)	1,120,056	117,343	44,134	(9,604)	(2,893,239)	(2,381,850)
Total net assets	<u>\$ 1,424,134</u>	<u>\$ 10,375,754</u>	<u>\$ 28,230</u>	<u>\$ 973,455</u>	<u>\$ 4,393,676</u>	<u>\$ 120,315</u>	<u>\$ 95,789</u>	<u>\$ 108,614</u>	<u>\$ (126,900)</u>	<u>\$ 17,393,067</u>

Pender County, North Carolina
Proprietary Funds
Combining Statement of Revenues, Expenses, and
Changes in Retained Earnings (Deficit)
For The Fiscal Year Ended June 30, 2011

	MAJOR			NON-MAJOR						Totals
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	
Operating revenues:										
Charges for services	\$ 3,721,530	\$ 2,403,486	\$ -	\$ 170,574	\$ 357,430	\$ -	\$ -	\$ -	\$ -	\$ 6,653,020
Dwelling Rental	-	-	-	-	-	-	39,860	-	-	39,860
Other operating revenues	77,148	-	-	2,997	-	-	34	47,680	-	127,859
Total operating revenues	3,798,678	2,403,486	-	173,571	357,430	-	39,894	47,680	-	6,820,739
Operating expenses:										
Personnel	186,645	528,139	-	44,897	-	105,988	-	-	-	865,669
Contracted Services	4,023,136	291,435	-	14,874	-	-	12,007	-	-	4,341,452
Water Purchases	-	435,653	-	36,820	-	-	-	-	-	472,473
System Maintenance / Other Operating Costs	74,794	302,063	-	13,796	-	14,727	21,242	-	-	426,622
Administration and Housing Assistance	-	-	-	-	-	1,171,584	-	-	-	1,171,584
OPEB Expense	11,717	33,679	-	2,810	-	6,494	-	-	-	54,700
Depreciation	23,447	242,512	-	29,609	6,282	938	7,710	-	-	310,498
Total operating expenses	4,319,739	1,833,481	-	142,806	6,282	1,299,731	40,959	-	-	7,642,998
Operating income	(521,061)	570,005	-	30,765	351,148	(1,299,731)	(1,065)	47,680	-	(822,259)
Nonoperating revenues (expenses):										
Capital Contributions	-	-	-	396,115	-	-	-	-	-	396,115
Interest revenue	-	1,646	28,230	-	-	15	80	3,279	-	33,250
Fraud recovery	-	-	-	-	-	4,344	-	-	-	4,344
White Goods - DEHNR Grant	16,922	-	-	-	-	-	-	-	-	16,922
Scrap Tire - DEHNR Grant	13,365	-	-	-	-	-	-	-	-	13,365
Reimbursements from School	244,154	-	-	-	-	-	-	-	-	244,154
STDA reimbursement	61,760	-	-	-	-	-	-	-	-	61,760
Operating Subsidy - HUD	-	-	-	-	-	1,183,695	-	-	-	1,183,695
Miscellaneous Revenue	-	-	-	-	-	37,092	-	-	-	37,092
Interest expense	-	(939,805)	-	(14,397)	-	-	-	-	-	(954,202)
Total Nonoperating Revenues (Expenses)	336,201	(938,159)	28,230	381,718	-	1,225,146	80	3,279	-	1,036,495
Revenues over (under) expenditures	(184,860)	(368,154)	28,230	412,483	351,148	(74,585)	(985)	50,959	-	214,236
Other financing sources (uses):										
Transfers from (to):										
Rocky Point Water Fund	-	-	-	-	(426,250)	-	-	-	-	(426,250)
Sewer Fund	-	426,250	-	-	-	-	-	-	-	426,250
Total other financing sources (uses)	-	426,250	-	-	(426,250)	-	-	-	-	-
Net Income (Loss)	(184,860)	58,096	28,230	412,483	(75,102)	(74,585)	(985)	50,959	-	214,236
Net Assets - beginning	1,608,994	10,317,658	-	560,972	4,468,778	194,900	96,774	57,655	(126,900)	17,178,831
Net Assets - ending	\$ 1,424,134	\$ 10,375,754	\$ 28,230	\$ 973,455	\$ 4,393,676	\$ 120,315	\$ 95,789	\$ 108,614	\$ (126,900)	\$ 17,393,067

Pender County, North Carolina
Resource Recovery Operating Fund - Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Landfill Fees	\$ 1,166,027	\$ 997,227	\$ (168,800)
User Fees	2,516,577	2,687,024	170,447
Disposal Tax	27,963	37,279	9,316
Miscellaneous Revenues	11,332	77,148	65,816
Total Revenues	<u>3,721,899</u>	<u>3,798,678</u>	<u>76,779</u>
Expenditures			
Salaries & Employee Benefits	188,063	186,645	1,418
Contracted Services	4,033,741	4,023,136	10,605
Other Operating Expenditures	78,718	74,794	3,924
Capital Outlay	7,858	5,183	2,675
Total Expenditures	<u>4,308,380</u>	<u>4,289,758</u>	<u>18,622</u>
Revenues over (under) expenditures	<u>(586,481)</u>	<u>(491,080)</u>	<u>95,401</u>
Other financing sources (uses):			
White Goods - DEHNR Grant	15,000	16,922	1,922
Scrap Tire - DEHNR Grant	13,365	13,365	-
Scrap Tire Fee/State	47,433	61,760	14,327
Reimbursement from Schools	244,154	244,154	-
Fund Balance Appropriated	266,529	-	(266,529)
Total other financing sources (uses)	<u>586,481</u>	<u>336,201</u>	<u>(250,280)</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (154,879)</u>	<u>\$ (154,879)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (154,879)</u>	
Reconciling items:			
Capital Outlay Expenditures		5,183	
Capital Contributions		-	
OPEB Expense		(11,717)	
Depreciation Expense		(23,447)	
Total reconciling items		<u>(29,981)</u>	
Net income (loss)		<u>\$ (184,860)</u>	

Pender County, North Carolina
Rocky Point / Topsail Water & Sewer Fund - Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
School Fees - Sewer	\$ 26,000	\$ 31,876	\$ 5,876
Commercial Sewer Fees	106,260	133,686	27,426
Connections Fees - Sewer	-	-	-
Water Fees	2,138,453	2,123,543	(14,910)
Connections Fees - Water	78,528	66,808	(11,720)
Other Fees	25,000	47,573	22,573
Total Revenues	<u>2,374,241</u>	<u>2,403,486</u>	<u>29,245</u>
Expenditures			
Sewer Operations			
Salaries & Benefits	59,874	53,369	6,505
Contracted Services	61,442	51,593	9,849
Other Operating Expenditures	16,117	11,253	4,864
Capital Outlay	-	-	-
	<u>137,433</u>	<u>116,215</u>	<u>21,218</u>
Water Operations			
Salaries & Benefits	483,319	474,770	8,549
Contracted Services	234,909	239,842	(4,933)
Water Purchases	435,653	435,653	-
Other Operating Expenditures	300,098	290,810	9,288
Capital Outlay	50,000	-	50,000
Debt Service Payments:			
Principal	263,500	274,500	(11,000)
Interest	953,000	939,805	13,195
Total Expenditures	<u>2,720,479</u>	<u>2,655,380</u>	<u>65,099</u>
Revenues over (under) expenditures	<u>(483,671)</u>	<u>(368,109)</u>	<u>115,562</u>
Other financing sources (uses):			
Transfer from Sewer Fund	426,250	426,250	-
Fund Balance Appropriated	57,421	-	(57,421)
Total Other Financing Sources	<u>483,671</u>	<u>426,250</u>	<u>(57,421)</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 58,141</u>	<u>\$ 58,141</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		\$ 58,141	
Reconciling items:			
Depreciation		(242,512)	
Long Term Debt Repayments		274,500	
Capital Outlay		-	
OPEB Expense		(33,679)	
USDA Rural Development Grant (Exhibit E-4a, E-4b)		-	
Investment Income (Exhibit E-4a, E-4b, E-4c)		1,646	
Sales Tax Refund (Exhibit E-4a)		-	
Net income		<u>\$ 58,096</u>	

Pender County, North Carolina
Rocky Point Water Fund - Phase III - Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
USDA Rural Development - Loan	\$ 5,723,000	\$ 5,723,000	\$ -	\$ 5,723,000
USDA Rural Development - Grant	3,680,500	3,680,500	-	3,680,500
Investment Income	2,627	46,651	-	46,651
Premium on Debt Issued	-	57,876	-	57,876
Sales Tax Refund	-	168,212	-	168,212
Total Revenues	<u>9,406,127</u>	<u>9,676,239</u>	<u>-</u>	<u>9,676,239</u>
Expenditures				
Contracted Services	845,107	421,175	-	421,175
Construction	8,123,949	5,464,244	-	5,464,244
Interest During Construction	527,702	842,694	-	842,694
Contingency	33,492	350	-	350
Reserve for Arbitrage	2,627	-	-	-
Other	12,750	1,004	-	1,004
Total Expenditures	<u>9,545,627</u>	<u>6,729,467</u>	<u>-</u>	<u>6,729,467</u>
Revenues over (under) expenditures	<u>(139,500)</u>	<u>2,946,772</u>	<u>-</u>	<u>2,946,772</u>
Other financing sources (uses):				
Donations	53,000	53,000	-	53,000
Transfer from (to):				
Rocky Point Water & Sewer	<u>86,500</u>	<u>86,500</u>	<u>-</u>	<u>86,500</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 3,086,272</u>	<u>\$ -</u>	<u>\$ 3,086,272</u>

Pender County, North Carolina
Rocky Point Water Fund - Phase IV - Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
USDA Rural Development - Loan	\$ 1,529,000	\$ 1,529,000	\$ -	\$ 1,529,000
USDA Rural Development - Grant	1,094,000	174,900	-	174,900
Connection Fees	30,000	-	-	-
Premium on Debt Issued	-	2,150	-	2,150
Investment Income	-	78,700	207	78,907
Total Revenues	<u>2,653,000</u>	<u>1,784,750</u>	<u>207</u>	<u>1,784,957</u>
Expenditures				
Postage	4,000	1,168	-	1,168
Supplies and Materials	1,650	1,309	-	1,309
Contracted Services	371,296	225,851	9,060	234,911
Capital Outlay	2,162,000	1,889,267	-	1,889,267
Bond Interest	-	3,936	-	3,936
Interest During Construction	140,000	90,076	-	90,076
Contingency	92,804	2,550	-	2,550
Total Expenditures	<u>2,771,750</u>	<u>2,214,157</u>	<u>9,060</u>	<u>2,223,217</u>
Revenues over (under) expenditures	<u>(118,750)</u>	<u>(429,407)</u>	<u>(8,853)</u>	<u>(438,260)</u>
Other financing sources (uses):				
Transfer from (to):				
Rocky Point Water & Sewer	<u>118,750</u>	<u>90,850</u>	<u>-</u>	<u>90,850</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (338,557)</u>	<u>\$ (8,853)</u>	<u>\$ (347,410)</u>

Pender County, North Carolina
Rocky Point Water Fund - Phase V - Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
USDA RD Loan	\$ 10,625,000	\$ 10,625,000	\$ -	\$ 10,625,000
Premium on Debt Issued	-	14,944	-	14,944
Investment Income	5,580	546,893	1,439	548,332
Total Revenues	<u>10,630,580</u>	<u>11,186,837</u>	<u>1,439</u>	<u>11,188,276</u>
Expenditures				
Capital Outlay	9,095,341	7,814,090	393,434	8,207,524
Contracted Services	602,561	587,883	14,050	601,933
Bond Interest	667,678	202,510	-	202,510
Interest During Constuction	252,870	718,039	-	718,039
Reserve for Arbitage	5,580	-	-	-
Contingency	6,550	6,550	-	6,550
Total Expenditures	<u>10,630,580</u>	<u>9,329,072</u>	<u>407,484</u>	<u>9,736,556</u>
Revenues over (under) expenditures	<u>-</u>	<u>1,857,765</u>	<u>(406,045)</u>	<u>1,451,720</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 1,857,765</u>	<u>\$ (406,045)</u>	<u>\$ 1,451,720</u>

Pender County, North Carolina
Water Treatment Plant Capital Project - Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Investment Income	\$ -	\$ -	\$ 28,230	\$ 28,230
USDA RD Grant	7,594,000	-	-	-
Sales Tax Refund	215,009	-	-	-
Total Revenues	<u>7,809,009</u>	<u>-</u>	<u>28,230</u>	<u>28,230</u>
Expenditures				
Contracted Services	2,661,023	912,160	591,878	1,504,038
Capital Outlay	28,756,000	665,019	11,699,278	12,364,297
Water Treatment Plant	809,235	-	95,627	95,627
Interest During Construction	1,544,742	-	101,140	101,140
Total Expenditures	<u>33,771,000</u>	<u>1,577,179</u>	<u>12,487,923</u>	<u>14,065,102</u>
Revenues over (under) expenditures	<u>(25,961,991)</u>	<u>(1,577,179)</u>	<u>(12,459,693)</u>	<u>(14,036,872)</u>
Other financing sources (uses):				
Bond Anticipation Note	17,500,000	-	17,200,000	17,200,000
Revenue Bond Anticipation Note	4,955,000	-	4,955,000	4,955,000
Contribution From Capacity Fee	502,000	-	-	-
Loan from General Fund	3,004,991	1,577,179	-	1,577,179
	<u>25,961,991</u>	<u>1,577,179</u>	<u>22,155,000</u>	<u>23,732,179</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,695,307</u>	<u>\$ 9,695,307</u>

Pender County, North Carolina
Maple Hill Water Operating Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Water Fees	\$ 130,500	\$ 127,644	\$ (2,856)
Connection Fees	-	1,195	1,195
Other Fees	3,176	2,997	(179)
Total Operating Revenues	<u>133,676</u>	<u>131,836</u>	<u>(1,840)</u>
Expenditures			
Salaries and Employee Benefits	44,897	44,897	-
Contract Services	14,415	14,874	(459)
Water Purchases	36,820	36,820	-
Other Operating Expenditures	16,657	13,796	2,861
Debt Service:			
Principal	7,000	7,500	(500)
Interest	15,000	14,397	603
Total Expenditures	<u>134,789</u>	<u>132,284</u>	<u>2,505</u>
Revenues over (under) expenditures	<u>(1,113)</u>	<u>(448)</u>	<u>665</u>
Other financing sources (uses):			
Fund Balance Appropriated	1,113	-	(1,113)
Total other financing sources (uses)	<u>1,113</u>	<u>-</u>	<u>(1,113)</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ (448)</u>	<u>\$ (448)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (448)</u>	
Reconciling items:			
Long Term Debt Repayments		7,500	
OPEB Expense		(2,810)	
Depreciation Expense		(29,609)	
Connection fees (Exhibit E-5a)		41,735	
Capital contributions (Exhibit E-5a)		396,115	
Total reconciling items		<u>412,931</u>	
Net income (loss)		<u>\$ 412,483</u>	

Pender County, North Carolina
Maple Hill Sewer Project
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
Connection Fees	\$ 42,750	\$ -	\$ 41,735	\$ 41,735
Cape Fear RC&D Match	2,000	-	2,000	2,000
NC DOJ Env Enhancement	-	-	-	-
NC Rural Center Grant	2,774,614	-	394,115	394,115
Clean Water Trust Fund	1,463,000	-	-	-
Total revenues	<u>4,282,364</u>	<u>-</u>	<u>437,850</u>	<u>437,850</u>
Expenditures				
Supplies / Sampling	77,811	3,919	400	4,319
Contracted Services	419,864	240,689	87,203	327,892
Capital Outlay	3,589,689	235,001	785,971	1,020,972
Contingency	195,000	36,572	23,585	60,157
Total Expenditures	<u>4,282,364</u>	<u>516,181</u>	<u>897,159</u>	<u>1,413,340</u>
Revenues under expenditures	<u>-</u>	<u>(516,181)</u>	<u>(459,309)</u>	<u>(975,490)</u>
Other financing sources:				
Transfer - General Fund	-	-	-	-
HWY 210 Sewer Project	-	-	-	-
Fund Balance Appropriated	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (516,181)</u>	<u>\$ (459,309)</u>	<u>\$ (975,490)</u>

Pender County, North Carolina
Sewer Operating Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Del Lab Fees	\$ -	\$ -	\$ -
Other	-	-	-
Total Operating Revenues	-	-	-
Expenditures			
Sewer Operations	-	-	-
Total Expenditures	-	-	-
Revenues over (under) expenditures	-	-	-
Other financing sources (uses):			
Operating Transfers From:			
General Fund	-	-	-
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	-	-	-
Revenues over expenditures and other uses	\$ -	\$ -	\$ -
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		\$ -	
Reconciling items:			
Depreciation Expense		(6,282)	
Transfer to Rocky Point/Topsail W&S from Wallace WWTP Capacity (Exhibit E-6a)		(426,250)	
Water and Wastewater Capacity Fees (Exhibit E-6c)		357,430	
Total reconciling items		(75,102)	
Net income (loss)		\$ (75,102)	

Pender County, North Carolina
Wallace WWTP Capacity
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Other Taxes	\$ -	\$ -	\$ -	\$ -
Sales Tax Refund	-	-	-	-
Interest Income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Contracted Services - Engineers	25,000	24,206	-	24,206
Treatment Capacity Acquisition	3,190,890	3,000,000	-	3,000,000
Total Expenditures	<u>3,215,890</u>	<u>3,024,206</u>	<u>-</u>	<u>3,024,206</u>
Revenues under expenditures	<u>(3,215,890)</u>	<u>(3,024,206)</u>	<u>-</u>	<u>(3,024,206)</u>
Other financing sources:				
Transfer from (to):				
General Fund	4,860,000	4,860,000	-	4,860,000
Rocky Point/Topsail W&S	(1,669,110)	(1,242,860)	(426,250)	(1,669,110)
HWY 210 Sewer Project	25,000	25,000	-	25,000
Fund Balance Appropriated	-	-	-	-
	<u>3,215,890</u>	<u>3,642,140</u>	<u>(426,250)</u>	<u>3,215,890</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 617,934</u>	<u>\$ (426,250)</u>	<u>\$ 191,684</u>

Pender County, North Carolina
St. Helena Wastewater Project
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Connection Fees	\$ 193,000	\$ -	\$ -	\$ -
USDA RD Loan	432,386	-	-	-
NC Rural Center Grant	2,774,614	-	-	-
Total revenues	<u>3,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Contract Services - Attorney	15,000	-	-	-
Contract Services - Administration	15,000	-	-	-
Contract Services - Engineers	210,000	126,900	-	126,900
Contract Services - Inspections	95,000	-	-	-
Impact Fees	112,500	-	-	-
Capital Outlay - Land	15,500	-	-	-
Capital Outlay/C&D	2,670,000	-	-	-
Contingency	267,000	-	-	-
Total Expenditures	<u>3,400,000</u>	<u>126,900</u>	<u>-</u>	<u>126,900</u>
Revenues under expenditures	<u>-</u>	<u>(126,900)</u>	<u>-</u>	<u>(126,900)</u>
Other financing sources:				
Transfer from (to):				
Waste Water Treatment Plant	-	126,900	-	126,900
Fund Balance Appropriated	-	-	-	-
	<u>-</u>	<u>126,900</u>	<u>-</u>	<u>126,900</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Pender County, North Carolina
Water / WasteWater Capacity Fees
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Water Capacity Fees	\$ 57,600	\$ 358,549	\$ 323,330	\$ 681,879
Wastewater Capacity Fees	100,000	152,862	34,100	186,962
Interest	-	-	-	-
Total revenues	<u>157,600</u>	<u>511,411</u>	<u>357,430</u>	<u>868,841</u>
Expenditures				
Capital Outlay	-	-	-	-
Reserves	157,600	-	-	-
Total Expenditures	<u>157,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues under expenditures	<u>-</u>	<u>511,411</u>	<u>357,430</u>	<u>868,841</u>
Other financing sources:				
Transfer from (to)				
Water Plant Capacity	(502,000)			
Fund Balance Appropriated	502,000	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 511,411</u>	<u>\$ 357,430</u>	<u>\$ 868,841</u>

Pender County, North Carolina
Section 8 Administration - Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Nonoperating revenues			
Investment earnings	\$ -	\$ 15	\$ 15
Other Revenue	5,000	37,092	32,092
Fraud recovery	500	4,344	3,844
Total Revenues	<u>5,500</u>	<u>41,451</u>	<u>35,951</u>
Expenditures			
Salaries and Benefits	109,547	105,988	3,559
Housing Assistance Payments	1,172,539	1,171,584	955
Other Operating Expenditures	21,256	14,727	6,529
Total Expenditures	<u>1,303,342</u>	<u>1,292,299</u>	<u>11,043</u>
Revenues over (under) expenditures	<u>(1,297,842)</u>	<u>(1,250,848)</u>	<u>46,994</u>
Other financing sources (uses):			
Operating Subsidy - HUD	1,153,554	1,183,695	30,141
Developer's Fee - Seven Oaks	-	-	-
Transfer from General Fund	-	-	-
Fund Balance Appropriated	144,288	-	(144,288)
	<u>1,297,842</u>	<u>1,183,695</u>	<u>(114,147)</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (67,153)</u>	<u>\$ (67,153)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (67,153)</u>	
Reconciling items:			
OPEB Expense		(6,494)	
Depreciation Expense		<u>(938)</u>	
Net income (loss)		<u>\$ (74,585)</u>	

Pender County, North Carolina
Country Court Apartments - Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Operating Revenues:			
Dwelling Rental	\$ 45,000	\$ 39,860	\$ (5,140)
Miscellaneous	100	34	(66)
Total Operating Revenues	<u>45,100</u>	<u>39,894</u>	<u>(5,206)</u>
Nonoperating Revenues:			
Interest Income	100	80	(20)
Total Nonoperating Revenues	<u>100</u>	<u>80</u>	<u>(20)</u>
Expenditures			
Administration and Tenant Services	39,094	19,763	19,331
Contracted Services	14,782	12,007	2,775
FMHA Debt Service Payments	7,836	7,836	-
Total Expenditures	<u>61,712</u>	<u>39,606</u>	<u>22,106</u>
Revenues over (under) expenditures	<u>(16,512)</u>	<u>368</u>	<u>16,880</u>
Other financing sources (uses):			
Transfers from (to):			
Country Court Reserve	(3,000)	-	3,000
Country Court			-
Fund Balance Appropriated	19,512	-	(19,512)
Total other financing sources (uses)	<u>16,512</u>	<u>-</u>	<u>(16,512)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 368</u>	<u>\$ 368</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ 368</u>	
Reconciling items:			
Mortgage Principal Payment		6,357	
Depreciation Expense		(7,710)	
Total reconciling items		<u>(1,353)</u>	
Net income (loss)		<u>\$ (985)</u>	

Pender County, North Carolina
Scott's Hill Water & Sewer Capital Project - Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
Connection Fees	\$ 84,000	\$ 57,655	\$ 47,680	\$ 105,335
Investment Income	-	-	3,279	3,279
Total Revenues	<u>84,000</u>	<u>57,655</u>	<u>50,959</u>	<u>108,614</u>
Expenditures				
Administrative and Legal Fees	15,000	-	1,118	1,118
Capital Outlay	2,355,000	4,641	1,597,236	1,601,877
Contracted Services	272,000	120,141	130,157	250,298
Interest During Constuction	131,000	-	23,276	23,276
Contingency	227,000	-	45	45
Total Expenditures	<u>3,000,000</u>	<u>124,782</u>	<u>1,751,832</u>	<u>1,876,614</u>
Revenues over (under) expenditures	<u>(2,916,000)</u>	<u>(67,127)</u>	<u>(1,700,873)</u>	<u>(1,768,000)</u>
Other financing sources (uses):				
USDA Rural Development Loan	<u>2,916,000</u>	<u>-</u>	<u>2,711,000</u>	<u>2,711,000</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (67,127)</u>	<u>\$ 1,010,127</u>	<u>\$ 943,000</u>

Pender County, North Carolina
Waste Water Treatment Plant Capital Project - Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Investment Income	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Contracted Services	192,510	49,000	-	49,000
Burgaw Sewer Project	2,005,440	572,983	1,432,457	2,005,440
Wastewater Treatment Plant	1,906,513	219,845	160,467	380,312
Capital Outlay	-	331,587	-	331,587
Total Expenditures	4,104,463	1,173,415	1,592,924	2,766,339
Revenues over (under) expenditures	(4,104,463)	(1,173,415)	(1,592,924)	(2,766,339)
Other financing sources (uses):				
Transfer to St Helena Wastewater Project	-	(126,900)	-	(126,900)
Loan from General Fund	4,104,463	1,300,315	1,592,924	2,893,239
	4,104,463	1,173,415	1,592,924	2,766,339
Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -

Pender County, North Carolina
Self Insured Internal Service Fund
Schedule of Revenues and Expenditures
Financial Plan and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	Financial Plan	Actual	Variance Favorable (Unfavorable)
Revenues			
Operating Revenues			
Premiums Received	\$ 2,558,364	\$ 2,705,306	\$ 146,942
Total Operating Revenues	<u>2,558,364</u>	<u>2,705,306</u>	<u>146,942</u>
Nonoperating Revenues			
Interest on Investments	-	-	-
Total Nonoperating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 2,558,364</u>	<u>\$ 2,705,306</u>	<u>\$ 146,942</u>
Expenditures			
Claims	\$ 2,851,919	\$ 2,913,726	\$ (61,807)
Total Expenditures	<u>\$ 2,851,919</u>	<u>\$ 2,913,726</u>	<u>\$ (61,807)</u>
Revenues over (under) expenditures	<u>\$ (293,555)</u>	<u>\$ (208,420)</u>	<u>\$ 85,135</u>
Other financing sources (uses):			
Fund Balance Appropriated	\$ 68,188	\$ -	\$ (68,188)
Transfer from General Fund	225,367	225,367	-
Total Other Financing Sources	<u>\$ 293,555</u>	<u>\$ 225,367</u>	<u>\$ (68,188)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 16,947</u>	<u>\$ 16,947</u>
Reconciliation from Financial Plan basis (modified accrual) to full accrual:			
Revenues and Other Sources Over (Under) Expenditures and Other Uses		\$ 16,947	
Reconciling items:			
Capital Outlay		-	
Total Reconciling Items		<u>-</u>	
Net income		<u>\$ 16,947</u>	

AGENCY FUNDS

Agency funds are used to account for assets the County holds on behalf of others.

Pender County, North Carolina
 Agency Funds
 Combining Balance Sheet
 June 30, 2011

	Agency							Totals
	Tax Clearing Fund	Four H Fund	Extension Education	Sea Oats Travel	Pesticide Recycling Grant	Tourism Development Authority	DMV 3% Collections	June 30, 2011
Assets								
Cash and cash equivalents	\$ -	\$ 3,001	\$ 12,373	\$ 313	\$ 1,558	\$ 65,463	\$ 3,136	\$ 85,844
Liabilities and Fund Balances								
Liabilities:								
Miscellaneous liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental payable	-	3,001	12,373	313	1,558	65,463	3,136	85,844
Total liabilities	\$ -	\$ 3,001	\$ 12,373	\$ 313	\$ 1,558	\$ 65,463	\$ 3,136	\$ 85,844

Pender County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Tax Clearing Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Liabilities:				
Intergovernmental payable	\$ -	\$ -	\$ -	\$ -
Four H Fund:				
Assets:				
Cash and cash equivalents	\$ 1,354	\$ 1,647	\$ -	\$ 3,001
Liabilities:				
Intergovernmental payable	\$ 1,354	\$ -	\$ 1,647	\$ 3,001
Extension Education:				
Assets:				
Cash and cash equivalents	\$ 10,143	\$ 2,377	\$ 147	\$ 12,373
Liabilities:				
Intergovernmental payable	\$ 10,143	\$ 147	\$ 2,377	\$ 12,373
Sea Oats Travel:				
Assets:				
Cash and cash equivalents	\$ 313	\$ -	\$ -	\$ 313
Liabilities:				
Intergovernmental payable	\$ 313	\$ -	\$ -	\$ 313
Pesticide Recycling Grant:				
Assets:				
Cash and cash equivalents	\$ 1,558	\$ -	\$ -	\$ 1,558
Liabilities:				
Intergovernmental payable	\$ 1,558	\$ -	\$ -	\$ 1,558
Tourism Development Authority:				
Assets:				
Cash and cash equivalents	\$ 104,963	\$ 9,991	\$ 49,491	\$ 65,463
Liabilities:				
Intergovernmental payable	\$ 104,963	\$ 49,491	\$ 9,991	\$ 65,463
DMV 3% Collections:				
Assets:				
Cash and cash equivalents	\$ 4,883	\$ -	\$ 1,747	\$ 3,136
Liabilities:				
Intergovernmental payable	\$ 4,883	\$ 1,747	\$ -	\$ 3,136
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 123,214	\$ 14,015	\$ 51,385	\$ 85,844
Liabilities:				
Intergovernmental payable	\$ 123,214	\$ 51,385	\$ 14,015	\$ 85,844

OTHER SCHEDULES

This section includes additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Ten Largest Taxpayers

Pender County, North Carolina
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 June 30, 2011

Exhibit G-1

Year	Uncollected Balance June 30, 2010	Additions	Collections And Credits	Uncollected Balance June 30, 2011
2010-11	\$ -	\$ 31,336,933	\$ 29,898,393	\$ 1,438,540
2009-10	1,265,196	991	836,263	429,924
2008-09	445,001	113	207,508	237,606
2007-08	187,708	-	45,770	141,938
2006-07	197,628	-	19,892	177,736
2005-06	88,093	-	7,896	80,197
2004-05	89,977	-	5,766	84,211
2003-04	70,459	-	4,202	66,257
2002-03	86,354	-	4,483	81,871
2001-02	66,131	-	-	66,131
2000-01	87,180	-	87,180	-
Totals	<u>\$ 2,583,727</u>	<u>\$ 31,338,037</u>	<u>\$ 31,117,353</u>	<u>\$ 2,804,411</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>746,175</u>
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 2,058,236</u>
 <u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 31,338,806
Reconciling items:				
Penalties and Interest				(390,748)
Discounts, Releases, Refunds				<u>169,295</u>
Total Collections and Credits				<u>\$ 31,117,353</u>

Pender County, North Carolina
 Analysis of Current Tax Levy
 County - Wide Levy
 For the Fiscal Year Ended June 30, 2011

Exhibit G-2

	County - wide		Total Levy		
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current year's rate	\$ 4,806,505,692	0.65	\$ 31,242,287	\$ 28,781,622	\$ 2,460,665
Penalties	-		-	-	-
Total	\$ 4,806,505,692		\$ 31,242,287	\$ 28,781,622	\$ 2,460,665
Discoveries:					
Current year taxes	\$ 34,002,615	0.65	\$ 221,018	\$ 205,876	\$ 15,142
Penalties	-		-	-	-
Total	\$ 34,002,615		\$ 221,018	\$ 205,876	\$ 15,142
Abatements					
Current year taxes	\$ 19,441,692		\$ (126,371)	\$ (82,382)	\$ (43,989)
Penalties	-		-	-	-
Total	\$ 19,441,692		\$ (126,371)	\$ (82,382)	\$ (43,989)
Total For Year	\$ 4,859,949,999		\$ 31,336,934	\$ 28,905,116	\$ 2,431,818
Net levy			31,336,934	28,905,116	2,431,818
Less Uncollected taxes at June 30, 2011			1,438,540	1,012,537	426,003
Current year's taxes collected			\$ 29,898,394	\$ 27,892,579	\$ 2,005,815
Current levy collection percentage			95.41%	96.50%	82.48%

Pender County, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Fiscal Year Ended June 30, 2011

Secondary Market Disclosures:

Assessed Valuation		
Assessment Ratio		100 %
Real Property	\$	4,065,315,004
Personal Property		191,879,412
Public Service Companies		69,854,110
Total Assessed Valuation	\$	<u>4,327,048,526</u>
Tax Rate per \$100		0.65
Levy (includes discoveries, releases and abatements)	\$	<u><u>28,510,693</u></u>

In addition to the County - wide rate, the following table lists the levies by the County on behalf of the Fire and Rescue districts for the fiscal year ended June 30:

Fire and Rescue Districts	\$	<u>5,495,006</u>
Total	\$	<u><u>5,495,006</u></u>

**Pender County, North Carolina
Ten Largest Taxpayers
June 30, 2011**

<u>Taxpayers</u>	<u>Type of Business</u>	<u>2010 Assessed Valuation</u>	<u>% of Total Valuation</u>
Del Laboratories Inc	Manufacturing	\$ 25,073,534	0.58%
Four County EMC	Utilites	23,214,200	0.54%
Progress Energy Carolinas	Utilites	19,595,647	0.45%
Red Mountain Timber Co I, LLC	Timber Production	18,474,205	0.43%
LL Building Products	Manufacturing	14,866,237	0.34%
Time Warner Entertainment	Utilities	12,936,754	0.30%
Grandview LLC	Land Development	11,855,808	0.27%
Bellsouth Telephone	Utilites	11,190,475	0.26%
TP Inc A North Carolina Corp	Real Estate Holdings	7,790,902	0.18%
Lowe's Home Center	Retail	<u>7,496,572</u>	<u>0.17%</u>
Totals		<u>\$ 152,494,334</u>	<u>3.52%</u>

COMPLIANCE SECTION

Thompson, Price, Scott, Adams & Co., P.A.

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Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

To the Board of County Commissioners
Pender County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of Pender County, North Carolina, as of and for the year ended June 30, 2011, which collectively comprises Pender County's basic financial statements, and have issued our report thereon dated November 17, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Pender County ABC Board, as described in our report on Pender County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Pender County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of Pender County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Pender County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pender County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Members

Report On Internal Control Over Financial Reporting
And On Compliance and Other Matters Based On An
Audit Of Financial Statements Performed In Accordance With
Government Auditing Standards
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pender County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, members of the Board of County Commissioners and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.

November 17, 2011

Thompson, Price, Scott, Adams & Co., P.A.

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Report On Compliance With Requirements Applicable To Each Major Federal
Program And Internal Control Over Compliance In Accordance With OMB
Circular A-133 and the State Single Audit Implementation Act

To the Board of County Commissioners
Pender County, North Carolina

Compliance

We have audited Pender County, North Carolina's, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Pender County's major federal programs for the year ended June 30, 2011. Pender County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Pender County's management. Our responsibility is to express an opinion on Pender County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pender County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Pender County's compliance with those requirements.

In our opinion, Pender County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Members

Internal Control Over Compliance

Management of Pender County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Pender County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance what we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, others within the entity, members of the Board of County Commissioners and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.

November 17, 2011

Thompson, Price, Scott, Adams & Co., P.A.

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Report On Compliance With Requirements Applicable To Each Major State
Program And Internal Control Over Compliance In Accordance With Applicable
Sections OMB Circular A-133 and the State Single Audit Implementation Act

To the Board of County Commissioners
Pender County, North Carolina

Compliance

We have audited Pender County, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011. Pender County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Pender County's management. Our responsibility is to express an opinion on Pender County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Pender County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Pender County's compliance with those requirements.

In our opinion, Pender County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011.

Members

Report On Compliance With Requirements Applicable To Each Major
State Program and Internal Control Over Compliance In Accordance
With Applicable Sections OMB Circular A-133 and the State Single
Audit Implementation Act
Page 2

Internal Control Over Compliance

Management of Pender County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Pender County's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, members of the Board of County Commissioners and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.

November 17, 2011

PENDER COUNTY, NORTH CAROLINA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2011

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material Weakness(es) identified? ___ yes X no
- Significant Deficiency(s) identified that are
 not considered to be material weaknesses ___yes X none reported
- Noncompliance material to financial statements
 noted ___yes X no

Federal Awards

Internal control over major federal programs:

- Material Weakness(es) identified? ___yes X no
- Significant Deficiency(s) identified that are
 not considered to be material weaknesses ___yes X none reported
- Noncompliance material to federal awards ___yes X no

Type of auditor's report issued on compliance for major federal programs: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133

___yes X no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
93.778	Title XIX Medicaid
	Subsidized Child Care Cluster:
93.575	Child Care and Development Fund - Discretionary
93.596	Child Care and Development Fund - Mandatory
93.667	Match Social Services Block Grant
93.558	Temporary Assistance for Needy Families (TANF)
93.713	ARRA - Child Care and Development Block Grant (CCDBG)
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.760	Water and Waste Disposal Systems for Rural Communities

Federal programs that met the criteria for a major program using the criteria discussed in OMB Circular No. A-133 Section .520 and the State Single Audit Act are included in the list of major federal programs.

Dollar threshold used to distinguish between Type A and Type B Programs

\$ 1,491,227

Auditee qualified as low-risk auditee?

___ yes X no

PENDER COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

State Awards

Internal control over major State programs:

- Material Weakness(es) identified? ___yes X no
- Significant Deficiency(s) identified that are
not considered to be material weaknesses ___yes X none reported
- Noncompliance material to State awards ___yes X no

Type of auditor's report issued on compliance for major State programs: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act ___yes X no

Identification of major State programs:

Program Name

Subsized Child Care Cluster
Public School Building Capital Fund

Section II. Financial Statement Findings

None Reported.

Section III. Federal Award Findings and Questioned Costs

None Reported.

Section IV. State Award Findings and Questioned Costs

None Reported.

PENDER COUNTY, NORTH CAROLINA
Corrective Action Plan
For the Year Ended June 30, 2011

Section II - Financial Statement Findings

None Reported.

Section III - Federal Award Findings and Question Costs

None Reported.

Section IV - State Award Findings and Question Costs

None Reported

PENDER COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2011

Finding:	10-1
Status	Corrected

Pender County, North Carolina
 Schedule of Expenditures of
 Federal and State Awards
 For The Fiscal Year Ended June 30, 2011

<u>Grantor/Pass-through Grantor/Program Title</u>	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
Passed-through N.C. Dept of Health and Human Services:					
Division of Social Services:					
Administration:					
Supplemental Nutrition Assist Program Cluster					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 434,512	\$ -	\$ 357,935
Fraud	10.561		836		836
Supplemental Nutrition Assist Program Cluster			<u>\$ 435,348</u>	<u>\$ -</u>	<u>\$ 358,771</u>
Passed-through N.C. Dept of Health and Human Services:					
Division of Woman and Children:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557		\$ 192,951	\$ -	\$ -
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557		681,267	-	-
Rural Utilities Service					
Water and Waste Disposal Systems for Rural Communities	10.760		\$ 2,711,000	\$ -	\$ -
Total			<u>\$ 2,711,000</u>	<u>\$ -</u>	<u>\$ -</u>
Total U.S. Dept. of Agriculture			<u>\$ 4,020,566</u>	<u>\$ -</u>	<u>\$ 358,771</u>
U.S. Dept. of Health and Human Services					
Passed-through N.C. Department of Health and Human Services Division of Public Health:					
Temporary Assistance for Needy Families CCNC & Pregnancy Prevention	93.558 93.778		\$ 4,494 16,686	\$ - 6,438	\$ - -
Maternal and Child Health Services Block Grant	93.994		134,376	-	-
Immunization	93.268		13,851	-	-
Prevention Investigations and Tech Asst	93.283		77,016	-	-
Family Planning Services	93.218		32,380	-	-
Statewide Health Health Promotion Program	93.991		33,666	-	-
CDC - Tuberculosis	93.116		32,202	-	-
Passed-through N.C. Dept of Health and Human Services:					
Administration on Aging:					
Passed-through Cape Fear Council of Governments					

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2011

<u>Grantor/Pass-through Grantor/Program Title</u>	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
Special Programs for the Aging Title IIIB					
Grants for Supportive Services and Senior Ctr.	93.044		\$ 249,567	\$ 14,805	\$ -
Title IIIB DSS	93.044		13,354	792	-
In Home Support Services	93.667		10,484	302	-
In Home Support Services - DSS	93.667		561	16	-
Title IIIC Nutrition	93.045		160,821	9,536	-
Special Program for the Aging Title IIID	93.043		6,125	363	-
ARRA NISP Congregate USDA	93.053		-	-	-
NISP Congregate USDA	93.053		17,335	-	-
Family Caregiver Services	93.052		-	31,866	-
Total Aging Cluster			\$ 458,247	\$ 57,680	\$ -
Division of Social Services:					
Administration:					
Adult Care Home Case Management	93.778		\$ 36,146	\$ 22,695	\$ 13,450
TANF Domestic Violence	93.558		5,908	-	-
Family Preservation	93.556		5,188	-	-
Low Income Energy Asst.	93.568		33,317	-	-
Social Services Block Grant	93.667		108,811	12,572	40,461
Adoption/Foster Care	N/A		76,353	26,690	893
Family Violence Prevention	93.671		2,000	-	-
IV-D Administration	93.563		271,834	-	140,035
ARRA Child Support Incentive Recovery	93.563		6,177	-	3,182
Work First Administration	93.558		45,563	-	62,553
Work First Service	93.558		396,026	-	460,132
AFDC Payment & Penalties	93.560		(231)	(63)	(63)
Special Children Adoption	93.558		60,000	-	-
Direct Benefit Payments					
Temporary Assistance Needy Families	93.558		338,298	-	-
Low Income Energy Assistance	93.568		347,950	-	-
Crisis Intervention					
Low Income Energy Assistance	93.568		151,486	-	-
Administration for Children and Families					
Foster Care and Adoption Cluster					
Title IV-B Foster Care - Administration	93.658		47,844	23,922	23,922
Foster Care - Direct Benefits	93.658		204,175	29,061	145,433
Adoption Assistance - Direct Benefit Payments	93.659		235,978	54,704	52,669
Total Foster Care and Adoption			487,997	107,687	222,024
Permanency Planning	93.645		14,763	-	5,741
Independent Living Initiative	93.674		18,487	4,622	-
Total Division of Social Services			\$ 2,406,073	\$ 174,203	\$ 948,408
Subsidized Child Care					
Child Care Development Fund Cluster					
Division of Social Services					
Child Care Development Fund - Administration	93.596		\$ 82,913	\$ -	\$ -

Pender County, North Carolina
 Schedule of Expenditures of
 Federal and State Awards
 For The Fiscal Year Ended June 30, 2011

<u>Grantor/Pass-through Grantor/Program Title</u>	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
Division of Child Development					
Child Care and Development Fund - Discretionary	93.575		665,428	-	-
Child Care and Development Fund - Mandatory	93.596		277,681	-	-
Child Care and Development Fund - Match	93.596		151,444	82,159	-
ARRA Child Care and Development Block Grant	93.713		5,778	-	-
Total Child Care Fund Cluster			1,183,244	82,159	-
Social Services Block Grant	93.667		1,148	-	-
Temporary Assistance for Needy Families	93.558		229,688	-	-
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families State	73.714		129,650	-	-
Smart Start			-	9,216	-
State Appropriations			-	132,325	-
TANF - MOE			-	182,989	-
Total Subsidized Child Care Cluster			\$ 1,543,730	\$ 406,689	\$ -
Division of Medical Assistance					
Administration					
Medical Assistance Program	93.778		\$ 681,440	\$ -	\$ 681,440
NC Health Choice	93.767		32,605	2,569	8,082
Direct Benefit Payments					
Title XIX - Medicaid	93.778		38,428,908	15,376,123	43,117
Transportation Services					
Medical Assistance Program	93.778		94,091	20,283	37,868
Division of Medical Assistance					
In-Home Services	93.667		16,901	-	2,414
Adult Day Care	93.667		2,690	2,386	725
Total U.S. Dept. of Health and Human Services			\$ 44,009,356	\$ 16,046,371	\$ 1,722,054
U.S. Dept. of Housing and Urban Development					
Direct Program					
Lower Income Housing Assistance Program -					
Section 8 Housing Voucher Program	14.871		\$ 1,171,584	\$ -	\$ -
ARRA Homelessness Prevention and Rapid Re-Housing	14.257		151,146		

Pender County, North Carolina
 Schedule of Expenditures of
 Federal and State Awards
 For The Fiscal Year Ended June 30, 2011

<u>Grantor/Pass-through Grantor/Program Title</u>	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
Passed-through N.C. Dept. of Economic and Community Development:					
Community Development Block Grant -					
Community Development - Concentrated Needs	14.228	04-C-1255	\$ -	\$ -	\$ -
Scattered Sites CDBG	14.228	08-C-1833	96,600	-	-
Passed-through N.C. Dept. of Commerce					
Pender Packing Sewer	14.228	06-E-1554	97,205		
Pender Kitchen Incubator	14.228	06-E1565	116,651		
Total U.S. Dept. of Housing and Urban Development			\$ 1,633,186	\$ -	\$ -
U.S. Dept. of Justice					
Domestic Violence Grant	16.589		\$ 44,456	\$ -	\$ 14,147
Total U.S. Dept. of Justice			\$ 44,456	\$ -	\$ 14,147
Total Federal Programs			\$ 49,707,564	\$ 16,046,371	\$ 2,094,972
State Awards:					
N.C. Dept. of Health and Human Services					
General Health			\$ -	\$ 185,968	\$ -
LHD Smokefree Law			-	-	-
TB Medical Services			-	-	-
Preparedness and Response			-	51,837	-
Aids - State			-	500	-
Communicable Diseases			-	9,999	-
Risk Reduction/Health Promotion			-	423	-
Women's Preventive Health			-	9,476	-
Tuberculosis			-	6,493	-
Breast and Cervical Cancer Control			-	3,223	-
Division of Child Development					
Non-Allocating County Cost			-	-	311,591
State County Special Assistance			-	-	7,626
DCD Smart Start			-	46,393	-
Division of Social Services:					
CP&L Energy Assistance			-	4,290	-
SC/SA Domiciliary Care			-	296,257	296,257
F/C At Risk Maximization			-	5,341	2,860
County Fund Programs			-	-	955,932
CWS - Adoption			-	107,641	1,162
AFDC Incentive Program Integrity			-	56	-
Work First Non Reimbursable			-	-	430,317
Foster Care Special Provisions			-	1,936	-
Adult Protective Services			-	28,985	-
Foster Home			-	91,878	91,877
SFHIF Maximization			-	49,761	49,761

Pender County, North Carolina
 Schedule of Expenditures of
 Federal and State Awards
 For The Fiscal Year Ended June 30, 2011

<u>Grantor/Pass-through Grantor/Program Title</u>	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
Cape Fear Council of Governments					
Division of Aging					
Senior Center General Purpose			-	24,488	-
Fans			-	1,105	-
Total N.C. Dept. of Health and Human Services			\$ -	\$ 926,050	\$ 2,147,383
N.C. Dept. of Transportation					
Elderly and Handicapped Transportation Assistance		36228.22.2.1	\$ -	\$ 88,465	\$ -
Roap EDTAP		36220.10.2.1	-	81,527	-
Work First Transportation Non-Recipient		36236.10.1.1	-	20,324	-
Total of N.C. Dept. of Transportation			\$ -	\$ 190,316	\$ -
N.C. Dept. of Administration					
Veterans Services			-	2,000	-
Total of N.C. Dept. of Administration			-	2,000	-
N.C. Dept. of Environment and Natural Resources					
Division of Waste Management					
White Goods Management Program			\$ -	\$ 16,922	\$ -
Scrap Tire Program			-	61,760	-
Scrap Tire Grant			-	13,365	-
Total of N.C. Dept. of Environment and Natural Resources			\$ -	\$ 92,047	\$ -
N.C. Dept. of Cultural Resources					
State Aid to Libraries			\$ -	\$ 117,903	\$ -
LSTA Grant			-	-	-
Total of N.C. Dept. of Cultural Resources			\$ -	\$ 117,903	\$ -
N.C. Dept. of Emergency Management					
Emergency Management Grant			\$ -	\$ 35,003	\$ -
Total of N.C. Dept. of Emergency Management			\$ -	\$ 35,003	\$ -
Office of the Governor					
Teen Court			\$ -	\$ 16,600	\$ -
CIS After School			-	24,240	-
Gang Assessment			-	9,622	-
Counseling Service			-	46,500	-
Project Toward No Drugs			-	10,986	-
Restitution			-	22,635	-
Task Force			-	8,953	-
Total of Office of the Governor			\$ -	\$ 139,536	\$ -
N.C. Rural Development Center					
Pender Packing Sewer	2007-040-40401		\$ -	\$ 50,000	\$ -
Rural Health Initiative	2010-036-60701-107		-	144,000	-
Maple Hill Sewer Project			-	394,115	-
N.C. Dept. of Corrections					
Office of Juvenile Justice					

**Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2011**

<u>Grantor/Pass-through Grantor/Program Title</u>	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
Criminal Justice Partnership Grant		71-0705-I-A	\$ -	\$ 68,932	\$ -
Total of N.C. Dept. of Corrections			<u>\$ -</u>	<u>\$ 68,932</u>	<u>\$ -</u>
N.C. Department of Crime Control & Public Safety CHAF		071-0-04	\$ -	\$ 1,912	\$ -
N.C. Department of Public Instruction Public School Building Capital Fund			\$ -	\$ 2,726,911	\$ -
Total State Awards			<u>\$ -</u>	<u>\$ 4,888,725</u>	<u>\$ 2,147,383</u>
Total Federal and State Awards			<u>\$ 49,707,564</u>	<u>\$ 20,935,096</u>	<u>\$ 4,242,355</u>

Notes to the Schedule of Expenditures of Federal and State Awards

1 Basis of Presentation

The schedule of expenditures of federal and State awards includes the federal and State grant activity of Pender County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, (Audits of States, Local Governments, and Non-Profit Organizations) and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

2 Loans Outstanding

Pender County had the following balances outstanding at June 30, 2011. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Loan Balance \$ 23,757,500

3 The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:

Subsidized Child Care, Foster Care and Adoption