

PENDER COUNTY, NORTH CAROLINA  
FINANCIAL STATEMENTS  
June 30, 2008

PENDER COUNTY, NORTH CAROLINA  
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 June 30, 2008

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PENDER COUNTY, NORTH CAROLINA  
LIST OF PRINCIPAL OFFICERS  
June 30, 2008

BOARD OF COUNTY COMMISSIONERS

James David Williams, Jr. - Chairman  
Jimmy Tate - Vice-Chairman

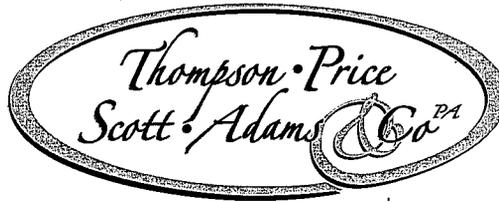
Norward Blanchard  
George Brown  
F. D. Rivenbark

COUNTY MANAGER

Rick Benton

FINANCE OFFICER

David McCole



CERTIFIED PUBLIC ACCOUNTANTS

Alan W. Thompson, CPA  
R. Bryon Scott, CPA  
Gregory S. Adams, CPA

Offices:  
Whiteville, NC  
Elizabethtown, NC  
Wilmington, NC

Independent Auditor's 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 units, each major fund, and the aggregate remaining fund information of Pender County, North Carolina, as of and for the year ended June 30, 2008, 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, 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, 2008, 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 October 10, 2008 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. 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 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 this 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 nonmajor fund financial statements and schedules and the statistical tables, 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 nonmajor fund financial statements 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.

Thompson, Price, Scott, Adams & Co. P.A.  
October 10, 2008

PENDER COUNTY, NORTH CAROLINA  
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, 2008. 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 \$31,596,959 (*net assets*). Net assets equals gross assets minus liabilities.
- The government's total net assets decreased by \$10,283,982, or 24.56%, primarily due to the issuance general obligation debt for the schools, for which the assets are not recorded on the County's books.
- As of the close of the current fiscal year, Pender County's governmental funds reported combined ending fund balances of \$62,626,067, an increase of \$2,639,055 in comparison with the prior year. Approximately 28.87 percent of this total amount, or \$18,079,384, is not designated or reserved.
- At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$18,079,384, or 46.25 percent of total general fund expenditures for the fiscal year.

Pender County's total debt increased by \$18,865,190 during the past fiscal year. The key factors in this increase was the issuance of \$24,300,000 in general obligation school debt coupled with debt retirement.

- Pender County maintained its A1 rating from Moody's Investors and its A rating from Standard and Poor's rating services.

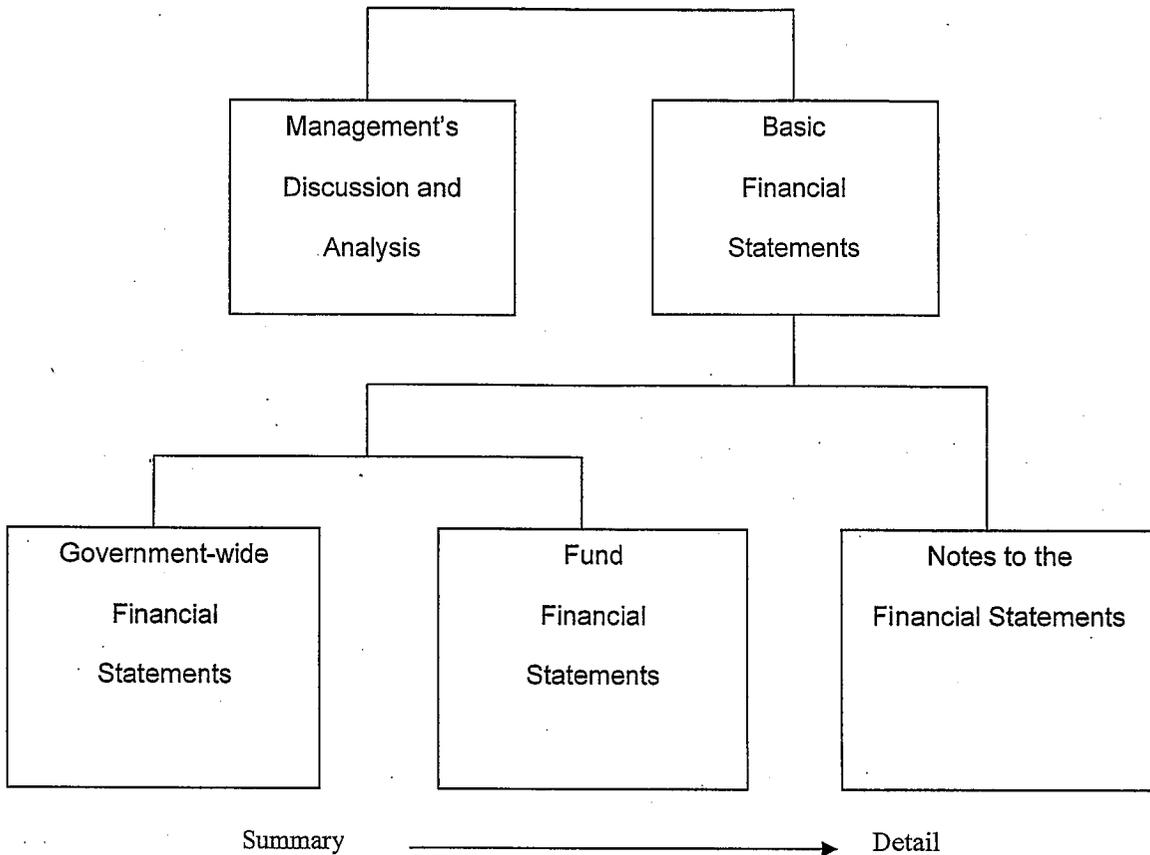
**Overview of the Financial Statements**

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.

PENDER COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**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.

PENDER COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**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 gauge the County's financial condition.

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, 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 two categories: governmental funds and proprietary 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. To account for the difference between the budgetary basis of accounting and the

PENDER COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – Pender County has one kind of proprietary fund. *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 three 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.

**Government-Wide Financial Analysis**

**Pender County's Net Assets**

**Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 68,589,681	\$ 66,506,141	\$ 6,324,745	\$ 2,456,361	\$ 74,914,426	\$ 68,962,502
Restricted Cash	-	-	3,166,326	3,602,112	3,166,326	-
Capital assets	24,998,693	20,817,270	30,768,788	32,423,598	55,767,481	53,240,868
Total assets	\$ 93,588,374	\$ 87,323,411	\$ 40,259,859	\$ 38,482,071	\$ 133,848,233	\$ 122,203,370
Long-term liabilities outstanding	\$ 70,991,303	\$ 53,948,955	\$ 21,792,374	\$ 22,017,075	\$ 92,783,677	\$ 75,966,030
Other liabilities	8,661,393	7,101,362	806,204	857,149	9,467,597	2,811,254
Total liabilities	\$ 79,652,696	\$ 61,050,317	\$ 22,598,578	\$ 22,874,224	\$ 102,251,274	\$ 78,777,284
Net assets:						
Invested in capital assets, net of related debt	\$ 22,643,036	\$ 20,177,270	\$ 11,918,030	\$ 10,394,326	\$ 34,561,066	\$ 30,571,596
Restricted	-	-	-	-	-	-
Unrestricted	(8,707,358)	6,095,824	5,743,251	5,213,521	(2,964,107)	11,309,345
Total net assets	\$ 13,935,678	\$ 26,273,094	\$ 17,661,281	\$ 15,607,847	\$ 31,596,959	\$ 41,880,941

PENDER COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND 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 \$31,596,959 as of June 30, 2008. The County's net assets decreased by \$10,283,982 for the fiscal year ended June 30, 2008. Comparatively, the County's net assets decreased \$1,038,072 in 2007. Net assets are reported in two categories: Invested in capital assets, net of related debt of \$34,561,066 and Unrestricted net assets (deficit) of (\$2,964,107).

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) net of accumulated debt, 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 the 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. Pender County had no restricted net assets.

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 (\$2,964,107) at June 30, 2008.

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 \$70.3 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.

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 96.38%, which is a slight decrease over the previous year's rate of 97.06%.
- Increased charges for services revenue due to growth in the use of County facilities.
- Continued low cost of debt due to the County's high bond rating

PENDER COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Pender County Changes in Net Assets (Figure 3)**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 5,194,593	\$ 4,271,906	\$ 5,506,589	\$ 5,239,197	\$ 10,701,182	\$ 9,511,103
Operating grants and contributions	8,771,680	6,807,132	1,250,806	965,581	10,022,486	7,772,713
Capital grants and contributions	35,225	1,398,888	671,500	922,800	706,725	2,321,668
General revenues:						
Property taxes	29,246,951	32,675,995	-	-	29,246,951	32,675,995
Other taxes	16,179,106	11,189,901	-	-	16,179,106	11,189,901
Grants and contributions not restricted to specific programs	389,230	403,509	-	-	389,230	403,509
Other	3,052,750	3,508,993	145,299	407,174	3,198,049	3,916,167
<b>Total revenues</b>	<b>62,869,535</b>	<b>60,256,304</b>	<b>7,574,194</b>	<b>7,534,752</b>	<b>70,443,729</b>	<b>67,791,056</b>
<b>Expenses:</b>						
General government	7,331,141	6,584,445	-	-	7,331,141	6,584,445
Public safety	12,342,873	11,532,679	-	-	12,342,873	11,532,679
Economic and physical development	1,735,153	1,861,141	-	-	1,735,153	1,861,141
Human services	14,570,326	14,648,987	-	-	14,570,326	14,648,987
Cultural and recreation	929,897	889,551	-	-	929,897	889,551
Education	34,330,756	24,932,919	-	-	34,330,756	24,932,919
Interest on long-term debt	2,902,212	2,279,934	-	-	2,902,212	2,279,934
Water and sewer	-	-	6,469,907	6,099,472	6,469,907	6,099,472
<b>Total expenses</b>	<b>74,142,358</b>	<b>62,729,666</b>	<b>6,469,907</b>	<b>6,099,472</b>	<b>80,612,265</b>	<b>68,829,128</b>
Increase in net assets before transfers and special items	(11,272,823)	(2,473,352)	1,104,287	1,435,280	(10,168,536)	(1,038,072)
Transfers	(949,147)	(832,434)	949,147	832,434	-	-
<b>Change in net assets</b>	<b>(12,221,970)</b>	<b>(3,305,786)</b>	<b>2,053,434</b>	<b>2,267,714</b>	<b>(10,168,536)</b>	<b>(1,038,072)</b>
Net assets, July 1	26,273,094	29,578,880	15,607,847	13,340,133	41,880,941	42,919,013
Prior Period Adjustment	(115,446)	-	-	-	(115,446)	-
<b>Net assets, June 30</b>	<b>\$ 13,935,678</b>	<b>\$ 26,273,094</b>	<b>\$ 17,661,281</b>	<b>\$ 15,607,847</b>	<b>\$ 31,596,959</b>	<b>\$ 41,880,941</b>

PENDER COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Governmental activities.** Governmental activities decreased the County's net assets by \$12,221,970, thereby accounting for 100% of the total decline in the net assets of Pender County. Key elements of this decrease are as follows:

- Increase in expenditures for school construction

**Business-type activities:** Business-type activities increased Pender County's net assets by \$2,053,434, accounting for 100% of the total growth in the government's net assets. Key elements of this increase are as follows:

- Increased capital contributions in the Water Funds due to construction funded by grants and loans
- Increase in charges for services as new water districts are now in operation
- Increased investment income due to higher interest rates

### **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, unreserved fund balance 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, unreserved fund balance of the General Fund was \$30,060,202, while total fund balance reached \$34,874,648. However, there are designations of \$11,980,818, leaving an unreserved/undesignated amount of \$18,079,384. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 46.25 percent of total General Fund expenditures, while total fund balance represents 89.21 percent of that same amount.

At June 30, 2008, the governmental funds of Pender County reported a combined fund balance of \$62,626,067, a 4.40 percent increase from last year. Of this amount, \$36,775,678 is either designated or reserved and \$7,771,005 is unreserved in Special Revenue funds, leaving an unreserved/undesignated amount of \$18,079,384. The primary reason for this increase is the increase in fund balance in the Special Revenue and Capital Project Funds.

**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 \$850,941, a material amount. Of this amount, approximately 96% was due to additional intergovernmental revenues and grants.

PENDER COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**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 amounted to \$524,461, those for the Rocky Point / Topsail Water & Sewer District equaled \$3,571,772, those for the Water and Sewer Funds equaled \$5,061,615, those for the Section 8 Administration Fund equaled \$405,204, and those for the Country Court Apartments equaled \$36,483. The total growth (decline) in net assets for these funds was (\$8,865), \$850,487, \$1,154,654, \$35,104, and \$21,694 respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of Pender County's business-type activities.

**Capital Asset and Debt Administration**

**Capital assets.** Pender County's capital assets for its governmental and business – type activities as of June 30, 2008, totals \$55,767,481 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, and water lines.

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

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 8,219,446	\$ 4,258,613	\$ 415,193	\$ 410,263	\$ 8,634,639	\$ 4,668,876
Buildings	11,710,584	12,911,934	8,429,617	8,706,302	20,140,201	21,618,236
Furniture, vehicles and equipment	1,460,894	1,051,495	116,042	80,262	1,576,936	1,131,757
Other	768,107	850,568	10,292	12,275	778,399	862,843
Construction in Progress	2,839,662	2,744,660	21,797,644	23,214,496	24,637,306	25,959,156
<b>Total</b>	<b>\$ 24,998,693</b>	<b>\$ 21,817,270</b>	<b>\$ 30,768,788</b>	<b>\$ 32,423,598</b>	<b>\$ 55,767,481</b>	<b>\$ 54,240,868</b>

Major capital asset transactions during the year include:

- Vehicles
- Water and Wastewater District Construction

Additional information on the County's capital assets can be found in notes to the Financial Statements.

PENDER COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Long-term Debt.** As of June 30, 2007, Pender County had total bonded debt outstanding of \$94,769,565, all of which is debt backed by the full faith and credit of the County and installment obligations of \$720,584. \$21,856,500 of the general obligation debt is born by utility system revenues.

**Pender County's Outstanding Debt  
General Obligation and Installment Debt**

**Figure 5**

Governmental Activities		Business-type Activities		Total	
2008	2007	2008	2007	2008	2007
\$ 73,473,065	\$ 54,483,687	\$ 22,017,084	\$ 22,141,272	\$ 95,490,149	\$ 76,624,959

Pender County's total debt increased by \$18,865,190 during the past fiscal year.

As mentioned in the financial highlights section of this document, Pender County maintained its A1 bond rating from Moody's Investor Service its A rating from Standard and Poor's Corporation. 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 \$285,961,924. The County has \$101,615,000 in General Obligation water & sewer bonds authorized but un-issued at June 30, 2008.

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**

The following key economic indicators affect the growth and prosperity of the County:

- The unemployment rate for the County is now 6.4%, while the State average is 7.0%.
- The total assessed value of all property for FY 07-08 is \$4.643 billion, an increase of 2.92% over the prior year.
- The population of Pender County (currently estimated at 57,394) has grown approximately 39.6% since the 2000 census.

PENDER COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Budget Highlights for the Fiscal year Ending June 30, 2009**

**Governmental Activities:** The County Commissioners approved a \$49,574,246 General Fund Budget on June 16, 2008 which was included within a \$77,173,529 All Funds Budget Ordinance adopted on the same date.

The FY 08-09 General Fund Budget increased about 2.7% compared to the FY 07-08 Adopted Budget. There was a combination of increases and decreases over last year's budget that resulted in a net increase of \$1.3 million over FY 07-08 budget. There was an increase in County funding of the school operating budget in the amount of \$1.467 million. There was an increase in funding of the Board of Health in the amount of \$340,000. There was \$463,348 budgeted in FY 08-09 for new positions. There were two major decreases in the FY 08-09 adopted budget. The first decrease was in funding for the Wallace WWTP Capacity Fund in the amount of \$990,000. The second decrease was in funding for the Capital Projects fund in the amount of \$999,000.

General Fund Departments will show an increase in appropriations from FY 07-08 Adopted Budget to FY 08-09 budget, due chiefly to a cost of living increase of 3.0% in salaries and the creation of new positions. The 3.0% increase was implemented in March ahead of the FY 08-09 Budget.

The FY 08-09 General Fund Budget of \$49,574,246 is in balance with a tax rate of \$.65 per 100 of assessed valuation. The County-wide tax rate remains unchanged. Other funds are also in balance. The appropriation from the Fund Balance of the General Fund is \$1,845,775.

Recently (over the past several years), tax base growth has averaged \$100 Million annually. The annual rate of increase since the last revaluation (FY 03-04) has hovered close to 5.4%.

Projected fund balances as of 6/30/09 in each of the major funds are adequate, but not excessive: General Fund (Undesignated)- \$18,500,000 est.; Vehicle Replacement - \$14,000 est.; Emergency-911 - \$480,000 est.; Capital Improvements Program - \$980,000 est.; Solid Waste Management - \$450,000 est.; Public School Capital - \$5 Million est.; and Emergency Medical Services - \$400,000 est.

**Business Type Activities:** The bond referendum for the water treatment plant in the amount of \$17.5 Million was passed on November 7, 2006. Construction is slated to begin on the water treatment plant in the spring of 2009. The plant will be built on land that was purchased at the former BASF site off Highway 421. The bond referendum for Moore's Creek, Central and Scott's Hill Water and Sewer District also passed on November 7, 2006. See notes of the financials for the amount of general obligation bonds that were authorized as the result of the bond referendum. It should be noted that Columbia Union District bond referendum did not pass.

The County, along with New Hanover, is exploring a regional solution to bring sewer to the entire industrial corridor and have identified the benefits of partnering to co-locate a wastewater treatment plant on the same site as the water treatment plant. Studies are currently in the preliminary stages.

**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 Pender County Finance Office, 805 S. Walker St., PO Box 1578, Burgaw, NC 28425, (910)259-1282.

BASIC FINANCIAL STATEMENTS

Pender County, North Carolina  
Statement of Net Assets  
June 30, 2008

	Primary Government		Total	Component Unit		Total Reporting Unit
	Governmental Activities	Business-type Activities		Pender County	ABC Board	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 61,756,360	\$ 6,422,349	\$ 68,178,709	\$ 365,649	\$ 68,544,358	
Receivables (net)	6,010,718	721,705	6,732,423	292	6,732,715	
Internal Balances	819,368	(819,368)	-	632,232	632,232	
Inventories	-	-	-	12,797	16,091	
Prepaid items	3,235	59	3,294	-	3,294	
Restricted cash and cash equivalents	-	3,166,326	3,166,326	-	3,166,326	
Capital assets:						
Land, improvements, and construction in progress	11,059,108	22,141,137	33,200,245	6,500	33,206,745	
Other capital assets, net of depreciation	13,939,585	8,627,651	22,567,236	125,106	22,692,342	
Total capital assets	24,998,693	30,768,788	55,767,481	131,606	55,899,087	
Total assets	93,588,374	40,259,859	133,848,233	1,142,576	134,990,809	
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	3,854,296	386,842	4,241,138	486,814	4,727,952	
Unearned revenue	34,908	-	34,908	-	34,908	
Accrued interest payable	914,206	81,589	995,795	-	995,795	
Accrued landfill costs	-	65,816	65,816	-	65,816	
Customer deposits	-	8,198	8,198	-	8,198	
Long-term liabilities:						
Due within one year	3,857,983	263,759	4,121,742	-	4,121,742	
Due in more than one year	70,991,303	21,792,374	92,783,677	-	92,783,677	
Total liabilities	79,652,696	22,598,578	102,251,274	486,814	102,738,088	
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	22,643,036	11,918,030	34,561,066	131,606	34,692,672	
Restricted	-	-	-	137,402	137,402	
Unrestricted (deficit)	(8,707,358)	5,743,251	(2,964,107)	386,754	(2,577,353)	
Total net assets	\$ 13,935,678	\$ 17,661,281	\$ 31,596,959	\$ 655,762	\$ 32,252,721	

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

**Fender County, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2008**

Program Revenues		Net (Expense) Revenue and Changes in Net Assets					Pender County ABC Board	Total Reporting Unit
		Primary Government						
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Total Reporting Unit
<b>Primary government:</b>								
<b>Governmental activities:</b>								
General government	\$ 7,331,141	\$ 2,584,758	-	-	\$ (4,746,383)	-	\$ (4,746,383)	(4,746,383)
Public safety	12,342,873	1,080,522	645,605	-	(10,616,746)	-	(10,616,746)	(10,616,746)
Economic and physical development	1,735,153	-	767,697	35,225	(932,231)	-	(932,231)	(932,231)
Human services	14,570,326	1,025,873	7,227,523	-	(6,316,930)	-	(6,316,930)	(6,316,930)
Cultural and recreation	929,897	186,988	15,000	-	(727,909)	-	(727,909)	(727,909)
Education	34,330,756	316,452	115,855	-	(33,898,449)	-	(33,898,449)	(33,898,449)
Interest on long-term debt	2,902,212	-	-	-	(2,902,212)	-	(2,902,212)	(2,902,212)
<b>Total governmental activities</b>	<b>74,142,358</b>	<b>5,194,593</b>	<b>8,771,680</b>	<b>35,225</b>	<b>(60,140,860)</b>	<b>-</b>	<b>(60,140,860)</b>	<b>(60,140,860)</b>
<b>Business-type activities:</b>								
Maple Hill Water Fund	142,470	113,120	-	-	-	(29,350)	-	(29,350)
Sewer Fund	7,131	148,810	-	-	-	141,679	-	141,679
Resource Recovery Fund	3,732,250	3,524,468	239,770	-	-	31,988	-	31,988
Section 8 Housing	981,040	-	1,011,036	-	-	29,996	-	29,996
Country Court Apartments	26,291	47,085	-	-	-	20,794	-	20,794
Rocky Point Water & Sewer Fund	1,580,725	1,620,781	-	671,500	-	711,556	-	711,556
Scott's Hill Water & Sewer	-	52,325	-	-	-	52,325	-	52,325
Water Treatment Plant	-	-	-	-	-	-	-	-
Waste Water Treatment Plant	-	-	-	-	-	-	-	-
<b>Total business-type activities</b>	<b>6,469,907</b>	<b>5,506,589</b>	<b>1,250,806</b>	<b>671,500</b>	<b>-</b>	<b>958,988</b>	<b>-</b>	<b>958,988</b>
<b>Total primary government</b>	<b>80,612,265</b>	<b>10,701,182</b>	<b>10,022,486</b>	<b>706,725</b>	<b>(60,140,860)</b>	<b>958,988</b>	<b>(59,181,872)</b>	<b>(59,181,872)</b>
<b>Component units:</b>								
Pender County ABC Board	\$ 4,445,025	\$ 4,466,985	-	-	-	-	21,960	21,960
<b>General revenues:</b>								
<b>Taxes:</b>								
Property taxes, levied for general purpose					29,246,951			29,246,951
Local option sales tax					10,104,183			10,104,183
Other taxes and licenses					6,074,923			6,074,923
<b>Grants and contributions not restricted to specific programs</b>					389,230			389,230
<b>Investment earnings, unrestricted</b>					3,024,961			3,170,612
<b>Gain (loss) on retirement of assets</b>					(18,114)			(18,114)
<b>Miscellaneous, unrestricted</b>					45,903			47,656
<b>Transfers</b>					(949,147)			95
Total general revenues, special items, and transfers					47,918,890			49,015,441
Change in net assets					(12,221,970)			(10,144,471)
<b>Net assets-beginning</b>					26,273,094			42,512,638
<b>Prior Period Adjustment</b>					(115,446)			(115,446)
<b>Net assets-ending</b>					\$ 13,935,678			\$ 32,252,721

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

Pender County, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2008

	Major Funds		Non-Major Funds	Total Governmental Funds
	General	School Capital Project	Other Governmental Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 32,306,110	\$ 20,341,814	\$ 8,937,806	\$ 61,585,730
Receivables, net	4,830,675	316,451	711,422	5,858,548
Advance funding of projects	65,478	-	(65,478)	-
Due from other funds	820,132	-	-	820,132
Prepaid expense	3,235	-	-	3,235
Total assets	<u>\$ 38,025,630</u>	<u>\$ 20,658,265</u>	<u>\$ 9,583,750</u>	<u>\$ 68,267,645</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,530,128	\$ 1,879,556	\$ 261,272	\$ 3,670,956
Due to other funds	94,401	-	-	94,401
Unearned revenue	34,908	-	-	34,908
Deferred revenue	1,491,545	-	349,768	1,841,313
Total liabilities	<u>3,150,982</u>	<u>1,879,556</u>	<u>611,040</u>	<u>5,641,578</u>
Fund balances:				
Reserved for:				
State statute	4,224,740	-	-	4,224,740
Encumbrances	589,706	-	-	589,706
Unreserved:				
Designated for subsequent year's expenditures	1,845,775	18,778,709	1,201,705	21,826,189
Designated for Health Department Escrow	2,744	-	-	2,744
Designated for Capital Improvements	898,364	-	-	898,364
Designated for Automation Enhancement	276,562	-	-	276,562
Designated for Public School Capital Projects	2,688,424	-	-	2,688,424
Designated for Vehicle Replacement	500,251	-	-	500,251
Designated for Reevaluation	110,000	-	-	110,000
Designated for Sheriff's Seizures	123,418	-	-	123,418
Designated for Water & Sewer Plant	5,273,024	-	-	5,273,024
Designated from Wireline	262,256	-	-	262,256
Undesignated	18,079,384	-	-	18,079,384
Unreserved, reported in nonmajor:				
Special Revenue Funds	-	-	7,771,005	7,771,005
Capital Project Funds	-	-	-	-
Total fund balances	<u>34,874,648</u>	<u>18,778,709</u>	<u>8,972,710</u>	<u>62,626,067</u>
Total liabilities and fund balances	<u>\$ 38,025,630</u>	<u>\$ 20,658,265</u>	<u>\$ 9,583,750</u>	<u>\$ 68,267,645</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, 2008

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

Ending fund balance - governmental funds	\$	62,626,067
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		37,999,994
Less accumulated depreciation		<u>(13,001,301)</u>
Net capital assets		24,998,693
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		152,170
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.		80,927
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide.		1,841,313
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		(73,473,065)
Compensated absences		(1,145,309)
Separation allowance		(230,912)
Accrued interest payable		<u>(914,206)</u>
		<u>(75,763,492)</u>
Net assets of governmental activities	\$	<u>13,935,678</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, 2008**

	<u>Major Fund</u>		<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>School Capital Project</u>	<u>Other Governmental Funds</u>	
<b>REVENUES</b>				
Ad valorem taxes	\$ 28,940,235	\$ -	\$ 5,042,224	\$ 33,982,459
Other taxes and licenses	5,914,307	316,452	4,662,616	10,893,375
Unrestricted intergovernmental	209,840	-	393,737	603,577
Restricted intergovernmental	7,871,853	-	813,470	8,685,323
Permits and fees	2,060,443	-	-	2,060,443
Sales and services	1,040,956	-	-	1,040,956
Investment earnings	1,977,398	1,026,680	20,883	3,024,961
Miscellaneous	57,304	-	-	57,304
Total revenues	<u>48,072,336</u>	<u>1,343,132</u>	<u>10,932,930</u>	<u>60,348,398</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,493,685	-	-	4,493,685
Public safety	6,473,091	-	5,203,375	11,676,466
Economic and physical development	772,867	-	728,476	1,501,343
Human services	14,721,079	-	-	14,721,079
Cultural and recreational	919,644	-	-	919,644
Education	11,106,653	21,785,488	172,906	33,065,047
Capital outlay	-	-	2,774,694	2,774,694
Debt service:				
Principal	525,000	-	1,340,000	1,865,000
Interest and other charges	82,245	-	2,547,975	2,630,220
Total expenditures	<u>39,094,264</u>	<u>21,785,488</u>	<u>12,767,426</u>	<u>73,647,178</u>
Excess (deficiency) of revenues over expenditures	<u>8,978,072</u>	<u>(20,442,356)</u>	<u>(1,834,496)</u>	<u>(13,298,780)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	264,784	-	4,607,959	4,872,743
Transfers to other funds	(5,821,890)	-	-	(5,821,890)
Proceeds from Refund of Bonds	-	-	3,425,000	3,425,000
Payment of Refunded Bonds	-	-	(3,350,000)	(3,350,000)
Premium on Refunded Bonds	-	-	(75,000)	(75,000)
Bond Issuance	-	20,875,000	-	20,875,000
Total other financing sources and uses	<u>(5,557,106)</u>	<u>20,875,000</u>	<u>4,607,959</u>	<u>19,925,853</u>
Net change in fund balance	3,420,966	432,644	2,773,463	6,627,073
Fund balances-beginning	<u>35,441,700</u>	<u>18,346,065</u>	<u>6,199,247</u>	<u>59,987,012</u>
Reclassification of Fund Balance	(3,988,018)	-	-	(3,988,018)
Fund balances-ending	<u>\$ 34,874,648</u>	<u>\$ 18,778,709</u>	<u>\$ 8,972,710</u>	<u>\$ 62,626,067</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, 2008

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

Net change in fund balance - total governmental funds	\$ 6,627,073
Capital Outlay Expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	1,295,963
Cost of disposed capital asset not recorded in fund statements	(27,185)
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.	(1,075,373)
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.	(24,300,000)
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.	5,215,000
Expenses reported on fund statements that are capitalized on government-wide statements - bond issuance and refunding costs	75,000
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)	(292,614)
Amortization of refunding costs not recorded on fund statements	20,622
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	7,057
Increase in Separation Allowance	(31,694)
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	486,888
Increase (decrease) in accrued taxes receivable	15,231
Net Revenue of Internal service funds determined to be governmental-type.	<u>(237,938)</u>
Change in net assets of governmental activities	\$ <u>(12,221,970)</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, 2008

	General Fund			Variance With Final Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 28,103,314	\$ 28,103,314	\$ 28,940,235	\$ 836,921
Other taxes and licenses	5,525,967	5,525,967	5,914,307	388,340
Unrestricted intergovernmental	170,000	170,000	209,840	39,840
Restricted intergovernmental	7,719,526	8,536,565	7,871,853	(664,712)
Permits and fees	2,923,077	2,923,077	2,060,443	(862,634)
Sales and services	1,324,904	1,356,981	1,040,956	(316,025)
Investment earnings	450,000	450,000	1,977,398	1,527,398
Miscellaneous	24,515	26,340	57,304	30,964
Total revenues	<u>46,241,303</u>	<u>47,092,244</u>	<u>48,072,336</u>	<u>980,092</u>
Expenditures				
Current:				
General government	6,041,721	5,867,470	4,493,685	1,373,785
Public safety	6,805,010	6,881,204	6,473,091	408,113
Economic and physical development	819,108	821,714	772,867	48,847
Human services	15,957,444	17,139,882	14,721,079	2,418,803
Cultural and recreational	899,463	939,287	919,644	19,643
Intergovernmental:				
Education	11,371,222	11,121,222	11,106,653	14,569
Debt service:				
Principal retirement	525,000	525,000	525,000	-
Interest and other charges	82,245	82,245	82,245	-
Total expenditures	<u>42,501,213</u>	<u>43,378,024</u>	<u>39,094,264</u>	<u>4,283,760</u>
Revenues over (under) expenditures	<u>3,740,090</u>	<u>3,714,220</u>	<u>8,978,072</u>	<u>5,263,852</u>
Other financing sources (uses):				
Transfers to other funds	(5,808,090)	(5,842,939)	(5,821,890)	21,049
Transfers from other funds	-	-	264,784	264,784
Fund balance appropriated	2,068,000	2,128,719	-	(2,128,719)
Total other financing sources (uses)	<u>(3,740,090)</u>	<u>(3,714,220)</u>	<u>(5,557,106)</u>	<u>(1,842,886)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,420,966</u>	<u>\$ 3,420,966</u>
Fund balances:				
Beginning of year, July 1			35,441,700	
Reclassification of Fund Balance (See NOTE 11)			(3,988,018)	
End of year, June 30			<u>\$ 34,874,648</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, 2008

	Enterprise Funds										Internal Service Fund	
	MAJOR					NON-MAJOR						
	Resource Recovery Fund	Rocky Point Water Fund	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Court Apartments Fund	Penderlea Water System	Scott's Hill Water & Sewer	Water Treatment Plant	Waste Water Treatment Plant		Total
<b>ASSETS</b>												
Current assets:												
Cash and cash equivalents	\$ 526,082	\$ 396,257	\$ 65,054	\$ 4,982,122	\$ 410,846	\$ 41,988	\$ -	\$ -	\$ -	\$ -	\$ 6,422,349	\$ 170,630
Receivables, net	424,489	237,200	20,643	37,297	2,076	764	-	-	-	-	721,705	93,637
Due from other funds	-	-	-	24,507	-	-	-	-	-	-	24,507	59
Prepaid expense	-	13	46	-	-	-	-	-	-	-	-	-
Total current assets	950,571	633,470	88,311	5,043,926	412,922	42,752	-	-	-	-	7,181,952	264,267
Noncurrent assets:												
Restricted cash and cash equivalents	-	3,166,326	-	-	-	-	-	-	-	-	3,166,326	-
Capital assets:												
Land and Construction In Progress	609,303	20,518,852	47,825	151,106	-	-	-	124,093	-	331,587	22,141,137	-
Other Capital Assets (Net)	544,917	6,986,038	732,653	141,360	5,787	216,896	-	-	-	331,587	8,627,651	-
Total Capital Assets	1,154,220	27,504,890	780,478	292,466	5,787	216,896	-	124,093	-	331,587	30,768,788	-
Total noncurrent assets	1,154,220	30,671,216	780,478	292,466	5,787	216,896	-	124,093	-	331,587	33,935,114	-
Total assets	2,104,791	31,304,686	878,789	5,336,392	418,709	259,648	-	124,093	-	331,587	41,117,066	264,267
<b>LIABILITIES</b>												
Current liabilities:												
Accounts payable and accrued liabilities	295,368	85,415	3,214	847	827	1,171	-	-	-	-	386,842	183,340
Customer deposits	-	3,000	100	-	-	5,098	-	-	-	-	8,198	-
Accrued interest payable	-	80,322	1,267	-	-	-	-	-	-	-	81,589	-
Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Landfill costs	65,816	-	-	-	-	-	-	-	-	-	65,816	-
Due to other accounts	58,406	37,075	-	-	-	-	-	71,768	-	331,587	857,207	-
Notes payable	-	-	-	-	-	6,259	-	-	-	-	6,259	-
General obligation bonds payable	-	251,000	6,500	-	-	-	-	-	-	-	257,500	-
Bond anticipation notes payable	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	419,590	456,812	11,081	847	827	12,528	-	71,768	-	331,587	1,663,411	183,340
Noncurrent liabilities:												
Accrued landfill closure and postclosure care costs	-	-	-	-	-	-	-	-	-	-	-	-
Compensated absences	6,520	22,212	3,426	-	6,891	154,325	-	-	-	-	39,049	-
Note payable	-	-	-	-	-	-	-	-	-	-	154,325	-
General obligation bonds payable	-	21,341,000	258,000	-	-	-	-	-	-	-	21,599,000	-
Total noncurrent liabilities	6,520	21,363,212	261,426	-	6,891	154,325	-	-	-	-	21,792,374	-
Total liabilities	426,110	21,820,024	272,507	847	7,718	166,853	-	71,768	-	331,587	23,455,785	183,340
<b>NET ASSETS</b>												
Invested in capital assets, net of related debt	1,154,220	9,079,216	515,978	292,466	5,787	56,312	-	124,093	-	331,587	11,918,030	-
Unrestricted	524,461	405,446	90,304	5,043,079	405,204	36,483	-	(71,768)	-	(331,587)	5,743,251	80,927
Total net assets	\$ 1,678,681	\$ 9,484,662	\$ 606,282	\$ 5,335,545	\$ 410,991	\$ 92,795	\$ -	\$ 52,325	\$ -	\$ -	\$ 17,661,281	\$ 80,927
Net assets of business-type activities												
												\$ 17,661,281

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, 2008

	Enterprise Funds											Total	Internal Service Fund
	MAJOR					NON-MAJOR					Total		
	Resource Recovery Fund	Rocky Point Water Fund	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Apartments Fund	Court Fund	Penderlea Water System	Scott's Hill Water & Sewer	Water Treatment Plant			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>OPERATING REVENUES</b>													
Charges for services	3,524,468	1,632,727	110,074	148,810	-	-	46,844	-	-	-	-	-	5,416,079
Dwelling rental	-	-	-	-	-	-	241	-	-	-	-	-	46,844
Other operating revenue	-	(11,946)	3,046	-	-	-	-	52,325	-	-	-	-	55,612
Sales tax refund	-	-	-	-	-	-	-	-	-	-	-	-	(11,946)
Premiums received	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating revenues	3,524,468	1,620,781	113,120	148,810	-	47,085	-	52,325	-	-	-	-	5,506,589
<b>OPERATING EXPENSES</b>													
Personnel	97,952	355,410	47,594	-	103,289	-	-	-	-	-	-	-	604,245
Contracted services	3,546,708	218,059	9,345	-	-	10,790	-	-	-	-	-	-	3,784,902
Water purchases	-	260,333	31,760	-	-	-	-	-	-	-	-	-	292,093
System maintenance	47,696	511,798	24,162	848	20,611	7,218	-	-	-	-	-	-	612,333
Administration and housing assistance	-	-	-	-	855,352	-	-	-	-	-	-	-	855,352
Depreciation	28,714	235,125	29,609	6,283	1,788	8,283	-	-	-	-	-	-	309,802
Other Equipment	11,180	-	-	-	-	-	-	-	-	-	-	-	11,180
Total operating expenses	3,732,250	1,580,725	142,470	7,131	981,040	26,291	-	-	-	-	-	-	6,469,907
Operating income (loss)	(207,782)	40,056	(29,350)	141,679	(981,040)	20,794	-	52,325	-	-	-	-	(963,318)
<b>NONOPERATING REVENUES (EXPENSES)</b>													
Interest revenue (expense)	-	139,291	-	-	3,450	900	-	-	-	-	-	-	143,641
Operating Subsidy - HUD	-	-	-	-	1,011,036	-	-	-	-	-	-	-	1,011,036
Miscellaneous Revenue	-	-	-	-	1,658	-	-	-	-	-	-	-	1,658
Total nonoperating revenue (expenses)	-	139,291	-	-	1,016,144	900	-	-	-	-	-	-	1,156,335
Income (loss) before contributions and transfers	(207,782)	179,347	(29,350)	141,679	35,104	21,694	-	52,325	-	-	-	-	193,017
Other Financing Sources (Uses)													
Capital Contributions	71,896	671,500	-	-	-	-	-	-	-	-	-	-	743,396
Reimbursements from school	167,874	-	-	-	-	-	-	-	-	-	-	-	167,874
Transfers in (out)	(40,853)	-	-	990,000	-	-	-	-	-	-	-	-	949,147
Total other financing sources (uses)	198,917	671,500	-	990,000	-	-	-	-	-	-	-	-	1,860,417
Change in net assets	(8,865)	850,847	(29,350)	1,131,679	35,104	21,694	-	52,325	-	-	-	-	2,053,434
Total net assets - beginning	1,687,546	7,732,095	635,632	4,203,866	375,887	71,101	-	901,720	-	-	-	-	15,607,847
Restatement of Net Assets	-	901,720	-	-	-	-	-	(901,720)	-	-	-	-	(115,446)
Total net assets - ending	\$ 1,678,681	\$ 9,484,662	\$ 606,282	\$ 5,335,545	\$ 410,991	\$ 92,795	\$ -	\$ 52,325	\$ -	\$ -	\$ -	\$ -	\$ 17,661,281

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

Pender County, North Carolina  
 Proprietary Funds  
 Statement of Cash Flows  
 For The Fiscal Year Ended June 30, 2008

	Enterprise Funds										Total	Internal Service Fund
	MAJOR					NON-MAJOR						
	Resource Recovery Fund	Rocky Point Water Fund	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Penderlea Water System	Scott's Hill Water & Sewer	Water Treatment Plant	Waste Water Treatment Plant		
Cash flows from operating activities:												
Cash received from customers	\$ 3,298,167	\$ 1,903,569	\$ 117,740	\$ 148,810	\$ (104,389)	\$ 46,844	\$ -	\$ 52,325	\$ -	\$ -	\$ 5,463,066	\$ 2,046,129
Cash paid for goods and services	(3,632,033)	(1,002,061)	(61,522)	(821)	(875,797)	(17,453)	-	-	-	-	(5,589,687)	(2,238,939)
Cash paid to employees for services	(91,432)	(333,198)	(44,168)	-	(96,398)	129	-	-	-	-	(365,196)	129
Customer deposits received	-	-	-	-	-	-	-	-	-	-	-	-
Customer deposits returned	-	-	-	-	-	-	-	-	-	-	-	-
Other operating revenue	-	-	3,046	-	-	241	-	-	-	-	3,287	-
Net cash provided by operating activities	(425,298)	568,310	15,096	147,989	(1,076,584)	29,761	-	52,325	-	-	(688,401)	(192,810)
Cash flows from noncapital financing activities:												
Transfers in (out)	(40,853)	-	-	990,000	-	-	-	-	-	-	949,147	-
Temporary bank overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Due to/from	-	-	-	-	-	(64)	-	20,506	220,476	109,635	350,553	(35,870)
Miscellaneous Revenue	-	-	-	-	1,658	-	-	-	-	-	1,658	-
Net cash used by capital and related financing activities	(40,853)	-	-	990,000	1,658	(64)	-	20,506	220,476	109,635	1,301,358	(33,870)
Cash flows from capital and related financing activities:												
Proceeds of bond anticipation notes	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition and construction of capital assets	(10,747)	(2,181,496)	(47,825)	-	-	-	-	(72,831)	(220,476)	(109,635)	(2,643,010)	-
Proceeds from sale of equipment	239,770	-	-	-	-	-	-	-	-	-	239,770	-
Proceeds from Grants, Loans and Debt	-	-	-	-	-	-	-	-	-	-	-	-
Principal paid on bond maturities and equipment contracts	-	(112,000)	(6,000)	-	-	(6,188)	-	-	-	-	(124,188)	-
Interest paid on bond maturities and equipment contracts	-	-	-	-	-	-	-	-	-	-	-	-
Capital contributions - federal grant	-	671,500	-	-	1,011,036	-	-	-	-	-	1,682,536	-
Net cash used by capital and related financing activities	229,023	(1,621,996)	(53,825)	-	1,011,036	(6,188)	-	(72,831)	(220,476)	(109,635)	(844,892)	-
Cash flows from investing activities:												
Interest on investments	-	139,291	-	-	3,450	900	-	-	-	-	143,641	-
Net increase (decrease) in cash and cash equivalents	(237,128)	(914,395)	(38,729)	1,137,989	(60,440)	24,409	-	-	-	-	(88,294)	(226,680)
Cash and cash equivalents, July 1	763,210	4,476,978	103,783	3,844,133	471,286	17,579	-	-	-	-	9,676,969	397,310
Cash and cash equivalents, June 30	\$ 526,082	\$ 3,562,583	\$ 65,054	\$ 4,982,122	\$ 410,846	\$ 41,988	\$ -	\$ -	\$ -	\$ -	\$ 9,588,675	\$ 170,630

(continued)

Fender County, North Carolina  
 Proprietary Funds  
 Statement of Cash Flows  
 For The Fiscal Year Ended June 30, 2008

	MAJOR						NON-MAJOR						Total	Internal Service Fund
	Resource Recovery Fund	Rocky Point Water Fund	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Penderlea Water System	Scott's Hill Water & Sewer	Water Treatment Plant	Waste Water Treatment Plant				
	\$ (207,782)	\$ 40,056	\$ (29,350)	\$ 141,679	\$ (981,040)	\$ 20,794	\$ -	\$ 52,325	\$ -	\$ -	\$ (963,318)	\$ (237,938)		
Operating income	28,714	235,125	29,609	6,283	1,788	8,283	-	-	-	-	309,802	-		
Adjustments to reconcile operating income to net cash provided by operating activities:														
Depreciation														
Landfill closure and postclosure care costs														
Changes in assets and liabilities:														
(Increase) Decrease in accounts receivable	(226,301)	279,788	7,566	-	774	-	-	-	-	-	61,827	-		
Decrease in inventory	-	-	-	-	-	-	-	-	-	-	-	-		
(Increase) in prepaid items	-	2,562	922	-	-	-	-	-	-	-	3,484	-		
Increase (decrease) in accounts payable and accrued liabilities	(26,449)	(14,433)	2,823	27	166	555	-	-	-	-	(37,311)	45,128		
(Decrease) in deferred revenues	-	-	-	-	(105,163)	-	-	-	-	-	(105,163)	-		
(Decrease) in customer deposits	-	3,000	100	-	-	129	-	-	-	-	3,229	-		
Increase in accrued vacation pay	6,520	22,212	3,426	-	6,891	-	-	-	-	-	39,049	-		
Total adjustments	(217,516)	528,254	(95,544)	6,310	(95,544)	8,967	-	-	-	-	274,917	45,128		
Net cash provided by operating activities	\$ (425,298)	\$ 568,310	\$ 15,096	\$ 147,989	\$ (1,076,584)	\$ 29,761	\$ -	\$ 52,325	\$ -	\$ -	\$ (688,401)	\$ (192,810)		

(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, 2008**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and investments	\$ 86,662
Total assets	<u>86,662</u>
<b>Liabilities</b>	
Accounts payable	86,662
Due to other funds	-
Total liabilities	<u>86,662</u>
<b>Net assets</b>	
Held in trust (Fiduciary net assets)	<u><u>\$ -</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, 2008

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 County 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

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

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.

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; and the 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.

### C. 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 2007 through February 2008 apply to the fiscal year ended June 30, 2008. 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.

#### D. Budgets and Budgetary Accounting

##### General Budget Policies

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.

#### E. Assets, Liabilities, and Fund Equity

##### 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.

##### 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.

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.

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, 2007. 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.

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.

Inventories and Prepaid Items

ABC Board inventories are valued at cost (first-in, first-out), which approximates market.

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.

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

### 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.

### 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, 2008, amounted to \$1,184,358 in total, \$1,145,309 of which represents the liability of the governmental funds and is recorded in the government-wide statements and \$39,049 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. The unfunded pension obligation at June 30, 2008 is \$230,912.

ABC Board employees may accumulate up to thirty days earned vacation, and such leave is fully vested when earned. Accumulated earned vacation amounted to approximately \$19,478 at June 30, 2008. 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 \$105,517 at June 30, 2008.

### 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, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of equity represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance or fund equity to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

#### Reserved:

Reserved by State Statute - Portions of fund balance of governmental funds not available for appropriations after remaining reserves not available for appropriations have been segregated. This amount is usually comprised of receivables and due from other funds less deferred revenues other than those arising from cash receipts.

Reserved for Encumbrances - Portions of fund balance available to pay for any commitments related to purchase orders and contracts that remain unperformed at year-end.

Unreserved:

Designated for subsequent year's expenditures - Portion of total fund balance available for appropriation that has been designated for the adopted 2008-2009 budget ordinance.

Designated for vehicle replacement - the County will implement a four (4) year plan for the scheduled replacement of vehicles and equipment. This program ensures that sufficient resources will be available to maintain a dependable fleet of vehicles.

Designated for capital improvements - The County will implement a four (4) year capital improvement and capital reserve plan to build and maintain structures necessary to accommodate the County's growth and capital infrastructure. This designation includes funds for jail additions and other necessary projects.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year end.

NOTE 2: Stewardship, Compliance and Accountability

Noncompliance with North Carolina General Statutes

The County had several departments that violated General Statute 159-32, as there were instances tested where \$250 or more was collected but not deposited daily. This violation was noted at the Inspection's department, Sheriff's department, and Health department. This was discussed with the responsible staff and the Finance Officer, and all parties are aware of this issue. The County is to implement policies to ensure that this requirement is being adhered to.

Deficit Fund Balances of Individual Funds

The County reported deficit fund balances in the following accounts:

Community Development Block Grant Fund	\$ 13,093
Hwy 421 Industrial Park	\$ 7,762
2005 CHAF	\$ 44,623

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 (including blended component units) and Pender County 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 and Pender County 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 Pender County 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 Pender County ABC Board, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County and Pender County ABC Board, Inc. 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, 2008, the County's deposits had a carrying amount of \$11,733,764 and a bank balance of \$11,990,599. Of the bank balance, \$300,000 was covered by federal depository insurance and the remaining \$11,690,599 was covered by collateral held under the Pooling Method. Of this amount, \$1,569 was cash on hand.

At June 30, 2008, the carrying amount of deposits for Pender County ABC Board was \$364,649 and the bank balance was \$337,779. At June 30, 2008, the Board also had \$1,000 cash on hand.

2. Investments

As of June 30, 2008, the County's investments consisted of \$59,697,933 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

	Accounts	Taxes and Related Accrued Interest	Sales Tax	Due from Other Governments	Other	Total
<b>Governmental Activities:</b>						
General	\$ 723,814	\$ 2,293,715	\$ 122,483	\$ 2,387,814	\$ 118,019	\$ 5,645,845
Other Governmental	33,371	426,671	316,689	324,384	3,661	1,104,776
Total Receivables	757,185	2,720,386	439,172	2,712,198	121,680	6,750,621
Allowance for Doubtful Accounts	-	(739,903)	-	-	-	(739,903)
<b>Total Governmental Activities</b>	<b>\$ 757,185</b>	<b>\$ 1,980,483</b>	<b>\$ 439,172</b>	<b>\$ 2,712,198</b>	<b>\$ 121,680</b>	<b>\$ 6,010,718</b>
<b>Business Type Activities:</b>						
Maple Hill Water Fund	\$ 20,643	\$ -	\$ -	\$ -	\$ -	\$ 20,643
Sewer Fund	37,297	-	-	-	-	37,297
Resource Recovery	577,856	-	-	-	-	577,856
Section 8 Administration	2,076	-	-	-	-	2,076
Rocky Point Water & Sewer	231,252	-	5,948	-	-	237,200
Total Receivables	869,124	-	5,948	-	-	875,072
Allowance for doubtful accounts	(153,367)	-	-	-	-	(153,367)
<b>Total Business-Type Activities</b>	<b>\$ 715,757</b>	<b>\$ -</b>	<b>\$ 5,948</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 721,705</b>

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

Local Option Sales Tax	\$2,637,848
Sales Tax on Video Programming	74,349
Total	<u>\$2,712,197</u>

4. Receivables - Allowances for Doubtful Accounts:

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

<b>General:</b>	
Ad Valorem Taxes	\$ 663,000
<b>Special Revenue:</b>	
Ad Valorem Taxes	76,903

## 5. Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	Beginning Balances				Ending Balances
	July 1, 2007	Additions	Retirements	Transfers	
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 8,246,631	\$ -	\$ 27,185	\$ -	\$ 8,219,446
Construction in Progress	2,744,660	733,064	292,340	(345,722)	2,839,662
Total capital assets not being depreciated	<u>10,991,291</u>	<u>733,064</u>	<u>319,525</u>	<u>(345,722)</u>	<u>11,059,108</u>
Other capital assets:					
Buildings & Improvements	19,497,304	6,963	-	345,722	19,849,989
Intangibles	1,134,924	33,156	-	-	1,168,080
Equipment	1,972,788	94,032	49,403	-	2,116,223
Vehicles	2,501,597	721,088	583,909	-	3,806,594
Total other capital assets at historical cost	<u>25,106,613</u>	<u>855,239</u>	<u>633,312</u>	<u>345,722</u>	<u>26,940,886</u>
Less accumulated depreciation for:					
Buildings & Improvements	7,585,370	554,035	-	-	8,139,405
Intangibles	284,356	115,617	-	-	399,973
Equipment	1,603,679	122,378	49,403	-	1,775,460
Vehicles	1,819,211	283,343	583,909	-	2,686,463
Total other capital assets at historical cost	<u>11,292,616</u>	<u>1,075,373</u>	<u>633,312</u>	<u>-</u>	<u>13,001,301</u>
Other capital assets, net	<u>13,813,997</u>	<u>(220,134)</u>	<u>-</u>	<u>345,722</u>	<u>13,939,585</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 24,805,288</u>	<u>\$ 512,930</u>	<u>\$ 319,525</u>	<u>\$ -</u>	<u>\$ 24,998,693</u>

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

<b>Governmental activities</b>	
General governmental	\$ 315,760
Public Safety	406,935
Human Services	220,956
Education	55,634
Economic and physical development	63,410
Cultural and Recreational	12,678
Total depreciation expense	<u>\$ 1,075,373</u>

Business-type activities:

SEWER FUND	Beginning			Ending
Public Utilities Fund	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	151,106	-	-	151,106
Total capital assets not being depreciated	<u>151,106</u>	<u>-</u>	<u>-</u>	<u>151,106</u>
Capital assets being depreciated:				
Buildings and improvements	256,544	-	-	256,544
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	16,295	-	-	16,295
Total capital assets being depreciated	<u>272,839</u>	<u>-</u>	<u>-</u>	<u>272,839</u>
Less accumulated depreciation for:				
Buildings and improvements	108,901	6,283	-	115,184
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	16,295	-	-	16,295
Total accumulated depreciation	<u>125,196</u>	<u>6,283</u>	<u>-</u>	<u>131,479</u>
Business type activities capital assets, net	<u>\$ 298,749</u>	<u>\$ (6,283)</u>	<u>\$ -</u>	<u>\$ 292,466</u>

Maple Hill	Beginning			Ending
Public Utilities Fund	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 4,930	\$ -	\$ -	\$ 4,930
Construction in progress	-	47,825	-	47,825
Total capital assets not being depreciated	<u>4,930</u>	<u>47,825</u>	<u>-</u>	<u>52,755</u>
Capital assets being depreciated:				
Buildings and improvements	1,202,031	-	-	1,202,031
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total capital assets being depreciated	<u>1,202,031</u>	<u>-</u>	<u>-</u>	<u>1,202,031</u>
Less accumulated depreciation for:				
Buildings and improvements	444,699	29,609	-	474,308
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	<u>444,699</u>	<u>29,609</u>	<u>-</u>	<u>474,308</u>
Business type activities capital assets, net	<u>\$ 762,262</u>	<u>\$ 18,216</u>	<u>\$ -</u>	<u>\$ 780,478</u>

Business-type activities (continued):

RP/T Water Public Utilities Fund	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 343,493	\$ -	\$ -	\$ 343,493
Construction in progress	18,055,907	2,119,452	-	20,175,359
Total capital assets not being depreciated	18,399,400	2,119,452	-	20,518,852
Capital assets being depreciated:				
Buildings and improvements	7,884,454	-	-	7,884,454
Intangibles	9,485	-	-	9,485
Vehicles	96,612	62,044	-	158,656
Equipment	33,907	-	-	33,907
Total capital assets being depreciated	8,024,458	62,044	-	8,086,502
Less accumulated depreciation for:				
Buildings and improvements	794,457	204,932	-	999,389
Intangibles	4,795	925	-	5,720
Vehicles	53,963	28,505	-	82,468
Equipment	12,124	763	-	12,887
Total accumulated depreciation	865,339	235,125	-	1,100,464
Business type activities capital assets, net	\$ 25,558,519	\$ 1,946,371	\$ -	\$ 27,504,890

Section 8 Public Utilities Fund	Beginning Balances	Increases	Decreases	Ending Balances
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	2,658	938	-	3,596
Vehicles	4,250	850	-	5,100
Equipment	-	-	-	-
Total accumulated depreciation	6,908	1,788	-	8,696
Business type activities capital assets, net	\$ 7,575	\$ (1,788)	\$ -	\$ 5,787

Business-type activities (continued):

	Balances	Increases	Decreases	Balances
<b>Country Court</b>				
<b>Public Utilities Fund</b>				
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	109,298	8,163	-	117,461
Intangibles	340	120	-	460
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	109,638	8,283	-	117,921
Business type activities capital assets, net	\$ 225,179	\$ (8,283)	\$ -	\$ 216,896

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Solid Waste</b>				
<b>Public Utilities Fund</b>				
Capital assets not being depreciated:				
Land	\$ 66,770	\$ -	\$ -	\$ 66,770
Construction in progress	608,356	947	-	609,303
Total capital assets not being depreciated	675,126	947	-	676,073
Capital assets being depreciated:				
Buildings and improvements	889,092	-	-	889,092
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	27,695	9,800	-	37,495
Total capital assets being depreciated	916,787	9,800	-	926,587
Less accumulated depreciation for:				
Buildings and improvements	407,011	22,768	-	429,779
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	12,715	5,946	-	18,661
Total accumulated depreciation	419,726	28,714	-	448,440
Business type activities capital assets, net	\$ 1,172,187	\$ (17,967)	\$ -	\$ 1,154,220

Business-type activities (continued):

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Scott's Hill Water &amp; Sewer Public Utilities Fund</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 51,262	\$ 72,831	\$ -	\$ 124,093
Total capital assets not being depreciated	\$ 51,262	\$ 72,831	\$ -	\$ 124,093
<b>Water Treatment Plant Public Utilities Fund</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 136,892	\$ 221,479	\$ -	\$ 358,371
Total capital assets not being depreciated	\$ 136,892	\$ 221,479	\$ -	\$ 358,371
<b>Waste Water Treatment Plant Public Utilities Fund</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 220,952	\$ 110,635	\$ -	\$ 331,587
Total capital assets not being depreciated	\$ 220,952	\$ 110,635	\$ -	\$ 331,587
<b>Total Business-type activities</b>	<b>\$ 28,433,577</b>	<b>\$ 2,335,211</b>	<b>\$ -</b>	<b>\$ 30,768,788</b>

Construction Commitments

The government has active construction projects as of June 30, 2008. The projects include various school construction projects, as well as water district projects. At June 30, 2008, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Waste Water Treatment Plant	\$ 63,500	\$ 49,000
Rocky Point Water & Sewer Project	19,697,452	1,267,221
Topsail High School	26,482,083	7,437,408
Topsail Middle School	133,327	58,879
Rocky Point Primary	95,103	39,098
Trask Performing Arts	134,091	46,802
Total	<u>\$ 46,605,556</u>	<u>\$ 8,898,408</u>

Discretely presented component units

The following is a summary of proprietary fund type fixed assets for the ABC Board at June 30, 2008:

	Useful Life	Cost June 30, 2008	Accumulated Depreciation	Net Amount
Property	15 - 50 yrs	\$ 149,906	\$ 86,407	\$ 63,499
Equipment	5 - 10 yrs	176,001	107,894	68,107
Vehicle	5 yrs	20,622	20,622	-
		<u>\$ 346,529</u>	<u>\$ 214,923</u>	<u>\$ 131,606</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2008, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental Activities:					
General	\$ 646,711	\$ 807,541	\$ 124	\$ 75,876	\$ 1,530,252
Other Governmental	2,084,063	-	914,082	56,765	3,054,910
Internal Service	-	183,340	-	-	183,340
Total Governmental Activities	\$ 2,730,774	\$ 990,881	\$ 914,206	\$ 132,641	\$ 4,768,502
Business-type Activities					
Maple Hill Water Fund	\$ 3,214	\$ -	\$ 1,267	\$ -	\$ 4,481
Sewer Fund	847	-	-	-	847
Resource Recovery	295,368	-	-	-	295,368
Section 8 Administration	63	-	-	764	827
Country Court Apts	1,171	-	-	-	1,171
Rocky Point Water & Sewer	85,415	-	80,322	-	165,737
Total Business-Type Activities	\$ 386,078	\$ -	\$ 81,589	\$ 764	\$ 468,431

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 4.92% and 4.86%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 4.80% 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, 2008, 2007, and 2006 were \$554,452, \$493,168, and \$461,791, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2008, 2007, and 2006 were \$29,896, \$27,352, and \$25,645, 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

**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.

The Separation Allowance covers all full-time County law enforcement officers. At December 31, 2007 the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>50</u>
Total	<u>52</u>

A separate report was not issued for the plan.

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, 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.

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, 2008 was determined as part of the December 31, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions include (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5 - 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected pay on a closed basis. The remaining amortization period at December 31, 2007 was 23 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	\$	40,797
Interest on Net Pension Obligation		14,443
Adjustments to Annual Required Contributions		<u>(12,242)</u>
Annual Pension Cost	\$	42,998
Contributions Made		<u>11,304</u>
Increase (Decrease) in Net Pension Obligation	\$	31,694
Net Pension Obligation Beginning of Year		<u>199,218</u>
Net Pension Obligation End of Year	\$	<u>230,912</u>

3-Year Trend Information

<u>Year Ended</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Obligation</u>
6-30-06	40,514	57.67%	170,316
6-30-07	40,206	28.12%	199,218
6-30-08	42,998	26.29%	230,912

Funded Status and Funding Progress - As of December 31, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$347,378, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$347,378. The covered payroll (annual payroll of active employees covered by the plan) was \$1,643,950, and the ratio of the UAAL to the covered payroll was 21.13%.

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, 2008 were \$112,717, which consisted of \$88,309 from the County and \$24,408 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 who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The 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 1 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, 2008, the County's required and actual contributions were \$6,119.

f. Other Post-employment Benefits

According to a County resolution, the County provides health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the County. The County pays the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the County's group rates. Currently, six (6) retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2008, the County made payments for postretirement health benefit premiums of \$23,579. The County obtains health care coverage through private insurers. The County obtains health care coverage through private insurers. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 14.36% and 19.28% of covered payroll respectively.

g. Other Employment Benefits

In addition to providing pension 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. Lump sum death benefits are provided to employees 1) who die in active service after one year of contributing membership in the System, or 2) 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. The lump-sum death benefit payments to the beneficiaries are equal to the employee's twelve highest months' salary in a row during the twenty-four 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. Annually, the State sets the County's monthly contribution rate for death benefits. 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. Accrued for Estimated Landfill Post-Closure Care Costs

State laws and regulations require the Company to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for five years after closure. The County closed its landfill April, 1994. The \$65,816 reported as accrued landfill post-closure care costs at June 30, 2008, represents the total estimated cost to perform post-closure care subsequent to June 30, 2008. Actual costs may differ due to inflation, changes in technology or changes in regulations.

4. 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)	\$ 34,908	\$ 34,908
Taxes Receivable, net (General)	1,478,545	-
Taxes Receivable, net (Special Revenue)	349,768	-
Special assessments (General)	13,000	-
Total	<u>\$ 1,876,221</u>	<u>\$ 34,908</u>

5. 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, 2008 is as follows:

	<u>Fiscal Year Ended June 30,</u>	
	<u>2008</u>	<u>2007</u>
Unpaid claims at July 1	\$ 115,446	\$ 129,822
Incurred claims and judgements for current and prior year events where the County has retained risk of loss	1,979,200	1,540,072
Payments on claims for current and prior year events where the County has retained risk of loss	<u>1,911,306</u>	<u>1,554,448</u>
Unpaid claims at June 30	\$ <u>183,340</u>	\$ <u>115,446</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. Settled claims from these risks have not exceeded commercial insurance coverage in any of the last 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 \$160,584 due to the Farmer's Home Administration. The notes are collateralized by an apartment complex with a carrying value of \$160,584 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, 2008:

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.	\$ 3,425,000
General Obligation School Bonds, Series 2001 \$10,000,000 due in annual payments of \$500,000, plus interest ranging from 4.40% to 4.70% through 2021, serviced by the Special Revenue Fund.	6,500,000
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.	6,825,000

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.	35,000,000
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>20,875,000</u>
Total General Obligation Bonds (Governmental Activities)	<u>\$ 72,625,000</u>

Serviced by Water Fund, and Sewer Fund:

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.	\$ 264,500
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.	3,423,000
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.	354,000
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>17,815,000</u>
Total Serviced by the Enterprise Funds	<u>\$ 21,856,500</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.

\$ 560,000

Total Installment Purchases

\$ 560,000

Total Long-Term Debt

\$ 95,202,084

Advance Refundings

On May 30, 2008, the County issued \$3,425,000 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 \$3,350,000 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 \$75,000. The amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. The advance refunding was undertaken to reduce total debt service payments over the next 9 years by \$196,014 and resulted in an economic gain of \$172,427.

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, 2008:

	Balance 7/1/2007	Additions	Retirements	Balance 6/30/2008	Current Portion of Balance
Governmental Activities:					
General Obligation Bonds	\$ 53,460,000	\$ 24,300,000	\$ 5,135,000	\$ 72,625,000	\$ 3,765,000
Bond Premium	383,687	-	21,316	362,371	21,316
Less: Loss on Defeasance	-	75,000	694	74,306	8,333
Total General Obligation Bonds	53,843,687	24,225,000	5,155,622	72,913,065	3,777,983
Installment Note	640,000	-	80,000	560,000	80,000
Unfunded Pension Obligation	199,218	31,694	-	230,912	-
Compensated Absences	1,152,366	-	7,057	1,145,309	-
Total	\$ 55,835,271	\$ 24,256,694	\$ 5,242,679	\$ 74,849,286	\$ 3,857,983
Business-type Activities:					
General Obligation Debt	\$ 21,974,500	\$ -	\$ 118,000	\$ 21,856,500	\$ 257,500
Mortgage Note	166,772	-	6,188	160,584	6,259
Compensated Absences	-	39,049	-	39,049	-
Total	\$ 22,141,272	\$ 39,049	\$ 124,188	\$ 22,056,133	\$ 263,759

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, 2008, are as follows:

Year Ending	General Obligation Bonds		Installment Note		Mortgage Notes		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
June 30							
2009	\$ 4,022,500	\$ 3,985,933	\$ 80,000	\$ 22,680	\$ 6,259	\$ 1,577	\$ 8,118,949
2010	4,140,500	3,825,789	80,000	19,440	6,322	1,514	8,073,565
2011	4,152,000	3,676,852	80,000	16,200	6,385	1,451	7,932,888
2012	4,160,500	3,514,035	80,000	12,960	6,449	1,387	7,775,331
2013	4,163,000	3,352,092	80,000	9,720	6,514	1,322	7,612,648
2014-2018	21,487,500	14,119,781	160,000	9,720	33,565	5,615	35,816,181
2019-2023	21,694,500	9,258,654	-	-	35,286	3,894	30,992,334
2024-2028	16,896,000	4,906,812	-	-	37,094	2,086	21,841,992
2029-2033	3,342,500	2,777,856	-	-	22,710	305	6,143,371
2034-2038	4,035,000	1,967,210	-	-	-	-	6,002,210
2039-2043	4,283,500	1,014,476	-	-	-	-	5,297,976
2044-2048	2,104,000	173,519	-	-	-	-	2,277,519
Total	<u>\$ 94,481,500</u>	<u>\$ 52,573,009</u>	<u>\$ 560,000</u>	<u>\$ 90,720</u>	<u>\$ 160,584</u>	<u>\$ 19,151</u>	<u>\$ 147,884,964</u>

#### Conduit Debt Obligations

The Industrial Authority has issued industrial revenue bonds to provide financial assistance to private business for economics 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, 2008, there were three series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$7 million.

#### Other

The County's legal debt margin at June 30, 2008, approximates \$285,961,924. Bonds authorized but unissued at June 30, 2008, are as follows:

Rocky Point - Topsail Water and Sewer General Obligation Bonds	\$ 8,115,000
Water Plant	17,500,000
Scott's Hill Water & Sewer District General Obligation Bonds	4,000,000
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>\$ 101,615,000</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, 2008, include the following interfund gross receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 820,132	\$ 94,401
Internal Service Fund	93,637	-
Country Court	764	-
Maple Hill Water Fund	12,568	-
Sewer Fund	24,507	-
Solid Waste	-	58,406
Rocky Point / Topsail Water & Sewer	-	37,075
Scott's Hill Water & Sewer	-	71,768
Water Treatment Plant	-	358,371
Waste Water Treatment Plant	-	331,587
Total	<u>\$ 951,608</u>	<u>\$ 951,608</u>

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, 2008, can be summarized as follows:

From the General fund to the Revaluation fund to accumulate resources for octennial revaluation of real property	\$ 110,000
From the General fund to the Public School Capital fund to fund School Capital Projects	2,524,090
From the General fund to the Vehicle Replacement Capital fund to accumulate resources for vehicle purchases.	299,800
From the Emergency Telephone fund to the General fund to transfer wireline fund balance to General fund per state legislation.	262,256
From the General Fund to Capital Improvements Capital Project Fund to provide funds for various projects	1,898,000
From the Capital Improvements Capital Project Fund to the General Fund to reimburse expenses paid from General Fund.	2,528
From the Resource Recovery Fund to Capital Improvements Capital Project Fund to provide funds for various projects.	41,800
From the Capital Improvements Capital Project Fund to the Resource Recovery Fund to transfer expenses to the proper fund.	947
From the General Fund to the Wallace WWTP Capacity Fund to accumulate resources for project.	<u>990,000</u>
	<u>\$ 6,129,421</u>

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 \$151,051 to the Community College operating purposes during the fiscal year ended June 30, 2008. 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, 2008. 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 \$174,070 to the Center during the year ended June 30, 2008, 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, 2008. 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, 2008, 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 \$16,219 to the Council during the fiscal year ended June 30, 2008.

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 had no transactions with the Authority during the year ended June 30, 2008, and no balance due to or from the Authority at June 30, 2008.

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, 2008, 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, 2008, the balance of the County's ADM allocation account was \$980,370.

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, 2008, the County's disbursing account had a balance of \$903,740. 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 following amounts were paid by the state and federal governments from federal and state moneys on behalf of the County and its citizens. These amounts disclose additional aid to the County that does not appear in the preceding financial statements.

	<u>Federal</u>	<u>State</u>
WIC Vouchers	813,379	-
Food Stamps	5,297,425	-
Medical Assistance	30,750,956	16,300,061
Adoption Subsidy	164,835	46,093
Energy Assistance	80,672	-
Refugee Assistance	1,086	-
TANF	413,105	6

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: Prior Period Adjustments / Reclassification of Fund Balance

In fiscal year 2006-2007, the County purchased land for \$3,988,018, the cost for which was split between the Water Treatment Plant Project Fund and the Wastewater Treatment Plant Project Fund. However, the County decided that only a small portion of the land would be used for these two projects, so the land was moved to the General Fund. This amount has been removed from the construction in process amounts for these two respective projects, and the beginning balance in land for governmental activities has been increased by this same amount.

A prior period adjustment was recorded on the Internal Service Fund to record the June 30, 2007 balance for unpaid claims resulting in a decrease of \$115,446.

The County decided to consolidate Penderlea Water District with Rocky Point/Topsail during Fiscal Year 2007-2008, as there was never a legal separate entity for Penderlea and it keeping it separate was only creating unnecessary work for the staff. The fund balance and fixed assets for Penderlea were reclassified to the Rocky Point/Topsail Fund, resulting in an increase in fund balance of \$901,720 in the Rocky Point/Topsail Fund and a decrease in the Pendlea Fund.

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**REQUIRED  
SUPPLEMENTAL FINANCIAL DATA**

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

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

**Pender County, North Carolina**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**Schedule of Funding Progress**  
**June 30, 2008**

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)
12/31/1999	-	104,414	104,414	0.00%	859,167	12.15%
12/31/2000	-	176,671	176,671	0.00%	911,739	19.38%
12/31/2001	-	211,635	211,635	0.00%	1,160,155	18.24%
12/31/2002	-	282,470	282,470	0.00%	1,274,867	22.16%
12/31/2003	-	309,394	309,394	0.00%	1,173,072	26.37%
12/31/2004	-	311,554	311,554	0.00%	1,161,060	26.83%
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%

**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
1998	13,214	50.81%	48,219
1999	13,444	21.01%	58,839
2000	14,610	15.85%	71,133
2001	17,009	13.62%	85,825
2002	26,503	5.71%	110,814
2003	31,747	48.93%	127,027
2004	39,385	66.61%	140,176
2005	39,227	66.88%	153,166
2006	40,514	57.67%	170,316
2007	40,206	28.12%	199,218
2008	42,998	26.29%	230,912

**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	12/31/2007
Actuarial cost method	Projected unit credit
Amortization method	Level % of pay closed
Remaining amortization period	23 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25
Projected salary increases*	4.5 to 12.3 %
*Includes inflation at	3.75%
Cost-of living adjustments	N/A

## GENERAL FUND

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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.

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Pender County, North Carolina  
General Fund  
Comparative Balance Sheet  
June 30, 2008

	June 30, 2008
<b>Assets</b>	
Cash and cash equivalents	\$ 32,306,110
Receivables (net):	
Taxes	1,478,545
Interest	118,019
Sales Tax	122,483
Accounts	3,111,628
Advance funding of projects	65,478
Prepaid Expense	3,235
Due From Other Funds	820,132
Total assets	\$ 38,025,630
<b>Liabilities and Fund Balances</b>	
<b>Liabilities:</b>	
Accounts payable and accrued liabilities	\$ 1,530,128
Due to other funds	94,401
Unearned Revenues	34,908
Deferred revenues	1,491,545
Total liabilities	\$ 3,150,982
<b>Fund balances:</b>	
Reserved by State statute	\$ 4,224,740
Reserved for Encumbrances	589,706
Unreserved:	
Designated for subsequent year's expenditures	1,845,775
Designated for Health Department Escrow	2,744
Designated for Tourism	-
Designated for Capital Improvements	898,364
Designated for Automation Enhancement and Preservation	276,562
Designated for Public School Capital Projects	2,688,424
Designated for Vehicle Replacement	500,251
Designated for Reevaluation	110,000
Designated for Sheriff's Seizures	123,418
Designated for Water & Sewer Plant	5,273,024
Designated from Wireline	262,256
Undesignated	18,079,384
Total fund balances	\$ 34,874,648
Total liabilities and fund balances	\$ 38,025,630

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, 2008

	2008		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues</b>			
Ad valorem Taxes	\$ 28,103,314	\$28,940,235	\$ 836,921
Other Taxes and Licenses	5,525,967	5,914,307	388,340
Unrestricted Intergovernmental Revenues	170,000	209,840	39,840
Restricted Intergovernmental Revenues	8,536,565	7,871,853	(664,712)
Permits and Fees	2,923,077	2,060,443	(862,634)
Sales and Services	1,356,981	1,040,956	(316,025)
Investment Earnings	450,000	1,977,398	1,527,398
Reimbursements to General Fund	-	-	-
Miscellaneous	26,340	57,304	30,964
Total Revenues	<u>\$ 47,092,244</u>	<u>\$48,072,336</u>	<u>\$ 980,092</u>
<b>Expenditures</b>			
<b>General Government:</b>			
Governing Body	\$ 143,833	\$ 113,228	\$ 30,605
County Manager	270,514	270,514	-
Personnel	136,252	83,126	53,126
Board of Elections	243,778	211,117	32,661
Finance	281,241	266,538	14,703
Information Systems	480,111	406,861	73,250
Tax Administrator	1,148,886	1,029,407	119,479
AE&P Fund	58,200	4,287	53,913
Register of Deeds	329,481	292,566	36,915
Public Buildings	893,572	867,341	26,231
Court Facilities	28,000	24,007	3,993
Nondepartmental	1,537,077	661,275	875,802
County Attorney	75,200	63,389	11,811
Outside Agencies	-	-	-
Vehicle Maintenance	212,515	198,004	14,511
Contingency	28,810	2,025	26,785
Total General Government	<u>\$ 5,867,470</u>	<u>\$ 4,493,685</u>	<u>\$ 1,373,785</u>
<b>Public safety:</b>			
Sheriff	\$ 3,830,573	\$ 3,716,506	\$ 114,067
DHS - Interoperability Comm	-	-	-
Jail	1,317,063	1,256,717	60,346
CJPP - Pretrial Release Program	75,483	50,004	25,479
Emergency Management	138,084	137,038	1,046
Inspections and Planning	1,191,540	1,071,137	120,403
Forest Resources	193,461	193,461	-
Sheriff Seizure	85,000	16,098	68,902
SHSG Program 2004	-	-	-
Medical Examiner	50,000	32,130	17,870
Total Public Safety	<u>\$ 6,881,204</u>	<u>\$ 6,473,091</u>	<u>\$ 408,113</u>
<b>Economic and Physical Development:</b>			
Extension Service	\$ 141,872	\$ 137,974	\$ 3,898
Planning	-	-	-
Tourism Office	119,245	117,745	1,500
Option 4 Payments	340,522	297,073	43,449
Outside Agencies	220,075	220,075	-
Total Economic and Physical Develop	<u>\$ 821,714</u>	<u>\$ 772,867</u>	<u>\$ 48,847</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, 2008

	2008		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Human services:</b>			
Health Department	\$ 5,219,031	\$ 4,223,586	\$ 995,445
Mosquito Control	262,265	242,856	19,409
Public Assistance	10,916,090	9,983,101	932,989
Veterans Services	55,336	55,336	-
Mental Health	11,870	11,870	-
Hurricanes - 2005/06	75,000	-	75,000
Hurricane Ernesto	-	-	-
Hurricane Contingency	-	-	-
Home and Community Care	356,720	29,830	326,890
Outside Agencies	243,570	174,500	69,070
Total Human Services	<u>\$ 17,139,882</u>	<u>\$14,721,079</u>	<u>\$ 2,418,803</u>
<b>Cultural and recreational:</b>			
Library	\$ 689,671	\$ 680,422	\$ 9,249
Recreational	244,429	234,035	10,394
Outside Agencies	5,187	5,187	-
Total Cultural and Recreational	<u>\$ 939,287</u>	<u>\$ 919,644</u>	<u>\$ 19,643</u>
<b>Education:</b>			
Cape Fear Community College	\$ 151,051	\$ 151,051	\$ -
<b>Pender County Schools:</b>			
Current Operating - County	10,701,418	10,688,918	12,500
Youth Alternatives	117,702	115,633	2,069
Outside Agencies	151,051	151,051	-
Total Education	<u>\$ 11,121,222</u>	<u>\$11,106,653</u>	<u>\$ 14,569</u>
<b>Debt service:</b>			
Principal	\$ 525,000	\$ 525,000	\$ -
Interest	82,245	82,245	-
Total Debt Service	<u>\$ 607,245</u>	<u>\$ 607,245</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 43,378,024</u>	<u>\$39,094,264</u>	<u>\$ 4,283,760</u>
Revenue Over Expenditures	<u>\$ 3,714,220</u>	<u>\$ 8,978,072</u>	<u>\$ 5,263,852</u>
<b>Other Financing Sources (Uses):</b>			
<b>Transfer from other funds:</b>			
Emergency Telephone	\$ -	\$ 262,256	\$ 262,256
Capital Improvements	-	2,528	2,528
<b>Transfer to other funds:</b>			
Special Revenue Fund	-	-	-
Capital Project Fund	(2,888,000)	(2,888,000)	-
Public School Capital	(2,524,090)	(2,524,090)	-
Revaluation	(110,000)	(110,000)	-
Vehicle Replacement	(299,800)	(299,800)	-
Rocky Point / Topsail	(9,687)	-	9,687
Section 8 Housing	(3,612)	-	3,612
Solid Waste	(2,711)	-	2,711
Sewer	(510)	-	510
Maple Hill	(1,529)	-	1,529
Emergency Telephone	(3,000)	-	3,000
Appropriated Fund Balance	2,128,719	-	(2,128,719)
Total Other Financing (Uses)	<u>\$ (3,714,220)</u>	<u>\$ (5,557,106)</u>	<u>\$ (1,842,886)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,420,966</u>	<u>\$ 3,420,966</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		35,441,700	
Reclassification of Fund Balance (See NOTE 11)		<u>(3,988,018)</u>	
End of year, June 30		<u>\$34,874,648</u>	

SPECIAL REVENUE FUNDS

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

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Pender County, North Carolina  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2008

Assets	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Cash and cash equivalents	\$ 7,619,474	\$ 1,318,332	\$ 8,937,806
Taxes receivable (net)	349,768	-	349,768
Other Receivables	361,654	-	361,654
Total assets	<u>\$ 8,330,896</u>	<u>\$ 1,318,332</u>	<u>\$ 9,649,228</u>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Temporary bank overdraft	\$ -	\$ -	\$ -
Advance funding of projects	65,478	-	65,478
Accounts payable and accrued liabilities	90,270	171,002	261,272
Due to other funds	-	-	-
Deferred revenue	349,768	-	349,768
Total liabilities	<u>505,516</u>	<u>171,002</u>	<u>676,518</u>
 <b>Fund balances:</b>			
Designated for subsequent year's expenditures	\$ 54,375	\$ 1,147,330	\$ 1,201,705
Undesignated	7,771,005	-	7,771,005
Total fund balances	<u>7,825,380</u>	<u>1,147,330</u>	<u>8,972,710</u>
Total liabilities and fund balances	<u>\$ 8,330,896</u>	<u>\$ 1,318,332</u>	<u>\$ 9,649,228</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, 2008**

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
<b>Revenues</b>			
Ad valorem taxes	\$ 5,042,224	\$ -	\$ 5,042,224
Other taxes	4,662,616	-	4,662,616
Investment earnings	20,883	-	20,883
Sales tax refund	-	-	-
Unrestricted intergovernmental	393,737	-	393,737
Restricted Intergovernmental	778,245	35,225	813,470
Total revenues	<u>10,897,705</u>	<u>35,225</u>	<u>10,932,930</u>
<b>Expenditures</b>			
Current:			
General government	\$ -	\$ -	\$ -
Public safety	5,190,410	-	5,190,410
Economic and physical development	728,476	-	728,476
Education	-	-	-
Capital outlay	1,573,975	1,200,719	2,774,694
Other equipment	-	-	-
Titles/Tags/Tax	-	12,965	12,965
Option 4 redistribution	172,906	-	172,906
Debt service	3,887,975	-	3,887,975
Total expenditures	<u>11,553,742</u>	<u>1,213,684</u>	<u>12,767,426</u>
Revenues over (under) expenditures	<u>\$ (656,037)</u>	<u>\$ (1,178,459)</u>	<u>\$ (1,834,496)</u>
Other financing sources:			
Transfers in (out)	\$2,371,834	\$ 2,236,125	\$ 4,607,959
Proceeds from Refund of Bonds	3,425,000	-	3,425,000
Payment on Refunded Bonds	(3,350,000)	-	(3,350,000)
Premium on Refunded Bonds	(75,000)	-	(75,000)
Total other financing sources uses	<u>\$2,371,834</u>	<u>\$ 2,236,125</u>	<u>\$ 4,607,959</u>
Revenues and other financing sources over (under) expenditures	\$ 1,715,797	\$ 1,057,666	\$ 2,773,463
Fund balances:			
Beginning of year, July 1	6,109,583	89,664	6,199,247
End of year, June 30	<u>\$ 7,825,380</u>	<u>\$ 1,147,330</u>	<u>\$ 8,972,710</u>

Pender County, North Carolina  
 Special Revenue Funds  
 Combining Balance Sheets  
 June 30, 2008

Assets	Revaluation	Fire	Rescue	911	School	Community	Seven	CDBG	HWY 421
	Fund	Service District Fund	Districts Fund	Emergency Telephone Fund	Fund	Development Block Grant Fund	Oaks	2002-Scattered Sites	Industrial Park
Cash and cash equivalents	\$ 488,802	\$ 103,780	\$ 643,353	\$ 443,951	\$ 5,876,689	\$ -	\$ 17,056	\$ 2,767	\$ -
Taxes receivable (net)	-	145,614	204,154	-	-	-	-	-	-
Other Receivables	-	-	-	33,849	324,383	-	-	-	-
Total assets	\$ 488,802	\$ 249,394	\$ 847,507	\$ 477,800	\$ 6,201,072	\$ -	\$ 17,056	\$ 2,767	\$ -
<b>Liabilities and Fund Balances</b>									
<b>Liabilities:</b>									
Temporary Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advance funding of projects	-	-	-	-	-	13,093	-	-	-
Accounts payable	-	55,073	161	15,274	17,700	-	-	-	7,762
Due to Other Funds	-	-	-	-	-	-	-	-	-
Deferred revenue	-	145,614	204,154	-	-	-	-	-	-
Total liabilities	\$ -	\$ 200,687	\$ 204,315	\$ 15,274	\$ 17,700	\$ 13,093	\$ -	\$ -	\$ 7,762
<b>Equity:</b>									
Fund balances:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved by state statute	-	-	-	-	-	-	-	-	-
Unreserved:	-	-	-	-	-	-	-	-	-
Designated for subsequent year's expenditure	-	-	-	54,375	-	-	-	-	-
Undesignated	488,802	48,707	643,192	408,151	6,183,372	(13,093)	17,056	2,767	(7,762)
Total fund balances	\$ 488,802	\$ 48,707	\$ 643,192	\$ 462,526	\$ 6,183,372	\$ (13,093)	\$ 17,056	\$ 2,767	\$ (7,762)
Total liabilities and fund balances	\$ 488,802	\$ 249,394	\$ 847,507	\$ 477,800	\$ 6,201,072	\$ -	\$ 17,056	\$ 2,767	\$ -

(continued)

Pender County, North Carolina  
 Special Revenue Funds  
 Combining Balance Sheets  
 June 30, 2008

Assets	CDBG 2004 Concentrated Needs	Domestic Violence Grant	Giant Salvinia Eradication	CDBG Scattered Sites	2005 CHAF #071-0-04	Totals June 30, 2008
Cash and cash equivalents	\$ 4,940	\$ 2,715	\$ 35,221	\$ 200	\$ -	\$ 7,619,474
Taxes receivable (net)	-	-	-	-	-	349,768
Other Receivables	-	3,422	-	-	-	361,654
Total assets	\$ 4,940	\$ 6,137	\$ 35,221	\$ 200	\$ -	\$ 8,330,896
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Temporary Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advance funding of projects	-	-	-	-	44,623	65,478
Accounts payable	-	2,062	-	-	-	90,270
Due to Other Funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	349,768
Total liabilities	\$ -	\$ 2,062	\$ -	\$ -	\$ 44,623	\$ 505,516
<b>Equity:</b>						
Fund balances:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved by state statute	-	-	-	-	-	-
Unreserved:	-	-	-	-	-	-
Designated for subsequent year's expenditure	-	-	-	-	-	54,375
Undesignated	4,940	4,075	35,221	200	(44,623)	7,771,005
Total fund balances	\$ 4,940	\$ 4,075	\$ 35,221	\$ 200	\$ (44,623)	\$ 7,825,380
Total liabilities and fund balances	\$ 4,940	\$ 6,137	\$ 35,221	\$ 200	\$ -	\$ 8,330,896

Pender County, North Carolina  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2008

	Revaluation Fund	Fire Service District Fund	Rescue Districts Fund	911 Emergency Telephone Fund	School Fund	Community Development Block Grant Fund	Seven Oaks	CDBG 2002-Scattered Sites	HWY 421 Industrial Park
<b>Revenues</b>									
Ad valorem taxes	\$ -	\$ 1,926,734	\$ 3,115,490	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	4,662,616	-	-	-	-
Restricted intergovernmental	-	-	-	-	-	-	-	-	-
Unrestricted intergovernmental	-	-	-	393,737	-	-	-	-	-
Investment earnings	-	-	-	16,283	4,600	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	\$ -	\$ 1,926,734	\$ 3,115,490	\$ 410,020	\$ 4,667,216	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>									
Current:									
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	-	1,931,141	2,818,019	403,702	-	-	-	-	-
Economic and Physical Develop	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	338,000	25,975	1,210,000	-	-	-	-
Option 4 Redistribution	-	-	-	-	172,906	-	-	-	-
Debt Service	-	-	-	-	3,887,975	-	-	-	-
<b>Total expenditures</b>	\$ -	\$ 1,931,141	\$ 3,156,019	\$ 429,677	\$ 5,270,881	\$ -	\$ -	\$ -	\$ -
<b>Revenues over (under) expenditures</b>	\$ -	\$ (4,407)	\$ (40,529)	\$ (19,657)	\$ (603,665)	\$ -	\$ -	\$ -	\$ -
<b>Other financing sources:</b>									
Transfers from:									
General Fund	\$ 110,000	\$ -	\$ -	\$ -	\$ 2,524,090	\$ -	\$ -	\$ -	\$ -
Transfers to:									
General Fund	-	-	-	(262,256)	-	-	-	-	-
Highway 117 Sewer Project	-	-	-	-	-	-	-	-	-
Proceeds from Refund of Bonds	-	-	-	-	3,425,000	-	-	-	-
Payment on Refunded Bonds	-	-	-	-	(3,350,000)	-	-	-	-
Premium on Refunded Bonds	-	-	-	-	(75,000)	-	-	-	-
<b>Total other fin. sources uses</b>	\$ 110,000	\$ -	\$ -	\$ (262,256)	\$ 2,524,090	\$ -	\$ -	\$ -	\$ -
<b>Revenues and other financing sources over (under) expenditures</b>	\$ 110,000	\$ (4,407)	\$ (40,529)	\$ (281,913)	\$ 1,920,425	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance, Beginning of Year</b>	378,802	53,114	683,721	744,439	4,262,947	(13,093)	17,056	2,767	(7,762)
<b>Fund Balance, End of Year</b>	\$ 488,802	\$ 48,707	\$ 643,192	\$ 462,526	\$ 6,183,372	\$ (13,093)	\$ 17,056	\$ 2,767	\$ (7,762)

(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, 2008

	CDBG 2004 Concentrated Needs	Domestic Violence Grant	Giant Salvinia Eradication	CDBG Scattered Sites	2005 CHAF #71-0-04	Totals June 30, 2008
<b>Revenues</b>						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,042,224
Other Taxes	-	-	-	-	-	4,662,616
Restricted intergovernmental	476,812	41,623	-	236,007	23,803	778,245
Unrestricted intergovernmental	-	-	-	-	-	393,737
Investment earnings	-	-	-	-	-	20,883
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>\$ 476,812</b>	<b>\$ 41,623</b>	<b>\$ -</b>	<b>\$ 236,007</b>	<b>\$ 23,803</b>	<b>\$10,897,705</b>
<b>Expenditures</b>						
<b>Current:</b>						
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	-	37,548	-	-	-	5,190,410
Economic and Physical Develop	475,416	-	11,470	176,561	65,029	728,476
Capital Outlay	-	-	-	-	-	1,573,975
Option 4 Redistribution	-	-	-	-	-	172,906
Debt Service	-	-	-	-	-	3,887,975
<b>Total expenditures</b>	<b>\$ 475,416</b>	<b>\$ 37,548</b>	<b>\$ 11,470</b>	<b>\$ 176,561</b>	<b>\$ 65,029</b>	<b>\$11,553,742</b>
<b>Revenues over (under) expenditures</b>	<b>\$ 1,396</b>	<b>\$ 4,075</b>	<b>\$ (11,470)</b>	<b>\$ 59,446</b>	<b>\$ (41,226)</b>	<b>\$ (656,037)</b>
<b>Other financing sources:</b>						
Transfers from:						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,634,090
Transfers to:						
General Fund	-	-	-	-	-	(262,256)
Highway 117 Sewer Project	-	-	-	-	-	-
Proceeds from Refund of Bonds	-	-	-	-	-	3,425,000
Payment on Refunded Bonds	-	-	-	-	-	(3,350,000)
Premium on Refunded Bonds	-	-	-	-	-	(75,000)
<b>Total other fin. sources uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,371,834</b>
<b>Revenues and other financing sources over (under) expenditures</b>	<b>\$ 1,396</b>	<b>\$ 4,075</b>	<b>\$ (11,470)</b>	<b>\$ 59,446</b>	<b>\$ (41,226)</b>	<b>\$ 1,715,797</b>
<b>Fund Balance, Beginning of Year</b>	<b>3,544</b>	<b>-</b>	<b>46,691</b>	<b>(59,246)</b>	<b>(3,397)</b>	<b>6,109,583</b>
<b>Fund Balance, End of Year</b>	<b>\$ 4,940</b>	<b>\$ 4,075</b>	<b>\$ 35,221</b>	<b>\$ 200</b>	<b>\$ (44,623)</b>	<b>\$ 7,825,380</b>

Pender County, North Carolina  
 Revaluation Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2008

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues</b>			
Interest Income	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures</b>			
General Government	\$ -	\$ -	\$ -
Capital Outlay	-	-	-
Reserves	110,000	-	110,000
Total expenditures	<u>\$ 110,000</u>	<u>\$ -</u>	<u>\$ 110,000</u>
Revenues over expenditures	<u>\$ (110,000)</u>	<u>\$ -</u>	<u>\$ (110,000)</u>
Other financing sources (uses):			
Appropriated fund balance	\$ -	\$ -	\$ -
Transfer from:			
General Fund	110,000	110,000	-
Total Other Financing Sources (Uses)	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ -</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ 110,000</u>
Fund balances:			
Beginning of year, July 1		<u>378,802</u>	
End of year, June 30		<u>\$ 488,802</u>	

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, 2008

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues</b>			
Ad Valorem Taxes - Fire District Taxes	\$ 1,944,133	\$ 1,926,734	\$ (17,399)
Total revenues	<u>\$ 1,944,133</u>	<u>\$ 1,926,734</u>	<u>\$ (17,399)</u>
<b>Expenditures</b>			
Public safety:			
Pender Central	\$ 193,254	\$ 177,918	\$ 15,336
Sloop Point	372,225	372,225	-
Maple Hill	43,353	43,353	-
Rocky Point	285,500	285,500	-
Long Creek	144,172	144,172	-
Shiloh	70,146	70,146	-
Penderlea	112,451	112,451	-
Atkinson	94,065	94,065	-
Hampstead	418,470	418,470	-
Scotts Hill	85,160	85,160	-
Northeast Pender	111,620	111,620	-
Penderlea - Dublin Area	13,717	11,661	2,056
Contracted Services	7,800	4,400	3,400
Total Expenditures	<u>\$ 1,951,933</u>	<u>\$ 1,931,141</u>	<u>\$ 20,792</u>
Revenues over expenditures	<u>\$ (7,800)</u>	<u>\$ (4,407)</u>	<u>\$ 3,393</u>
Other financing sources (uses):			
Fund Balance Appropriated	\$ 7,800	\$ -	\$ (7,800)
Total Other financing sources (uses)	<u>\$ 7,800</u>	<u>\$ -</u>	<u>\$ (7,800)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (4,407)</u>	<u>\$ (4,407)</u>
Fund balances:			
Beginning of year, July 1		<u>53,114</u>	
End of year, June 30		<u>\$ 48,707</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, 2008

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues</b>			
Ad valorem taxes:			
Rescue District Taxes:			
Pender County EMS Taxes	\$ 2,818,019	\$ 3,112,084	\$ 294,065
Pender East Rescue	-	1,237	1,237
Pender County Rescue	-	1,751	1,751
Union	-	313	313
Surf City	-	100	100
Topsail Beach	-	5	5
Total revenues	<u>\$ 2,818,019</u>	<u>\$ 3,115,490</u>	<u>\$ 297,471</u>
<b>Expenditures</b>			
Current:			
Public safety:			
Pender Volunteer EMS & Rescue	\$ 2,818,019	\$ 2,818,019	\$ -
Capital Outlay	338,000	338,000	-
Total Expenditures	<u>\$ 3,156,019</u>	<u>\$ 3,156,019</u>	<u>\$ -</u>
Revenues over expenditures	<u>\$ (338,000)</u>	<u>\$ (40,529)</u>	<u>\$ 297,471</u>
<b>Other financing sources (uses):</b>			
Transfer from:			
General Fund	\$ -	\$ -	\$ -
Fund Balance Appropriated	338,000	-	(338,000)
Total Other financing sources (uses)	<u>\$ 338,000</u>	<u>\$ -</u>	<u>\$ (338,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (40,529)</u>	<u>\$ (40,529)</u>
<b>Fund balances:</b>			
Beginning of year, July 1		683,721	
End of year, June 30		<u>\$ 643,192</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, 2008

	2008		Variance Favorable (Unfavorable)
	Annual Budget	Actual	
<b>Revenues</b>			
Investment Earnings	\$ -	\$ 16,283	\$ 16,283
Unrestricted Intergovernmental	357,120	393,737	36,617
Total	<u>\$ 357,120</u>	<u>\$ 410,020</u>	<u>\$ 52,900</u>
<b>Expenditures</b>			
Salaries	\$ 71,784	\$ 71,344	\$ 440
Fringe Benefits	25,734	22,650	3,084
Repairs & Maintenance	2,000	-	2,000
Gas & Diesel Fuel	2,000	-	2,000
Supplies & Materials	30,102	7,175	22,927
Contracted Services	242,500	145,146	97,354
Telecommunication Service	160,000	142,646	17,354
Other Equipment	20,000	14,741	5,259
Capital Outlay	33,000	25,975	7,025
Total Expenditures	<u>\$ 587,120</u>	<u>\$ 429,677</u>	<u>\$ 157,443</u>
Revenues over expenditures	<u>\$ (230,000)</u>	<u>\$ (19,657)</u>	<u>\$ 210,343</u>
<b>Other Financing Sources:</b>			
Appropriated Fund Balance	\$ 489,256	\$ -	\$ (489,256)
Transfer from (to) general fund	(259,256)	(262,256)	(3,000)
	<u>\$ 230,000</u>	<u>\$ (262,256)</u>	<u>\$ (492,256)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (281,913)</u>	<u>\$ (281,913)</u>
<b>Fund balances:</b>			
Beginning of year, July 1		<u>744,439</u>	
End of year, June 30		<u>\$ 462,526</u>	

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, 2008

	Project Authorization	Actual			Total to Date
		Prior Years	Current Year	Closed Out Projects	
<b>Revenues</b>					
Other Taxes - Sales	\$ 3,939,768	\$ 4,434,395	\$ 4,662,616	\$ (4,434,395)	\$ 4,662,616
Public School Building Capital Fund	-	621,538	-	(621,538)	-
Interest Earned	17,000	-	4,600	-	4,600
Lottery Funds	-	-	-	-	-
Total Revenues	<u>\$ 3,956,768</u>	<u>\$ 5,055,933</u>	<u>\$ 4,667,216</u>	<u>\$ (5,055,933)</u>	<u>\$ 4,667,216</u>
<b>Expenditures</b>					
General Government	\$ -	\$ (1,688)	\$ -	\$ 1,688	\$ -
Education	-	-	-	-	-
Water Project	-	-	-	-	-
Capital Outlay	1,210,000	1,288,000	1,210,000	(1,288,000)	1,210,000
Option 4 Redistribution	242,705	341,809	172,906	(341,809)	172,906
Debt Service Payment	1,340,000	1,355,000	1,340,000	(1,355,000)	1,340,000
Premium Payment on Debt Issue	-	35,535	-	(35,535)	-
Interest Expense	3,309,450	2,194,025	2,547,975	(2,194,025)	2,547,975
Reserve	378,703	-	-	-	-
Total Expenditures	<u>\$ 6,480,858</u>	<u>\$ 5,212,681</u>	<u>\$ 5,270,881</u>	<u>\$ (5,212,681)</u>	<u>\$ 5,270,881</u>
Excess Revenue Over (Under) Expenditures	\$ (2,524,090)	\$ (156,748)	\$ (603,665)	\$ 156,748	\$ (603,665)
<b>Other financing sources (uses)</b>					
Transfers from (to):					
General Fund	\$ 2,524,090	\$ 2,800,424	\$ 2,524,090	\$ (2,800,424)	\$ 2,524,090
Proceeds from Refund of Bonds	3,425,000	-	3,425,000	-	3,425,000
Payment on Refunded Bonds	(3,350,000)	-	(3,350,000)	-	(3,350,000)
Premium on Refunded Bonds	(75,000)	-	(75,000)	-	(75,000)
Fund Balance Appropriated	-	1,619,271	-	(1,619,271)	-
Total other financing sources (uses)	<u>\$ 2,524,090</u>	<u>\$ 4,419,695</u>	<u>\$ 2,524,090</u>	<u>\$ (4,419,695)</u>	<u>\$ 2,524,090</u>
Revenues and other financing sources over uses	<u>\$ -</u>	<u>\$ 4,262,947</u>	<u>\$ 1,920,425</u>	<u>\$ (4,262,947)</u>	<u>\$ 1,920,425</u>
<b>Fund balance:</b>					
Beginning of year, July 1			4,262,947		
End of Year, June 30			<u>\$ 6,183,372</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, 2008

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
<b>Revenue</b>				
Restricted Intergovernmental	\$ 1,821,760	\$ 525,904	\$ -	\$ 525,904
Project Revenues	176,142	7,041	-	7,041
Program Revenues	-	5,647	-	5,647
Total Revenue	<u>\$ 1,997,902</u>	<u>\$ 538,592</u>	<u>\$ -</u>	<u>\$ 538,592</u>
<b>Expenditures</b>				
Economic and Physical Development	\$ 1,997,902	\$ 587,064	\$ -	\$ 587,064
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (48,472)</u>	<u>\$ -</u>	<u>\$ (48,472)</u>
<b>Other financing sources (uses):</b>				
Transfers from (to):				
General Fund	\$ -	\$ 35,379	\$ -	\$ 35,379
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>\$ (13,093)</u>	<u>\$ -</u>	<u>\$ (13,093)</u>
<b>Fund Balances:</b>				
Beginning of year, July 1			<u>(13,093)</u>	
End of year, June 30			<u>\$ (13,093)</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, 2008

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
<b>Revenues</b>				
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>
<b>Expenditures</b>				
Utilities	\$ 162,372	\$ 100	\$ -	\$ 100
Contracted Services	491,219	77,261	-	77,261
Reserves	241,730	-	-	-
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>\$ 1,157,563</u>	<u>\$ -</u>	<u>\$ 1,157,563</u>
Excess Revenue Over (Under) Expenditures	\$ (32,019)	\$ 17,056	\$ -	\$ 17,056
<b>Other financing sources (uses)</b>				
Transfers from (to):				
General Fund	\$ -	\$ -	\$ -	\$ -
Fund Balance Appropriated	<u>32,019</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>\$ 17,056</u>	<u>\$ -</u>	<u>\$ 17,056</u>
<b>Fund balance:</b>				
Beginning of year, July 1			<u>17,056</u>	
End of Year, June 30			<u>\$ 17,056</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, 2008

	Project Authorization	Prior Years	Actual	
			Actual	Total to Date
<b>Revenues</b>				
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>
<b>Expenditures</b>				
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, 2008**

	Project Authorization	Actual		
		Prior Years	Actual	Total to Date
<b>Revenues</b>				
Rural Center Capacity Bldg	\$ 40,000	\$ -	\$ -	\$ -
Unrestricted Intergovernmental	-	-	-	-
Total	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures</b>				
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	<u>\$ 44,500</u>	<u>\$ 12,262</u>	<u>\$ -</u>	<u>\$ 12,262</u>
Revenues over expenditures	<u>\$ (4,500)</u>	<u>\$ (12,262)</u>	<u>\$ -</u>	<u>\$ (12,262)</u>
<b>Other Financing Sources:</b>				
Transfers from (to):				
Capital Improvement Project Fund	\$ 4,500	\$ 4,500	\$ -	\$ 4,500
Appropriated Fund Balance	-	-	-	-
Total other financing sources (uses)	<u>\$ 4,500</u>	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ 4,500</u>
Revenues and Other Financing Sources				
Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (7,762)</u>	<u>\$ -</u>	<u>\$ (7,762)</u>
<b>Fund balances:</b>				
Beginning of year, July 1			<u>(7,762)</u>	
End of year, June 30			<u>\$ (7,762)</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, 2008

	Project Authorization	Prior Years	Actual	
			Actual	Total to Date
<b>Revenues</b>				
Community Development Fund	\$ 700,000	\$ 180,914	\$ 476,812	\$ 657,726
Unrestricted Intergovernmental	4,950	2,637	-	2,637
Total	<u>\$ 704,950</u>	<u>\$ 183,551</u>	<u>\$ 476,812</u>	<u>\$ 660,363</u>
<b>Expenditures</b>				
Current:				
Clearance/Demolition	\$ 48,000	\$ 10,969	\$ 28,450	\$ 39,419
Relocation	434,000	78,140	319,143	397,283
Rehabilitation	68,950	63,101	-	63,101
Administration	59,000	27,797	26,990	54,787
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>\$ 180,007</u>	<u>\$ 475,416</u>	<u>\$ 655,423</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 3,544</u>	<u>\$ 1,396</u>	<u>\$ 4,940</u>
Other Financing Sources:				
Appropriated Fund Balance	\$ -	\$ -	\$ -	\$ -
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>\$ 3,544</u>	<u>\$ 1,396</u>	<u>\$ 4,940</u>
Fund balances:				
Beginning of year, July 1			<u>3,544</u>	
End of year, June 30			<u>\$ 4,940</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, 2008**

	Project Authorization	Actual			Total to Date
		Prior Years	Current Year	Closed Out	
<b>Revenues</b>					
Restricted Intergovernmental Revenues	\$ 74,603	\$ -	\$ 41,623	\$ -	\$ 41,623
Total Revenues	\$ 74,603	\$ -	\$ 41,623	\$ -	\$ 41,623
<b>Expenditures</b>					
Salaries	\$ 34,413	\$ -	\$ 27,168	\$ -	\$ 27,168
Fringe Benefits	9,897	-	45	-	45
Telephone	1,000	-	386	-	386
Postage	93	-	-	-	-
Travel	500	-	-	-	-
Maintenance & Repairs	1,000	-	-	-	-
Gas & Diesel Fuel	8,000	-	2,034	-	2,034
Supplies and Materials	8,975	-	2,817	-	2,817
Uniforms	1,025	-	870	-	870
Contracted Services	1,700	-	-	-	-
Training	1,500	-	1,432	-	1,432
Computer Expense	1,300	-	1,234	-	1,234
Other Equipment	5,200	-	1,562	-	1,562
Total Expenditures	\$ 74,603	\$ -	\$ 37,548	\$ -	\$ 37,548
Excess Revenue Over (Under) Expenditures	\$ -	\$ -	\$ 4,075	\$ -	\$ 4,075
<b>Other financing sources (uses)</b>					
Transfers from (to):					
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues and other financing sources over uses	\$ -	\$ -	\$ 4,075	\$ -	\$ 4,075
<b>Fund balance:</b>					
Beginning of year, July 1			-		
End of Year, June 30			\$ 4,075		

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, 2008

	Project Authorization	Actual		
		Prior Years	Actual	Total to Date
<b>Revenues</b>				
NFWF - Giant Salvinia Education	\$ 201,080	\$ 161,080	\$ -	\$ 161,080
Total	\$ 201,080	\$ 161,080	\$ -	\$ 161,080
<b>Expenditures</b>				
Current:				
Salaries	\$ 82,212	\$ 55,892	\$ 7,313	\$ 63,205
FICA	6,453	4,277	559	4,836
Postage	561	261	38	299
Travel	20,726	11,680	361	12,041
Vehicle Repairs and Maintenance	2,800	-	186	186
Supplies and Materials	19,593	11,255	1,182	12,437
Supplies - Chemicals	32,776	15,508	16	15,524
Contracted Services	11,385	6,560	900	7,460
Training	7,350	1,500	915	2,415
Other Equipment	20,224	10,456	-	10,456
Total Expenditures	\$ 204,080	\$ 117,389	\$ 11,470	\$ 128,859
Revenues over expenditures	\$ (3,000)	\$ 43,691	\$ (11,470)	\$ 32,221
<b>Other Financing Sources:</b>				
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	\$ -	\$ 46,691	\$ (11,470)	\$ 35,221
<b>Fund balances:</b>				
Beginning of year, July 1			46,691	
End of year, June 30			\$ 35,221	

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, 2008

	Project Authorization	Prior Years	Actual		
			Actual	Closed Out	Total to Date
<b>Revenues</b>					
Community Development Fund	\$ 400,000	\$ 162,640	\$ 236,007	\$ -	\$ 398,647
Total	\$ 400,000	\$ 162,640	\$ 236,007	\$ -	\$ 398,647
<b>Expenditures</b>					
Current:					
Clearance/Demolition	\$ 46,000	\$ 14,730	\$ 25,683	\$ -	\$ 40,413
Relocation	230,000	128,012	139,052	-	267,064
Rehabilitation	84,000	39,440	11,826	-	51,266
Administration	36,500	36,204	-	-	36,204
Planning	3,500	3,500	-	-	3,500
Total Expenditures	\$ 400,000	\$ 221,886	\$ 176,561	\$ -	\$ 398,447
Revenues over expenditures	\$ -	\$ (59,246)	\$ 59,446	\$ -	\$ 200
<b>Other Financing Sources:</b>					
Appropriated Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$ -	\$ (59,246)	\$ 59,446	\$ -	\$ 200
<b>Fund balances:</b>					
Beginning of year, July 1			(59,246)		
End of year, June 30			\$ 200		

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, 2008

	Project Authorization	Actual		
		Prior Years	Actual	Total to Date
<b>Revenues</b>				
Crisis Housing Assistance	\$ 995,200	\$ 268,415	\$ 23,803	\$ 292,218
Total	\$ 995,200	\$ 268,415	\$ 23,803	\$ 292,218
<b>Expenditures</b>				
Current:				
Repair	\$ 114,400	\$ 100,755	\$ 932	\$ 101,687
Replacements	805,300	105,186	54,977	160,163
Service Delivery	75,500	65,871	9,120	74,991
Total Expenditures	\$ 995,200	\$ 271,812	\$ 65,029	\$ 336,841
Revenues over expenditures	\$ -	\$ (3,397)	\$ (41,226)	\$ (44,623)
<b>Other Financing Sources:</b>				
Appropriated Fund Balance	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$ -	\$ (3,397)	\$ (41,226)	\$ (44,623)
<b>Fund balances:</b>				
Beginning of year, July 1			(3,397)	
End of year, June 30			\$ (44,623)	

Pender County, North Carolina  
 CDBG 2000 Concentrated Needs  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2008

	Project Authorization	Actual		
		Prior Years	Actual	Total to Date
<b>Revenues</b>				
Community Development Fund	\$ 750,000	\$ 6,494	\$ -	\$ 6,494
Total	\$ 750,000	\$ 6,494	\$ -	\$ 6,494
<b>Expenditures</b>				
Current:				
Acquisition	\$ 30,000	\$ -	\$ -	\$ -
Clearance/Demolition	69,000	-	-	-
Relocation	510,350	-	-	-
Rehabilitation	145,650	-	-	-
Administration	55,000	6,494	-	6,494
Total Expenditures	\$ 810,000	\$ 6,494	\$ -	\$ 6,494
Revenues over expenditures	\$ (60,000)	\$ -	\$ -	\$ -
<b>Other Financing Sources:</b>				
Transfers from (to):				
Capital Improvements Project Fund	\$ 60,000	\$ -	\$ -	\$ -
Appropriated Fund Balance	-	-	-	-
Total other financing sources (uses)	\$ 60,000	\$ -	\$ -	\$ -
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$ -	\$ -	\$ -	\$ -
<b>Fund balances:</b>				
Beginning of year, July 1			-	
End of year, June 30			\$ -	

## CAPITAL PROJECTS FUNDS

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

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Pender County, North Carolina  
 Capital Projects Funds  
 Combining Balance Sheets  
 June 30, 2008

	NON-MAJOR			Combining Totals June 30, 2008
	Vehicle Replacement Fund	Capital Improvements Fund	Capital Facilities Reserve Fund	
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Investments	\$ 64,958	\$ 1,154,226	\$ 99,148	\$ 1,318,332
Accounts Receivable (Net)	-	-	-	-
Total assets	<u>\$ 64,958</u>	<u>\$ 1,154,226</u>	<u>\$ 99,148</u>	<u>\$ 1,318,332</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Temporary Bank Overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	-	171,002	-	171,002
Due to other funds	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ 171,002</u>	<u>\$ -</u>	<u>\$ 171,002</u>
<b>Fund balances:</b>				
Reserved by bond ordinance	\$ -	\$ -	\$ -	\$ -
Reserved by state statute	-	-	-	-
<b>Unreserved:</b>				
Designated for subsequent years' expenditures	64,958	983,224	99,148	1,147,330
Total fund balances	<u>\$ 64,958</u>	<u>\$ 983,224</u>	<u>\$ 99,148</u>	<u>\$ 1,147,330</u>
Total liabilities and fund balances	<u>\$ 64,958</u>	<u>\$ 1,154,226</u>	<u>\$ 99,148</u>	<u>\$ 1,318,332</u>

Pender County, North Carolina  
 Capital Projects Fund  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 For the Year Ended June 30, 2008

	NON-MAJOR			Combining Totals June 30, 2008
	Vehicle Replacement Fund	Capital Improvements Fund	Capital Facilities Reserve Fund	
<b>Revenues</b>				
Interest Income	\$ -	\$ -	\$ -	\$ -
Sales Tax Refund	-	-	-	-
Restricted intergovernmental	-	35,225	-	35,225
Total Revenue	<u>\$ -</u>	<u>\$ 35,225</u>	<u>\$ -</u>	<u>\$ 35,225</u>
<b>Expenditures</b>				
Capital Outlay	\$ 378,842	\$ 821,877	\$ -	\$ 1,200,719
Other Equipment	-	-	-	-
Titles/Tags/Tax	12,965	-	-	12,965
Education	-	-	-	-
Total Expenditures	<u>\$ 391,807</u>	<u>\$ 821,877</u>	<u>\$ -</u>	<u>\$ 1,213,684</u>
Revenues over (under) expenditures	<u>\$ (391,807)</u>	<u>\$ (786,652)</u>	<u>\$ -</u>	<u>\$ (1,178,459)</u>
<b>Other financing sources (uses)</b>				
Transfers from (to):				
General Fund	\$ 299,800	\$ 1,895,472	\$ -	\$ 2,195,272
Solid Waste	-	40,853	-	40,853
Sewer Fund	-	-	-	-
Premium on Debt Issued	-	-	-	-
Bond Proceeds	-	-	-	-
Local Match	-	-	-	-
Total other financing sources (uses)	<u>\$ 299,800</u>	<u>\$ 1,936,325</u>	<u>\$ -</u>	<u>\$ 2,236,125</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (92,007)</u>	<u>\$ 1,149,673</u>	<u>\$ -</u>	<u>\$ 1,057,666</u>
<b>Fund Balances:</b>				
Beginning of Year - July 1	156,965	(166,449)	99,148	89,664
End of Year - June 30	<u>\$ 64,958</u>	<u>\$ 983,224</u>	<u>\$ 99,148</u>	<u>\$ 1,147,330</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, 2008

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues</b>			
Proceeds From Vehicle Disposals	\$ -	\$ -	\$ -
Other Income	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures</b>			
Capital Outlay - Vehicle	\$ 388,800	\$ 378,842	\$ 9,958
Other Equipment	-	-	-
Titles/tags/tax	5,000	12,965	(7,965)
Total Expenditures	<u>393,800</u>	<u>391,807</u>	<u>1,993</u>
Revenues under expenditures	<u>\$ (393,800)</u>	<u>\$ (391,807)</u>	<u>\$ 1,993</u>
Other financing sources (uses):			
Transfers from (to):			
General Fund	\$ 299,800	\$ 299,800	\$ -
Fund Balance Appropriated	94,000	-	(94,000)
Total financing sources (uses)	<u>\$ 393,800</u>	<u>\$ 299,800</u>	<u>\$ (94,000)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (92,007)</u>	<u>\$ (92,007)</u>
Fund balances:			
Beginning of year, July 1		<u>156,965</u>	
End of year, June 30		<u>\$ 64,958</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, 2008

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues</b>			
Restricted Intergovernmental	\$ 3,786,057	\$ 35,225	\$ (3,750,832)
Miscellaneous	-	-	-
Total revenues	<u>\$ 3,786,057</u>	<u>\$ 35,225</u>	<u>\$ (3,750,832)</u>
<b>Expenditures</b>			
Capital Outlay:			
Jail Annex	\$ 151,427	\$ -	\$ 151,427
Hwy 421 Industrial Park	40,000	-	40,000
Hampstead Library Expansion	18,633	-	18,633
Hampstead Library Annex	250,000	5,000	245,000
Courthouse Improvements	676,138	18,457	657,681
Wilmington Street Jail	10,000	-	10,000
Central District Park	67,517	-	67,517
CAMA Land Use Plan 02-03	50,692	-	50,692
Space Plan Development	7,090	-	7,090
Solid Waste Improvement	610,456	-	610,456
Hampstead District Park Phase II	394,237	126,609	267,628
Parks	291,364	19,939	271,425
Industrial Infrastructure	254,872	-	254,872
Intercoastal Dredging Maintenance	225,000	-	225,000
6037 Mallard Bay Dredging	93,154	-	93,154
Dogwood Lane Dredging	31,242	-	31,242
Millcreek Dredging	20,548	-	20,548
Millcreek Dredging Ph II	399,360	-	399,360
Millcreek Waterway Restoration	-	31,703	(31,703)
Agriculture Building Expan	402,758	-	402,758
Industrial Infrastructure Development	374,466	-	374,466
Industrial Incentive-Prestige Label	24,000	5,000	19,000
Industrial Incentive-Del Labs	195,000	65,000	130,000
Solid Waste Study	150,000	-	150,000
CDBG Grants Match	75,557	-	75,557
Kitchen Incubator	398,978	-	398,978
Beach Protection	400,000	-	400,000
Beach Renourishment	800,000	100,000	700,000
Pender Memorial Park	682,483	97,994	584,489
Mallard Bay Dredging - Phase II	438,960	44,296	394,664
Hampstead District Park-Contract Services	14,612	3,257	11,355
Hampstead District Park-Capital Outlay	580,111	112,720	467,391
Nixon Creek Dredging	86,000	8,540	77,460
Water Treatment Plant	4,642,629	-	4,642,629
Wastewater Treatment Plant	4,620,941	-	4,620,941
Reroofing/HVAC	232,900	-	232,900
Reroofing/HVAC/Paving	232,303	30,562	201,741
Paving	76,023	55,000	21,023
Space Plan Development	1,044,129	86,997	957,132
Stormwater Management	107,250	-	107,250
Upgrades RPT / Hamp Convenience	41,800	-	41,800
Radio Tower	1,100,000	7,223	1,092,777
Burgaw Sewer Project	1,100,000	-	1,100,000
Pender Packing Sewer	431,000	3,580	427,420
Total Expenditures	<u>\$ 21,843,630</u>	<u>\$ 821,877</u>	<u>\$ 21,021,753</u>
Revenues under expenditures	<u>\$ (18,057,573)</u>	<u>\$ (786,652)</u>	<u>\$ 17,270,921</u>
<b>Other financing sources:</b>			
Operating Transfer In (Out)			
General Fund	\$ 13,925,070	\$ 1,895,472	\$ (12,029,598)
Solid Waste	784,722	40,853	(743,869)
HWY 421	(4,500)	-	4,500
Public Sch Capital Fund	(10,000)	-	10,000
Donations	203,047	-	(203,047)
Local Match	137,546	-	(137,546)
Appropriated Fund Balance	3,021,688	-	(3,021,688)
Total Other Financing Sources (Uses)	<u>\$ 18,057,573</u>	<u>\$ 1,936,325</u>	<u>\$ (16,121,248)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,149,673</u>	<u>\$ 1,149,673</u>
<b>Fund balances:</b>			
Beginning of year, July 1		(166,449)	
End of year, June 30		<u>\$ 983,224</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, 2008

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Other financing sources:				
Operating Transfer In (Out)				
General Fund	\$ (139,668)	\$ 1,999,148	\$ -	\$ 1,999,148
Capital Improvements Fund	139,668	(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>	

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, 2008

Exhibit D-6

	Project Author- ization	Actual			Total to Date
		Prior Years	Current Year	Closed Projects	
<b>Revenues</b>					
Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax Refund	500,000	72,312	316,452	-	388,764
Lottery Funds	134,040	-	-	-	-
PSBCF - State Revenue	903,740	-	-	-	-
Interest Income	2,062,220	3,107,631	1,026,680	(2,922,168)	1,212,143
Total revenues	<u>\$ 3,600,000</u>	<u>\$ 3,179,943</u>	<u>\$ 1,343,132</u>	<u>\$ (2,922,168)</u>	<u>\$ 1,600,907</u>
<b>Expenditures</b>					
Intergovernmental:					
Schools:					
Burgaw Middle	\$ 750,000	\$ 492,500	\$ 187,285	\$ -	\$ 679,785
Topsail Middle	3,093,945	56,682	128,597	-	185,279
Pender High School	2,821,446	2,821,447	-	(2,821,447)	-
Burgaw Elementary Land	100,721	100,721	-	(100,721)	-
Burgaw Elementary Sch Add	5,977,888	5,465,398	506,944	-	5,972,342
Topsail High Land	1,742,687	1,510,017	-	-	1,510,017
Topsail High School	35,709,313	9,572,543	20,332,515	-	29,905,058
Central Topsail Elementary	750,000	-	-	-	-
Penderlea School	500,000	-	259,268	-	259,268
Rocky Point Primary School	1,929,000	43,137	70,682	-	113,819
West Pender Middle School	500,000	-	170,277	-	170,277
Topsail Performing Arts Center	2,200,000	-	-	-	-
Trask Performing Arts Center	2,200,000	71,003	78,175	-	149,178
Bond Closing Costs	160,000	126,749	51,745	-	178,494
Interest Expenditures	724,000	-	-	-	-
Total Expenditures	<u>\$ 59,159,000</u>	<u>\$ 20,260,197</u>	<u>\$ 21,785,488</u>	<u>\$ (2,922,168)</u>	<u>\$ 39,123,517</u>
Revenues under expenditures	<u>\$ (55,559,000)</u>	<u>\$ (17,080,254)</u>	<u>\$ (20,442,356)</u>	<u>\$ -</u>	<u>\$ (37,522,610)</u>
Other financing sources:					
Public School Capital Fd	\$ (426,319)	\$ -	\$ -	\$ -	\$ -
Premium on Debt Issued	426,319	426,319	-	-	426,319
Bond Proceeds	55,875,000	35,000,000	20,875,000	-	55,875,000
Reserve for Arbitrage	(316,000)	-	-	-	-
Fund Balance Appropriated	-	-	-	-	-
	<u>\$ 55,559,000</u>	<u>\$ 35,426,319</u>	<u>\$ 20,875,000</u>	<u>\$ -</u>	<u>\$ 56,301,319</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 18,346,065</u>	<u>\$ 432,644</u>	<u>\$ -</u>	<u>\$ 18,778,709</u>
Fund balances:					
Beginning of year, July 1			<u>18,346,065</u>		
End of year, June 30			<u>\$ 18,778,709</u>		

## PROPRIETARY FUNDS

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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.

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Pender County, North Carolina  
Proprietary Fund  
Combining Balance Sheets  
June 30, 2008

Exhibit E-1

	MAJOR					NON-MAJOR					Totals June 30, 2008	
	Resource Recovery Fund	Rocky Point Water Fund	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Apartments Fund	Penderlea Water System	Scott's Hill Water & Sewer	Water Treatment Plant	Waste Water Treatment Plant		
<b>Assets</b>												
Current assets:												
Cash and cash equivalents	\$ 526,082	\$ 396,257	\$ 65,054	\$ 4,982,122	\$ 410,846	\$ 41,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,422,349
Due from other funds	-	-	12,568	24,507	-	764	-	-	-	-	-	37,839
Accounts receivable (net)	424,489	237,200	20,643	37,297	2,076	-	-	-	-	-	-	721,705
Prepaid expense	-	13	46	-	-	-	-	-	-	-	-	59
Total current assets	\$ 950,571	\$ 633,470	\$ 98,311	\$ 5,043,926	\$ 412,922	\$ 42,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,181,952
Restricted Cash	-	3,166,326	-	-	-	-	-	-	-	-	-	3,166,326
Temporary Construction	609,303	20,175,359	47,825	151,106	-	-	-	124,093	358,371	331,587	-	21,797,644
Capital assets (net)	544,917	7,329,531	732,653	141,360	5,787	216,896	-	-	-	-	-	8,971,144
Total assets	\$ 2,104,791	\$ 31,304,686	\$ 878,789	\$ 5,336,392	\$ 418,709	\$ 259,648	\$ -	\$ 124,093	\$ 358,371	\$ 331,587	\$ -	\$ 41,117,066
<b>Liabilities and Fund Equities</b>												
Current liabilities:												
Advance Funding of Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	295,368	85,415	3,214	847	827	1,171	-	-	-	-	-	386,842
and accrued liabilities	-	80,322	1,267	-	-	-	-	-	-	-	-	81,589
Accrued interest	-	3,000	100	-	-	5,098	-	-	-	-	-	8,198
Customer deposits	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	6,500	-	-	-	-	-	-	-	-	257,500
General Obligation bonds payable	-	251,000	-	-	-	6,259	-	-	-	-	-	6,259
Notes payable	-	-	-	-	-	-	-	-	-	-	-	-
Accrued landfill closure	65,816	-	-	-	-	-	-	-	-	-	-	65,816
and post closure care cost	58,406	37,075	-	-	-	-	-	71,768	358,371	331,587	-	857,207
Due to other funds	\$ 419,590	\$ 456,812	\$ 11,081	\$ 847	\$ 827	\$ 12,528	\$ -	\$ 71,768	\$ 358,371	\$ 331,587	\$ -	\$ 1,663,411
Total current liabilities	\$ 6,520	\$ 22,212	\$ 3,426	\$ -	\$ 6,891	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,049
Noncurrent liabilities:												
Compensated absences payable	-	-	-	-	-	-	-	-	-	-	-	-
Accrued landfill closure	-	-	-	-	-	-	-	-	-	-	-	-
and postclosure care cost	-	-	258,000	-	-	-	-	-	-	-	-	258,000
General obligation bond payable	-	21,341,000	-	-	-	154,325	-	-	-	-	-	21,495,325
Note payable	6,520	21,363,212	261,426	-	6,891	154,325	-	-	-	-	-	21,792,374
Total noncurrent liabilities	\$ 426,110	\$ 21,820,024	\$ 272,507	\$ 847	\$ 7,718	\$ 166,833	\$ -	\$ 71,768	\$ 358,371	\$ 331,587	\$ -	\$ 23,455,785
Total liabilities	\$ 1,154,220	\$ 9,079,216	\$ 515,978	\$ 292,466	\$ 5,787	\$ 56,312	\$ -	\$ 124,093	\$ 358,371	\$ 331,587	\$ -	\$ 11,918,030
Net Assets	524,461	405,446	90,304	5,043,079	405,204	36,483	-	(71,768)	(358,371)	(331,587)	-	5,743,251
Capital assets net of related debt	\$ 1,678,681	\$ 9,484,662	\$ 606,282	\$ 5,335,545	\$ 410,991	\$ 92,795	\$ -	\$ 52,325	\$ -	\$ -	\$ -	\$ 17,661,281
Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-
Total net assets	\$ 1,678,681	\$ 9,484,662	\$ 606,282	\$ 5,335,545	\$ 410,991	\$ 92,795	\$ -	\$ 52,325	\$ -	\$ -	\$ -	\$ 17,661,281

Pender County, North Carolina  
 Proprietary Funds  
 Combining Statement of Revenues, Expenses, and  
 Changes in Retained Earnings (Deficit)  
 For The Fiscal Year Ended June 30, 2008

	MAJOR					NON-MAJOR					Totals June 30, 2008
	Resource Recovery Fund	Rocky Point Water Fund	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Apartments Fund	Penderlea Water System	Scott's Hill Water & Sewer	Water Treatment Plant	Waste Water Treatment Plant	
Operating revenues:											
Charges for services	\$ 3,524,468	\$ 1,632,727	\$ 110,074	\$ 148,810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,416,079
Del-lab fees	-	-	-	-	-	-	-	-	-	-	-
Dwelling Rental	-	(11,946)	-	-	-	46,844	-	-	-	-	46,844
Sales tax refund	-	-	-	-	-	-	-	-	-	-	(11,946)
Other operating revenues	-	-	3,046	-	-	241	-	-	-	-	55,612
Total operating revenues	\$ 3,524,468	\$ 1,620,781	\$ 113,120	\$ 148,810	\$ -	\$ 47,085	\$ -	\$ 52,325	\$ -	\$ -	\$ 5,506,589
Operating expenses:											
Personnel	\$ 97,952	\$ 355,410	\$ 47,594	\$ -	\$ 103,289	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 604,245
Contracted Services	3,546,708	218,059	9,345	-	-	10,790	-	-	-	-	3,784,902
Water Purchases	-	260,333	31,760	-	-	-	-	-	-	-	292,093
System Maintenance / Other Operating Costs	47,696	511,798	24,162	848	20,611	7,218	-	-	-	-	612,333
Administration and Housing Assistance	-	-	-	-	855,352	-	-	-	-	-	855,352
Other Equipment	11,180	-	-	-	1,788	-	-	-	-	-	11,180
Depreciation	28,714	235,125	29,699	6,283	1,788	8,283	-	-	-	-	309,802
Total operating expenses	\$ 3,732,250	\$ 1,580,725	\$ 142,470	\$ 7,131	\$ 981,040	\$ 26,291	\$ -	\$ -	\$ -	\$ -	\$ 6,469,907
Operating income	\$ (207,782)	\$ 40,056	\$ (29,350)	\$ 141,679	\$ (981,040)	\$ 20,794	\$ -	\$ 52,325	\$ -	\$ -	\$ (963,318)
Nonoperating revenues (expenses):											
Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest revenue	-	139,291	-	-	3,450	900	-	-	-	-	143,641
Fraud recovery	-	-	-	-	1,658	-	-	-	-	-	1,658
White Goods - DEHNR Grant	19,133	-	-	-	-	-	-	-	-	-	19,133
Scrap Tire - DEHNR Grant	52,763	-	-	-	-	-	-	-	-	-	52,763
Reimbursements from School	167,874	-	-	-	-	-	-	-	-	-	167,874
Operating Subsidy - HUD	-	-	-	-	1,011,036	-	-	-	-	-	1,011,036
USDA Rural Development Grant	-	671,500	-	-	-	-	-	-	-	-	671,500
Miscellaneous Revenue	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	\$ 239,770	\$ 810,791	\$ -	\$ -	\$ 1,016,144	\$ 900	\$ -	\$ -	\$ -	\$ -	\$ 2,067,605
Revenues over (under) expenditures	\$ 31,988	\$ 850,847	\$ (29,350)	\$ 141,679	\$ 35,104	\$ 21,694	\$ -	\$ 52,325	\$ -	\$ -	\$ 1,104,287
Other financing sources (uses):											
Transfers from (to):											
General Fund	\$ -	\$ -	\$ -	\$ 990,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 990,000
HWY 210 Sewer Project	-	-	-	-	-	-	-	-	-	-	-
Capital Improvement Fund	(40,853)	-	-	-	-	-	-	-	-	-	(40,853)
Total other financing sources (uses)	\$ (40,853)	\$ -	\$ -	\$ 990,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 949,147
Net Income (Loss)	\$ (8,865)	\$ 850,847	\$ (29,350)	\$ 1,131,679	\$ 35,104	\$ 21,694	\$ -	\$ 52,325	\$ -	\$ -	\$ 2,053,434
Net Assets - 7/1/07	1,687,546	7,732,095	635,652	4,203,866	375,887	71,101	901,720	-	-	-	15,607,847
Restatement of Fund Balance	-	901,720	-	-	-	-	(901,720)	-	-	-	-
Net Assets - 6/30/08	\$ 1,678,681	\$ 9,484,662	\$ 606,282	\$ 5,335,545	\$ 410,991	\$ 92,795	\$ -	\$ 52,325	\$ -	\$ -	\$ 17,661,281

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, 2008

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues</b>			
Landfill Fees	\$ 1,132,500	\$ 946,792	\$ (185,708)
User Fees	2,400,000	2,577,676	177,676
Miscellaneous Revenues	-	-	-
Total Revenues	<u>\$ 3,532,500</u>	<u>\$ 3,524,468</u>	<u>\$ (8,032)</u>
<b>Expenditures</b>			
Salaries & Employee Benefits	\$ 96,278	\$ 97,952	\$ (1,674)
Contracted Services	3,524,833	3,546,708	(21,875)
Other Operating Expenditures	62,300	47,696	14,604
Capital Outlay	30,000	20,980	9,020
Total Expenditures	<u>\$ 3,713,411</u>	<u>\$ 3,713,336</u>	<u>\$ 75</u>
Revenues over (under) expenditures	<u>\$ (180,911)</u>	<u>\$ (188,868)</u>	<u>\$ (7,957)</u>
Other financing sources (uses):			
Transfers from (to):			
Capital Improvement Fund	\$ (41,800)	\$ (40,853)	\$ (947)
General Fund	2,711	-	2,711
White Goods - DEHNR Grant	15,000	19,133	(4,133)
Scrap Tire - DEHNR Grant	40,000	52,763	(12,763)
Reimbursement from Schools	165,000	167,874	(2,874)
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>\$ 180,911</u>	<u>\$ 198,917</u>	<u>\$ (18,006)</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 10,049</u>	<u>\$ 10,049</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues over expenditures and other uses		<u>\$ 10,049</u>	
Reconciling items:			
Capital Outlay Expenditures		\$ 9,800	
Capital Contributions		-	
Depreciation Expense		(28,714)	
Total reconciling items		<u>\$ (18,914)</u>	
Net income		<u>\$ (8,865)</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, 2008**

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues</b>			
Del Lab Fees - Sewer	\$ 31,876	\$ 18,615	\$ (13,261)
School Fees - Sewer	27,000	23,106	(3,894)
Commercial Sewer Fees	40,000	51,198	11,198
Connections Fees - Sewer	2,000	2,000	-
Water Fees	2,193,691	1,289,278	(904,413)
Connections Fees - Water	110,000	208,796	98,796
Other Fees	25,000	39,734	14,734
Total Revenues	<u>\$ 2,429,567</u>	<u>\$ 1,632,727</u>	<u>\$ (895,636)</u>
<b>Expenditures</b>			
Sewer Operations			
Salaries & Benefits	\$ 19,413	\$ 15,822	\$ 3,591
Contracted Services	64,463	18,578	45,885
Other Operating Expenditures	17,000	8,145	8,855
Capital Outlay	-	-	-
Total Sewer Operations	<u>\$ 100,876</u>	<u>\$ 42,545</u>	<u>\$ 58,331</u>
Water Operations			
Salaries & Benefits	\$ 312,070	\$ 339,588	\$ (27,518)
Contracted Services	230,099	199,481	30,618
Water Purchases	400,000	260,333	139,667
Other Operating Expenditures	271,057	321,054	(49,997)
Capital Outlay	47,434	62,044	(14,610)
Debt Service Payments:			
Principal	112,000	50,000	62,000
Interest	969,035	182,599	786,436
Total Water Operations	<u>\$ 2,341,695</u>	<u>\$ 1,415,099</u>	<u>\$ 926,596</u>
Revenues over (under) expenditures	<u>\$ (13,004)</u>	<u>\$ 175,083</u>	<u>\$ 89,291</u>
Other financing sources (uses):			
Transfer from general fund	\$ 9,687	\$ -	\$ (9,687)
Fund Balance Appropriated	3,317	-	(3,317)
Total Other Financing Sources	<u>\$ 13,004</u>	<u>\$ -</u>	<u>\$ (13,004)</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 175,083</u>	<u>\$ 76,287</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues over expenditures and other uses		\$ 175,083	
Reconciling items:			
Depreciation		(235,125)	
Long Term Debt Repayments		50,000	
Capital Outlay		62,044	
USDA Rural Development Grant (Exhibit E-8c, E-8d)		671,500	
Investment Income (Exhibit E-9c, E-9d, E-9e)		139,291	
Sales Tax Refund (Exhibit E-8c)		(11,946)	
Net income		<u>\$ 850,847</u>	

Pender County, North Carolina  
 Rocky Point Water Fund - Phase I - Enterprise Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Current Year	Closed Out Projects	Total to date
<b>Revenues</b>					
Interest Income	\$ 63,026	\$ 63,026	\$ -	\$ (63,026)	-
USDA RD Loan	6,791,000	4,008,000	-	(4,008,000)	-
USDA Rd Grant	2,250,000	1,125,000	-	(1,125,000)	-
EDA/DEL Lab Grant	2,200,000	1,100,000	-	(1,100,000)	-
Sales Tax Refund	130,909	130,909	-	(130,909)	-
HUD DRI Grant	1,889,634	1,039,634	-	(1,039,634)	-
Total Revenues	\$ 13,324,569	\$ 7,466,569	\$ -	\$ (7,466,569)	-
<b>Expenditures</b>					
Construction	\$ 11,244,075	\$ 6,360,049	\$ -	\$ (6,360,049)	\$ -
Engineering	953,674	357,675	-	(357,675)	-
Interest During Construction	213,701	116,701	-	(116,701)	-
Other	342,471	294,470	-	(294,470)	-
Contingency	287,898	46,899	-	(46,899)	-
Total Expenditures	\$ 13,041,819	\$ 7,175,794	\$ -	\$ (7,175,794)	\$ -
Revenues over (under) expenditures	\$ 282,750	\$ 290,775	\$ -	\$ (290,775)	\$ -
<b>Other financing sources (uses):</b>					
Transfer from (to):					
Rocky Point Water Phase IV	\$ (90,850)	\$ (90,850)	\$ -	\$ 90,850	\$ -
Rocky Point Water & Sewer	(191,900)	(191,900)	-	191,900	-
Total other financing sources (uses)	\$ (282,750)	\$ (282,750)	\$ -	\$ 282,750	\$ -
Revenues Over (Under) Expenditures	\$ -	\$ 8,025	\$ -	\$ (8,025)	\$ -

**Pender County, North Carolina**  
**Rocky Point Water Fund - Phase II - Enterprise Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2008**

	Project Authorization	Prior Years	Current Year	Closed Out Projects	Total to date
<b>Revenues</b>					
State Revolving Loan Fund	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -
Rural Center Supplemental Grant	101,262	101,262	-	(101,262)	-
Total Revenues	<u>\$ 2,601,262</u>	<u>\$ 101,262</u>	<u>\$ -</u>	<u>\$ (101,262)</u>	<u>\$ -</u>
<b>Expenditures</b>					
Engineering	\$ 393,262	\$ 92,407	\$ -	\$ (92,407)	\$ -
Construction	2,208,000	8,855	-	(8,855)	-
Total Expenditures	<u>\$ 2,601,262</u>	<u>\$ 101,262</u>	<u>\$ -</u>	<u>\$ (101,262)</u>	<u>\$ -</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other financing sources (uses):					
Transfer from (to):					
General Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></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, 2008**

	Project Authorization	Prior Years	Current Year	Total to date
<b>Revenues</b>				
USDA Rural Development - Loan	\$ 5,723,000	\$ 5,723,000	\$ -	\$ 5,723,000
USDA Rural Development - Grant	3,680,500	3,009,000	671,500	3,680,500
Investment Income	-	41,008	3,897	44,905
Premium on Debt Issued	-	57,876	-	57,876
Sales Tax Refund	-	180,158	(11,946)	168,212
Total Revenues	<u>\$ 9,403,500</u>	<u>\$ 9,011,042</u>	<u>\$ 663,451</u>	<u>\$ 9,674,493</u>
<b>Expenditures</b>				
Contracted Services	\$ 777,723	\$ 374,569	\$ 46,606	\$ 421,175
Construction	8,184,814	5,458,196	6,048	5,464,244
Interest During Construction	484,000	586,515	256,179	842,694
Contingency	83,713	350	-	350
Other	12,750	1,004	-	1,004
Total Expenditures	<u>\$ 9,543,000</u>	<u>\$ 6,420,634</u>	<u>\$ 308,833</u>	<u>\$ 6,729,467</u>
Revenues over (under) expenditures	<u>\$ (139,500)</u>	<u>\$ 2,590,408</u>	<u>\$ 354,618</u>	<u>\$ 2,945,026</u>
Other financing sources (uses):				
Donations	\$ 53,000	\$ 53,000	\$ -	53,000
Transfer from (to):				
Rocky Point Water & Sewer	86,500	86,500	-	86,500
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 2,729,908</u>	<u>\$ 354,618</u>	<u>\$ 3,084,526</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, 2008**

	Project Authorization	Prior Years	Current Year	Total to date
<b>Revenues</b>				
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	-	55,702	17,033	72,735
Total Revenues	<u>\$ 2,653,000</u>	<u>\$ 1,761,752</u>	<u>\$ 17,033</u>	<u>\$ 1,778,785</u>
<b>Expenditures</b>				
Postage	\$ 4,000	\$ 1,168	\$ -	\$ 1,168
Supplies and Materials	1,000	1,309	-	1,309
Contracted Services	359,750	225,741	110	225,851
Capital Outlay	2,162,000	1,492,466	377,494	1,869,960
Bond Interest	-	3,936	-	3,936
Interest During Construction	140,000	25,418	64,658	90,076
Contingency	105,000	2,550	-	2,550
Total Expenditures	<u>\$ 2,771,750</u>	<u>\$ 1,752,588</u>	<u>\$ 442,262</u>	<u>\$ 2,194,850</u>
Revenues over (under) expenditures	<u>\$ (118,750)</u>	<u>\$ 9,164</u>	<u>\$ (425,229)</u>	<u>\$ (416,065)</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>\$ 100,014</u>	<u>\$ (425,229)</u>	<u>\$ (325,215)</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, 2008

	Project Authorization	Prior Years	Current Year	Total to date
<b>Revenues</b>				
USDA RD Loan	\$ 10,625,000	\$ 10,625,000	\$ -	\$ 10,625,000
Premium on Debt Issued	-	14,944	-	14,944
Investment Income	-	387,084	118,361	505,445
Total Revenues	<u>\$ 10,625,000</u>	<u>\$ 11,027,028</u>	<u>\$ 118,361</u>	<u>\$ 11,145,389</u>
<b>Expenditures</b>				
Capital Outlay	\$ 9,270,000	\$ 6,874,159	\$ 810,754	\$ 7,684,913
Contracted Services	602,561	468,122	92,434	560,556
Bond Interest	-	202,510	-	202,510
Interest During Constuction	399,796	252,870	465,169	718,039
Contingency	352,643	6,550	-	6,550
Total Expenditures	<u>\$ 10,625,000</u>	<u>\$ 7,804,211</u>	<u>\$ 1,368,357</u>	<u>\$ 9,172,568</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 3,222,817</u>	<u>\$ (1,249,996)</u>	<u>\$ 1,972,821</u>
Other financing sources (uses):				
Transfer from (to):				
Rocky Point Water & Sewer	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ 3,222,817</u></u>	<u><u>\$ (1,249,996)</u></u>	<u><u>\$ 1,972,821</u></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, 2008

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues</b>			
Water Fees	\$ 122,400	\$ 110,074	\$ (12,326)
Connection Fees	2,000	-	(2,000)
Other Fees	2,500	3,046	546
Total Operating Revenues	<u>\$ 126,900</u>	<u>\$ 113,120</u>	<u>\$ (13,780)</u>
<b>Expenditures</b>			
Salaries and Employee Benefits	47,937	47,594	343
Contract Services	14,427	9,345	5,082
Water Purchases	33,601	31,760	1,841
Other Operating Expenditures	11,864	8,637	3,227
Debt Service:			
Principal	6,000	6,000	-
Interest	15,554	15,525	29
Total Expenditures	<u>\$ 129,383</u>	<u>\$ 118,861</u>	<u>\$ 10,522</u>
Revenues over (under) expenditures	<u>\$ (2,483)</u>	<u>\$ (5,741)</u>	<u>\$ (3,258)</u>
Other financing sources (uses):			
Operating Transfers From:			
General Fund	\$ 1,529	\$ -	\$ (1,529)
Fund Balance Appropriated	954	-	(954)
Total other financing sources (uses)	<u>\$ 2,483</u>	<u>\$ -</u>	<u>\$ (2,483)</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ (5,741)</u>	<u>\$ (5,741)</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues over expenditures and other uses		<u>\$ (5,741)</u>	
Reconciling items:			
Long Term Debt Repayments		\$ 6,000	
Depreciation Expense		(29,609)	
Total reconciling items		<u>\$ (23,609)</u>	
Net income		<u>\$ (29,350)</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, 2008

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
<b>Revenues</b>				
Connection Fees	\$ 57,000	\$ -	\$ -	\$ -
Cape Fear RC&D Match	2,000	-	-	-
NC DOJ Env Enhancement	374,640	-	-	-
NC Rural Center Grant	2,774,614	-	-	-
Clean Water Trust Fund	581,696	-	-	-
Total revenues	<u>\$ 3,789,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures</b>				
Supplies / Sampling	\$ 77,900	\$ -	\$ 3,919	\$ 3,919
Contracted Services	419,800	-	43,906	43,906
Capital Outlay	3,188,640	-	-	-
Contingency	103,610	-	-	-
Total Expenditures	<u>\$ 3,789,950</u>	<u>\$ -</u>	<u>47,825</u>	<u>\$ 47,825</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (47,825)</u>	<u>\$ (47,825)</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>\$ -</u>	<u>\$ (47,825)</u>	<u>\$ (47,825)</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, 2008

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues</b>			
Del Lab Fees	\$ -	\$ -	\$ -
Other	-	-	-
Total Operating Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures</b>			
Sewer Operations	\$ 510	\$ 848	\$ (338)
Total Expenditures	<u>\$ 510</u>	<u>\$ 848</u>	<u>\$ (338)</u>
Revenues over (under) expenditures	<u>\$ (510)</u>	<u>\$ (848)</u>	<u>\$ (338)</u>
Other financing sources (uses):			
Operating Transfers From:			
General Fund	\$ 510	\$ -	\$ (510)
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>\$ 510</u>	<u>\$ -</u>	<u>\$ (510)</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ (848)</u>	<u>\$ (848)</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues over expenditures and other uses		<u>\$ (848)</u>	
Reconciling items:			
Transfer from General Fund to Wallace WWTP Capacity (Ex E-4a)		\$ 990,000	
Water and Wastewater Capacity Fees (Ex E-6c)		148,810	
Depreciation Expense		<u>(6,283)</u>	
Total reconciling items		<u>\$ 1,132,527</u>	
Net income		<u>\$ 1,131,679</u>	

## Wallace WWTP Capacity

## Schedule of Revenues, Expenditures, and Changes in Fund Balance

## Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2008

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
<b>Revenues</b>				
Other Taxes	\$ -	\$ -	\$ -	\$ -
Sales Tax Refund	-	-	-	-
Interest Income	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Contracted Services - Engineers	\$ 25,000	\$ 24,206	\$ -	\$ 24,206
Treatment Capacity Acquisition	4,980,000	-	-	-
Total Expenditures	\$ 5,005,000	\$ 24,206	-	\$ 24,206
Revenues under expenditures	\$ (5,005,000)	\$ (24,206)	-	\$ (24,206)
Other financing sources:				
Transfer from (to):				
General Fund	\$ 4,980,000	\$ 3,870,000	\$ 990,000	\$ 4,860,000
HWY 210 Sewer Project	25,000	25,000	-	25,000
Fund Balance Appropriated	-	-	-	-
	\$ 5,005,000	\$ 3,895,000	\$ 990,000	\$ 4,885,000
Revenues and other sources over (under) expenditures	\$ -	\$ 3,870,794	\$ 990,000	\$ 4,860,794

Pender County, North Carolina

Exhibit E-6b

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, 2008

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
<b>Revenues</b>				
Connection Fees	\$ 193,000	\$ -	\$ -	\$ -
USDA RD Loan Loan	432,386	-	-	-
NC Rural Center Grant	2,774,614	-	-	-
Total revenues	<u>\$ 3,400,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures</b>				
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>
<b>Other financing sources:</b>				
Fund Balance Appropriated	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (126,900)</u>	<u>\$ -</u>	<u>\$ (126,900)</u>
<b>Fund balances:</b>				
Beginning of year, July 1			(126,900)	
End of year, June 30			<u>\$ (126,900)</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, 2008

Exhibit E-6c

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
<b>Revenues</b>				
Water Capacity Fees	\$ 288,000	\$ 23,182	\$ 80,810	\$ 103,992
Wastewater Capacity Fees	360,000	77,662	68,000	145,662
Interest	-	-	-	-
Total revenues	<u>\$ 648,000</u>	<u>\$ 100,844</u>	<u>\$ 148,810</u>	<u>\$ 249,654</u>
<b>Expenditures</b>				
Capital Outlay	\$ -	\$ -	\$ -	\$ -
Reserves	648,000	-	-	-
Total Expenditures	<u>\$ 648,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ 100,844</u>	<u>\$ 148,810</u>	<u>\$ 249,654</u>
<b>Other financing sources:</b>				
Fund Balance Appropriated	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 100,844</u>	<u>\$ 148,810</u>	<u>\$ 249,654</u>
<b>Fund balances:</b>				
Beginning of year, July 1			<u>100,844</u>	
End of year, June 30			<u>\$ 249,654</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, 2008

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues</b>			
Nonoperating revenues			
Investment earnings	\$ -	\$ 3,450	\$ 3,450
Fraud recovery	700	1,658	958
Total Revenues	<u>\$ 700</u>	<u>\$ 5,108</u>	<u>\$ 4,408</u>
<b>Expenditures</b>			
Salaries and Benefits	\$ 100,718	\$ 103,289	\$ (2,571)
Housing Assistance Payments	893,043	855,352	37,691
Other Operating Expenditures	22,534	20,611	1,923
Total Expenditures	<u>\$ 1,016,295</u>	<u>\$ 979,252</u>	<u>\$ 37,043</u>
Revenues over (under) expenditures	<u>\$ (1,015,595)</u>	<u>\$ (974,144)</u>	<u>\$ (32,635)</u>
<b>Other financing sources (uses):</b>			
Operating Subsidy - HUD	\$ 997,677	\$ 1,011,036	\$ 13,359
Developer's Fee - Seven Oaks	5,850	-	(5,850)
Transfer from General Fund	3,612	-	(3,612)
Fund Balance Appropriated	8,456	-	(8,456)
	<u>\$ 1,015,595</u>	<u>\$ 1,011,036</u>	<u>\$ (4,559)</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 36,892</u>	<u>\$ (37,194)</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues over expenditures and other uses		<u>\$ 36,892</u>	
Reconciling items:			
Depreciation Expense		<u>(1,788)</u>	
Net income		<u>\$ 35,104</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, 2008

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues</b>			
Operating Revenues:			
Dwelling Rental	\$ 45,000	\$ 46,844	\$ 1,844
Miscellaneous	100	241	141
Total Operating Revenues	<u>\$ 45,100</u>	<u>\$ 47,085</u>	<u>\$ 1,985</u>
Nonoperating Revenues:			
Interest Income	\$ 90	\$ 900	\$ 810
Total Nonoperating Revenues	<u>\$ 90</u>	<u>\$ 900</u>	<u>\$ 810</u>
<b>Expenditures</b>			
Administration and Tenant Services	\$ 18,194	\$ 5,570	\$ 12,624
Contracted Services	16,660	10,790	5,870
FMHA Debt Service Payments	7,836	7,836	-
Total Expenditures	<u>\$ 42,690</u>	<u>\$ 24,196</u>	<u>\$ 18,494</u>
Revenues over (under) expenditures	<u>\$ 2,500</u>	<u>\$ 23,789</u>	<u>\$ (15,699)</u>
Other financing sources (uses):			
Transfers from (to):			
Country Court	\$ -	\$ 3,000	\$ 3,000
Country Court Reserve	(2,500)	(3,000)	(500)
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>\$ (2,500)</u>	<u>\$ -</u>	<u>\$ 2,500</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 23,789</u>	<u>\$ (13,199)</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues over expenditures and other uses		<u>\$ 23,789</u>	
Reconciling items:			
Mortgage Principal Payment		\$ 6,188	
Depreciation Expense		(8,283)	
Total reconciling items		<u>\$ (2,095)</u>	
Net income		<u>\$ 21,694</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, 2008**

	Project Authorization	Prior Years	Current Year	Total to date
<b>Revenues</b>				
Connection Fees	\$ 84,000	\$ -	\$ 52,325	\$ 52,325
Investment Income	-	-	-	-
Total Revenues	<u>\$ 84,000</u>	<u>\$ -</u>	<u>\$ 52,325</u>	<u>\$ 52,325</u>
<b>Expenditures</b>				
Capital Outlay	\$ 2,370,000	\$ -	\$ 4,641	\$ 4,641
Contracted Services	272,000	51,262	68,190	119,452
Interest During Constuction	131,000	-	-	-
Contingency	227,000	-	-	-
Total Expenditures	<u>\$ 3,000,000</u>	<u>\$ 51,262</u>	<u>\$ 72,831</u>	<u>\$ 124,093</u>
Revenues over (under) expenditures	<u>\$ (2,916,000)</u>	<u>\$ (51,262)</u>	<u>\$ (20,506)</u>	<u>\$ (71,768)</u>
Other financing sources (uses):				
USDA Rd Loan	<u>\$ 2,916,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ (51,262)</u></u>	<u><u>\$ (20,506)</u></u>	<u><u>\$ (71,768)</u></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, 2008**

	Project Authorization	Prior Years	Current Year	Total to date
<b>Revenues</b>				
Investment Income	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures</b>				
Capital Outlay	\$ 357,371	\$ 137,895	\$ 220,476	\$ 358,371
Total Expenditures	<u>\$ 357,371</u>	<u>\$ 137,895</u>	<u>\$ 220,476</u>	<u>\$ 358,371</u>
Revenues over (under) expenditures	<u>\$ (357,371)</u>	<u>\$ (137,895)</u>	<u>\$ (220,476)</u>	<u>\$ (358,371)</u>
Other financing sources (uses):				
Loan from General Fund	\$ 357,371	\$ 137,895	\$ 220,476	\$ 358,371
Revenues Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></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, 2008**

	Project Authorization	Prior Years	Current Year	Total to date
<b>Revenues</b>				
Investment Income	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures</b>				
Capital Outlay	\$ 379,059	\$ 221,952	\$ 109,635	\$ 331,587
Total Expenditures	<u>\$ 379,059</u>	<u>\$ 221,952</u>	<u>\$ 109,635</u>	<u>\$ 331,587</u>
Revenues over (under) expenditures	<u>\$ (379,059)</u>	<u>\$ (221,952)</u>	<u>\$ (109,635)</u>	<u>\$ (331,587)</u>
Other financing sources (uses):				
Loan from General Fund	\$ 379,059	\$ 221,952	\$ 109,635	\$ 331,587
Revenues Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**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, 2008**

	2008		Variance Favorable (Unfavorable)
	Financial Plan	Actual	
<b>Revenues</b>			
Operating Revenues			
Premiums Received	\$ 1,888,554	\$ 2,046,129	\$ 157,575
Total Operating Revenues	<u>1,888,554</u>	<u>2,046,129</u>	<u>157,575</u>
Nonoperating Revenues			
Interest on Investments	-	-	-
Total Nonoperating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>\$ 1,888,554</u>	<u>\$ 2,046,129</u>	<u>\$ 157,575</u>
<b>Expenditures</b>			
Claims	\$ 1,888,554	\$ 2,284,067	\$ (395,513)
Total Expenditures	<u>\$ 1,888,554</u>	<u>\$ 2,284,067</u>	<u>\$ (395,513)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (237,938)</u>	<u>\$ (237,938)</u>
Other financing sources (uses):			
Fund Balance Appropriated	\$ -	\$ -	\$ -
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (237,938)</u>	<u>\$ (237,938)</u>
<b>Reconciliation from Financial Plan basis (modified accrual) to full accrual:</b>			
Revenues and Other Sources Over (Under) Expenditures and Other Uses		\$ (237,938)	
Reconciling items:			
Capital Outlay		-	
Total Reconciling Items		<u>-</u>	
Net income		<u>\$ (237,938)</u>	

## AGENCY FUNDS

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

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Pender County, North Carolina  
 Agency Funds  
 Combining Balance Sheet  
 June 30, 2008

	Agency						Totals
	Tax Clearing Fund	Four H Fund	Extension Education	Sea Oats Travel	Pesticide Recycling Grant	Tourism Development Authority	
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ 1,339	\$ 8,903	\$ 349	\$ 2,134	\$ 69,727	\$ 86,662
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Miscellaneous liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental payable	-	1,339	8,903	349	2,134	69,727	86,662
Total liabilities	\$ -	\$ 1,339	\$ 8,903	\$ 349	\$ 2,134	\$ 69,727	\$ 86,662

**Pender County, North Carolina**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2008**

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<b>Tax Clearing Fund:</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Liabilities:				
Intergovernmental payable	\$ -	\$ -	\$ -	\$ -
<b>Four H Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 1,467	\$ 425	\$ 553	\$ 1,339
Liabilities:				
Intergovernmental payable	\$ 1,467	\$ 553	\$ 425	\$ 1,339
<b>Extension Education:</b>				
Assets:				
Cash and cash equivalents	\$ 8,261	\$ 1,824	\$ 1,182	\$ 8,903
Liabilities:				
Intergovernmental payable	\$ 8,261	\$ 1,182	\$ 1,824	\$ 8,903
<b>Sea Oats Travel:</b>				
Assets:				
Cash and cash equivalents	\$ 349	\$ -	\$ -	\$ 349
Liabilities:				
Intergovernmental payable	\$ 349	\$ -	\$ -	\$ 349
<b>Pesticide Recycling Grant:</b>				
Assets:				
Cash and cash equivalents	\$ 2,415	\$ -	\$ 281	\$ 2,134
Liabilities:				
Intergovernmental payable	\$ 2,415	\$ 281	\$ -	\$ 2,134
<b>Tourism Development Authority:</b>				
Assets:				
Cash and cash equivalents	\$ 50,070	\$ 30,657	\$ 11,000	\$ 69,727
Liabilities:				
Intergovernmental payable	\$ 50,070	\$ 11,000	\$ 30,657	\$ 69,727
<b>DMV 3% Collections:</b>				
Assets:				
Cash and cash equivalents	\$ 2,777	\$ 27,726	\$ 26,293	\$ 4,210
Liabilities:				
Intergovernmental payable	\$ 2,777	\$ 26,293	\$ 27,726	\$ 4,210
<b>Total - All Agency Funds:</b>				
Assets:				
Cash and cash equivalents	\$ 65,339	\$ 60,632	\$ 39,309	\$ 86,662
Liabilities:				
Intergovernmental payable	\$ 65,339	\$ 39,309	\$ 60,632	\$ 86,662

## OTHER SCHEDULES

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This section includes additional information on property taxes.

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- 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, 2008

Exhibit G-1

Year	Uncollected Balance June 30, 2007	Additions	Collections And Credits	Uncollected Balance June 30, 2008
2008	\$ -	\$ 29,180,752	\$ 28,123,504	\$ 1,057,248
2007	838,234	2,299	487,548	352,985
2006	242,886	358	89,931	153,313
2005	147,665	-	29,680	117,985
2004	105,724	4	16,937	88,791
2003	116,264	4	10,461	105,807
2002	86,299	-	8,582	77,717
2001	106,520	-	7,276	99,244
2000	62,935	-	5,752	57,183
1999	34,664	-	3,392	31,272
1998	28,869	-	28,869	-
Totals	<u>\$ 1,770,060</u>	<u>\$ 29,183,417</u>	<u>\$ 28,811,932</u>	<u>\$ 2,141,545</u>
				Less: allowance for uncollectible accounts:
				General Fund
				<u>663,000</u>
				Ad valorem taxes receivable - net:
				General Fund
				<u>\$ 1,478,545</u>
				<u>Reconciliation with revenues:</u>
				Ad valorem taxes - General Fund
				\$ 28,940,235
				Reconciling items:
				Penalties and Interest
				(213,484)
				Discounts, Releases, Refunds
				85,181
				<u>Total Collections and Credits</u>
				<u>\$ 28,811,932</u>

Pender County, North Carolina  
 Analysis of Current Tax Levy  
 County - Wide Levy  
 For the Fiscal Year Ended June 30, 2008

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	\$ 4,494,020,000	0.65	\$ 29,211,130	\$ 26,405,414	\$ 2,805,716
Penalties	-		15,248	15,248	-
Total	<u>\$ 4,494,020,000</u>		<u>\$ 29,226,378</u>	<u>\$ 26,420,662</u>	<u>\$ 2,805,716</u>
Discoveries:					
Current year taxes	\$ 16,698,769	0.65	\$ 108,542	\$ 87,855	\$ 20,687
Penalties	-		7,249	7,249	-
Total	<u>\$ 16,698,769</u>		<u>\$ 115,791</u>	<u>\$ 95,104</u>	<u>\$ 20,687</u>
Abatements					
Current year taxes	\$ (24,833,385)	0.65	\$ (161,417)	\$ (116,181)	\$ (45,236)
Penalties	-		-	-	-
Total	<u>\$ (24,833,385)</u>		<u>\$ (161,417)</u>	<u>\$ (116,181)</u>	<u>\$ (45,236)</u>
Total For Year	<u>\$ 4,485,885,384</u>		<u>\$ 29,180,752</u>	<u>\$ 26,399,585</u>	<u>\$ 2,781,167</u>
Net levy			29,180,752	26,399,585	2,781,167
Less Uncollected taxes at June 30, 2008			<u>1,057,248</u>	<u>561,574</u>	<u>495,674</u>
Current year's taxes collected			<u>\$ 28,123,504</u>	<u>\$ 25,838,011</u>	<u>\$ 2,285,493</u>
Current levy collection percentage			<u>96.38%</u>	<u>97.87%</u>	<u>82.18%</u>

**Pender County, North Carolina  
 Analysis of Current Tax Levy  
 County - wide Levy  
 For the Fiscal Year Ended June 30, 2008**

**Secondary Market Disclosures:**

Assessed Valuation	
Assessment Ratio	100 %
Real Property	\$ 4,242,908,420
Personal Property	191,432,666
Public Service Companies	<u>55,005,376</u>
Total Assessed Valuation	\$ 4,489,346,462
Tax Rate per \$100	<u>0.65</u>
Levy (includes discoveries, releases and abatements)	<u><u>\$ 29,180,752</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>1,759,224</u>
Total	\$ <u><u>1,759,224</u></u>

Pender County, North Carolina  
 Ten Largest Taxpayers  
 June 30, 2008

<u>Taxpayers</u>	<u>Type of Business</u>	<u>2008 Assessed Valuation</u>	<u>% of Total Valuation</u>
Del Laboratories Inc	Manufacturing	\$ 20,154,777	0.46%
Red Mountain Timber Co I, LLC	Timber Production	18,957,111	0.43%
Four County EMC	Utilites	16,365,440	0.37%
Grandview LLC	Land Development	15,978,998	0.36%
LL Building Products	Manufacturing	13,363,766	0.30%
Bellsouth Telephone	Utilites	10,420,865	0.24%
Lowe's Home Centers	Retail Commercial	7,511,631	0.17%
TP Inc A North Carolina Corp	Real Estate Holdings	7,315,516	0.17%
Ashley Turner Building Co, Inc.	Builder/Contractor	6,626,320	0.15%
Briggs Construction Equipment	Equipment Rental	6,407,137	0.15%
Totals		<u>\$ 123,101,561</u>	<u>2.80%</u>

COMPLIANCE SECTION



CERTIFIED PUBLIC ACCOUNTANTS

Alan W. Thompson, CPA  
R. Bryon Scott, CPA  
Gregory S. Adams, CPA

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

Offices:  
Whiteville, NC  
Elizabethtown, NC  
Wilmington, NC

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, 2008, which collectively comprises Pender County's basic financial statements, and have issued our report thereon dated October 10, 2008. We did not audit the financial statements of the Pender County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pender County ABC Board is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting [08-01].

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe none of the significant deficiencies described above is a material weakness.

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*.

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the County's response and, accordingly, we express no opinion on it.

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.  
October 10, 2008



CERTIFIED PUBLIC ACCOUNTANTS

Alan W. Thompson, CPA  
R. Bryon Scott, CPA  
Gregory S. Adams, CPA

Offices:  
Whiteville, NC  
Elizabethtown, NC  
Wilmington, NC

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 the compliance of Pender County, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2008. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act and which are described in the accompanying schedule of findings and questioned costs as item 08-02.

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  
Page 2

Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as we discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 08-02 to be a significant deficiency.

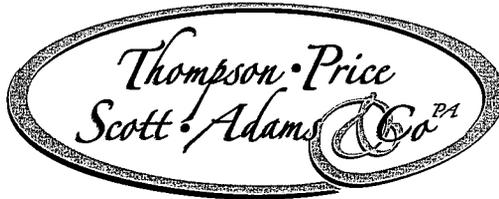
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the 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.  
October 10, 2008



CERTIFIED PUBLIC ACCOUNTANTS

Alan W. Thompson, CPA  
R. Bryon Scott, CPA  
Gregory S. Adams, CPA

Offices:  
Whiteville, NC  
Elizabethtown, NC  
Wilmington, NC

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 the compliance of Pender County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2008. 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 on Pender County's compliance with those requirements.

In our opinion, Pender County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2008.

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

The 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 requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's 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 noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 the audit committee, 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.  
October 10, 2008

PENDER COUNTY, NORTH CAROLINA  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2008

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  no
- Significant Deficiency(s) identified that are not considered to be material weaknesses  yes  none reported

Noncompliance material to financial statements noted  yes  no

Federal Awards

Internal control over major federal programs:

- Material Weakness(es) identified?  yes  no
- Significant Deficiency(s) identified that are not considered to be material weaknesses  yes  none reported

Noncompliance material to federal awards  yes  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  no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
93.778	Title XIX Medicaid
10.551, 10.561	Food Stamp Cluster
93.596, 93.667, 93.575, 93.558	Subsidized Child Care Cluster
10.557	Special Supplemental Nutrition Program - WIC
93.658, 93.659	Foster Care Title IV-E, Adoption Assistance

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 \$ 1,319,942

Auditee qualified as low-risk auditee?  yes  no

PENDER COUNTY, NORTH CAROLINA  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

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

Child Care Cluster  
SC/SA Domiciliary Care

PENDER COUNTY, NORTH CAROLINA  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

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Section II. Financial Statement Findings

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**Finding 08-01**

SIGNIFICANT DEFICIENCY

Criteria: In accordance with North Carolina General Statute 159-32, the County is to make daily deposits of amounts over \$250.

Condition: In reviewing procedures, it was noted that cash in excess of \$250 was kept on hand in some departments until the responsible persons 'had time' to make the deposit or to take the money to the finance department to make the deposit.

Effect: While it may be inconvenient to make a deposit daily, general statutes require all cash in excess of \$250 to be deposited daily.

Recommendation: Any cash in excess of \$250 should be deposited daily.

---

Section III. Federal Award Findings and Questioned Costs

---

**Finding 08-02**

SIGNIFICANT DEFICIENCY

CROSS CUTTING - N. C. Department of Health and Human Services □ Division of Social Services

Criteria: A Computer Equipment Acquisition Plan must be filed with the Division of Social Services prior to the acquisition of computer equipment.

Condition: In reviewing procedures, it was noted that proper approval was not requested for the purchase of computer equipment. While it may be considered immaterial, there is a requirement that must be adhered to.

Effect: Computer equipment was purchased without proper State approval.

Recommendation: Any purchases of computer equipment should obtain proper approval.

---

Section IV. State Award Findings and Questioned Costs

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None Reported.

PENDER COUNTY, NORTH CAROLINA  
Corrective Action Plan  
For the Year Ended June 30, 2008

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Section II - Financial Statement Findings

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Finding 08-01

Name of contact person: David McCole, Finance Officer

Corrective Action: One particular employee in the Inspections department has been replaced, thereby eliminating the problem in one department. Other departments will make valid efforts to adhere to this requirement.

Proposed Completion Date: Immediately.

---

Section III - Federal Award Findings and Question Costs

---

Finding 08-02

Name of contact persons: Jacquelyn Jordan-McLeod, Administrative Officer  
Dr. Reta Shiver, Director of Social Services

Corrective Action: The County will start complying with this requirement.

Proposed Completion Date: Immediately

---

Section IV - State Award Findings and Question Costs

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None Reported

PENDER COUNTY, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2008

Finding:	04-1
Status	The County had hired additional personnel and this should be corrected
Finding:	03-1
Status	The County had hired additional personnel and this should be corrected
Finding:	02-1
Status	The County had hired additional personnel and this should be corrected
Finding:	01-1
Status	The County had hired additional personnel and this should be corrected.
Finding:	00-1
Status	The County purchased new software which has assisted management in better managing budget line items.

Pender County, North Carolina  
 Schedule of Expenditures of  
 Federal and State Awards  
 For The Fiscal Year Ended June 30, 2008

<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:					
U.S. Department of Agriculture					
Passed-through N.C. Dept of Health and Human Services:					
Division of Social Services:					
Administration:					
Food Stamp Cluster:					
Food Stamp Program - Direct Benefits	10.551		\$ 5,297,425	\$ -	\$ -
Food Stamp Administration	10.561		242,617	-	242,617
Total Food Stamps			<u>\$ 5,540,042</u>	<u>\$ -</u>	<u>\$ 242,617</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		\$ 188,454	\$ -	\$ -
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557		813,379	-	-
Rural Utilities Service					
Water and Waste Disposal Systems for Rural Communities	10.760		\$ 308,833	\$ -	\$ -
Total			<u>\$ 308,833</u>	<u>\$ -</u>	<u>\$ -</u>
Total U.S. Dept. of Agriculture			<u>\$ 6,850,708</u>	<u>\$ -</u>	<u>\$ 242,617</u>
U.S. Dept. of Health and Human Services					
Passed-through N.C. Department of Health and Human Services Division of Public Health:					
Women's Preventive Health/TANF	93.558		\$ 4,494	\$ -	\$ -
Maternal and Child Health Services Block Grant	93.994		256,275	-	-
Immunization	93.268		12,750	-	-
Prevention Investigations and Tech Asst	93.283		76,869	-	-
Harmful Algal Blooms Program	93.283		-	-	-
Family Planning Services	93.217		35,513	-	-
Risk Reduction/Health Promotion	93.991		33,968	-	-
Diabetes Control Program Project Direct	93.945		-	-	-
CDC - Tuberculosis	93.116		37,661	-	-

Pender County, North Carolina  
 Schedule of Expenditures of  
 Federal and State Awards  
 For The Fiscal Year Ended June 30, 2008

<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 Health and Human Services:					
Administration on Aging:					
Passed-through Cape Fear Council of Governments					
Special Programs for the Aging Title IIIB					
Grants for Supportive Services and Senior Ctr.	93.044		\$ 220,747	\$ 38,956	\$ -
Social Services Block Grant	93.667		-	-	-
Nutrition Service	93.045		133,515	23,561	-
Special Program for the Aging Title IIID	93.043		6,108	321	-
Nutrition Service Incentive Program	93.053		19,747	-	-
Family Caregiver Services	93.052		26,671	1,778	-
Total Aging Cluster			\$ 406,788	\$ 64,616	\$ -
Division of Social Services:					
Administration:					
Adult Care Home Case Management	93.778		\$ 33,580	25,422	\$ 8,158
TANF Domestic Violence	93.558		8,796	-	-
Low Income Energy Asst.	93.568		9,758	-	-
Social Services Block Grant	93.667		111,995	12,508	41,501
Adoption/Foster Care	N/A		103,941	36,117	31,452
Work First Administration	93.558		53,013	-	73,482
Work First Service	93.558		388,468	-	433,027
AFDC Payment & Penalties	93.560		(95)	(26)	(26)
TANF EA Maximization	93.558		2,210	-	-
TANF TEA Foster Care	93.558		3,654	-	-
Direct Benefit Payments					
Temporary Assistance Needy Families	93.558		413,105	6	242
Rufugee Assistance Payment	93.566		1,086	-	-
Low Income Energy Assistance	93.568		80,672	-	-
Crisis Intervention					
Low Income Energy Assistance	93.568		66,214	-	-
Foster Care					
Foster Care - Title IV-E	93.658		114,461	-	109,023
Foster Care - IV-E CPS	93.658		42,071	18,531	23,540
Foster Care - In Excess	93.658		3,643	-	20,297
Foster Care - IV-E	93.658		82,830	23,084	23,085
Foster Care Title IV E - Optimal	93.659		-	-	-
Child Welfare Services					
Adoption Subsidy - Direct Benefit Payments	93.659		164,835	46,093	46,093
Permanency Planning	93.645		14,563	3,785	1,069
Independent Living Initiative	93.674		16,054	3,340	-
Total Division of Social Services			\$ 1,714,854	\$ 168,860	\$ 810,943

Pender County, North Carolina  
 Schedule of Expenditures of  
 Federal and State Awards  
 For The Fiscal Year Ended June 30, 2008

<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
Subsidized Child Care					
Child Care Development Fund Cluster					
Division of Social Services					
Child Care Development Fund - Administration	93.596		\$ 75,914	\$ -	\$ -
Division of Child Development					
Child Care and Development Fund - Discretionary	93.575		503,254	-	-
Child Care and Development Fund - Mandatory	93.596		285,793	-	-
Child Care and Development Fund - Match	93.596		191,339	106,816	-
Total Child Care Fund Cluster			<u>1,056,300</u>	<u>106,816</u>	<u>-</u>
Social Services Block Grant	93.667		12,193	-	-
Temporary Assistance for Needy Families	93.558		445,599	-	-
Smart Start			-	36,269	-
State Appropriations			-	81,602	-
TANF - MOE			-	380,760	-
Total Subsidized Child Care Cluster			<u>\$ 1,514,092</u>	<u>\$ 605,447</u>	<u>\$ -</u>
Division of Medical Assistance					
Administration					
Medical Assistance Program	93.778		\$ 523,305	\$ -	\$ 523,304
NC Health Choice	93.767		34,082	3,039	8,355
Direct Benefit Payments					
Title XIX - Medicaid	93.778		30,750,956	16,300,061	2,065,556
Transportation Services					
Medical Assistance Program	93.778		74,603	1,443	71,833
Division of Medical Assistance					
In-Home Services	93.667		12,970	-	1,853
Family Preservation	93.556		12,941	-	-
Adult Day Care	93.667		4,023	3,068	1,013
Total U.S. Dept. of Health and Human Services			<u>\$ 35,506,144</u>	<u>\$ 17,146,534</u>	<u>\$ 3,482,857</u>
U.S. Dept. of Housing and Urban Development					
Direct Program					
Lower Income Housing Assistance Program -					
Section 8 Housing Voucher Program	14.871		\$ 855,352	\$ -	\$ -
Passed-through N.C. Dept. of Economic and Community Development:					
Community Development Block Grant -					
Community Development - Concentrated Needs	14.228	04-C-1255	475,416	-	-
Scattered Sites CDBG	14.228	05-C-1415	176,562	-	-
Total U.S. Dept. of Housing and Urban Development			<u>\$ 1,507,330</u>	<u>\$ -</u>	<u>\$ -</u>
U.S. Dept. of Justice					
Domestic Violence Grant	16.589		\$ 37,548	\$ -	\$ -
Local Law Enforcement Block Grant	16.592		-	-	-
Total U.S. Dept. of Justice			<u>\$ 37,548</u>	<u>\$ -</u>	<u>\$ -</u>

Pender County, North Carolina  
 Schedule of Expenditures of  
 Federal and State Awards  
 For The Fiscal Year Ended June 30, 2008

<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
U.S. Election Association Commission					
Passed-through N.C. State Board of Election	90.401		\$ 537	\$ -	\$ -
Total U.S. Election Association Commission			\$ 537	\$ -	\$ -
U.S. Dept. of Homeland Security					
Passed through NC Dept. of Crime & Public Safety					
Homeland Security	97.074		\$ 76,420	\$ -	\$ -
Emergency Management Performance Grant	97.042		19,376	-	-
Total of U.S. Dept. of Homeland Security			\$ 95,796	\$ -	\$ -
Total Federal Programs			\$ 43,998,063	\$ 17,146,534	\$ 3,725,474
State Awards:					
N.C. Dept. of Health and Human Services					
General Health			\$ -	\$ 129,085	\$ -
Aids - State			-	500	-
Communicable Diseases			-	9,999	-
Risk Reduction/Health Promotion			-	423	-
Women's Preventive Health			-	8,895	-
Tuberculosis			-	1,034	-
Breast and Cervical Cancer Control			-	2,925	-
Healthy Carolinas Partnership Support			-	12,048	-
Division of Child Development					
Non-Allocating County Cost			-	-	223,940
SC/SA			-	-	29,831
DCD Smart Start			-	56,393	-
Division of Social Services:					
CP&L Energy Assistance			-	6,393	-
State Aid to Counties			-	33,966	-
SC/SA Domiciliary Care			-	291,017	291,017
County Fund Programs			-	-	773,378
CWS - Adoption			-	59,890	470
AFDC Incentive Program Integrity			-	15	-
Work First Non Reimbursable			-	-	136,211
Adult Protective Services			-	29,238	-
Foster Home			-	70,860	70,860
TANF Incentive Program Integrity			-	264	-

Pender County, North Carolina  
 Schedule of Expenditures of  
 Federal and State Awards  
 For The Fiscal Year Ended June 30, 2008

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed (Direct &amp; Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Cape Fear Council of Governments					
Division of Aging					
90% Senior Outreach Center			-	1,882	-
90% Medication Management			-	32,806	-
Fans			-	823	-
Total N.C. Dept. of Health and Human Services			\$ -	\$ 748,456	\$ 1,525,707
N.C. Dept. of Veterans Affairs					
Veteran Grant			\$ -	\$ 2,000	\$ -
N.C. Dept. of Transportation					
Elderly and Handicapped Transportation Assistance		36228.20.1.1	\$ -	\$ 68,797	\$ -
Work First Transportation Non-Recipient		36236.6.1.1	-	5,358	-
Work First Transportation		362367.1.1	-	5,358	-
Total of N.C. Dept. of Transportation			\$ -	\$ 79,513	\$ -
N.C. Dept. of Environment and Natural Resources					
Division of Waste Management					
White Goods Management Program			\$ -	\$ 19,133	\$ -
Scrap Tire Program			-	52,763	-
Total of N.C. Dept. of Environment and Natural Resources			\$ -	\$ 71,896	\$ -
N.C. Dept. of Cultural Resources					
State Aid to Libraries			\$ -	\$ 117,519	\$ -
LSTA Grant			-	15,000	-
Total of N.C. Dept. of Cultural Resources			\$ -	\$ 132,519	\$ -
N.C. Dept. of Emergency Management					
Emergency Management Grant			\$ -	\$ -	\$ -
Total of N.C. Dept. of Emergency Management			\$ -	\$ -	\$ -
Office of the Governor					
Teen Court			\$ -	\$ 11,000	\$ -
Counseling Service			-	71,393	-
Positive Action			-	8,940	-
Restitution			-	17,322	-
Task Force			-	6,978	-
Total of Office of the Governor			\$ -	\$ 115,633	\$ -

Pender County, North Carolina  
 Schedule of Expenditures of  
 Federal and State Awards  
 For The Fiscal Year Ended June 30, 2008

<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
N.C. Dept. of Corrections Office of Juvenile Justice Criminal Justice Partnership Grant		71-0705-I-A	\$ -	\$ 50,004	\$ -
Total of N.C. Dept. of Corrections			\$ -	\$ 50,004	\$ -
N.C. Department of Crime Control & Public Safety CHAF		071-0-04	\$ -	\$ 65,029	\$ -
N.C. Department of Public Instruction Public School Building Capital Fund			\$ -	\$ -	\$ -
Total State Awards			\$ -	\$ 1,265,050	\$ 1,525,707
Total Federal and State Awards			\$ 43,998,063	\$ 18,411,584	\$ 5,251,181

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, 2008. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Loan Balance \$ 21,856,500

**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