

PENDER COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2012

PENDER COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICERS
June 30, 2012

BOARD OF COUNTY COMMISSIONERS

George Brown - Chairman
Fred McCoy- Vice-Chairman

Jimmy Tate
Chester Ward
James David Williams, Jr.

COUNTY MANAGER
Mickey Duvall

FINANCE OFFICER
Claiburn "Butch" Watson

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FINANCIAL SECTION



CERTIFIED PUBLIC ACCOUNTANTS

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

Offices:
Whiteville, NC
Elizabethtown, NC
Wilmington, NC

Independent Auditors' Report

To the Board of County Commissioners
Pender County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pender County, North Carolina, as of and for the year ended June 30, 2012, which collectively comprise Pender County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pender County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pender County ABC Board. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for Pender County ABC Board, is based on the report of the other auditor.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2013 on our consideration of Pender County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Accounting principles and generally accepted auditing standards in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowances' and the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pender County's basic financial statements. The combining and individual nonmajor fund statements, budgetary schedules and other schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied by us and the other auditor in the our inquiries the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and State awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

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

March 26, 2013

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, 2012. 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

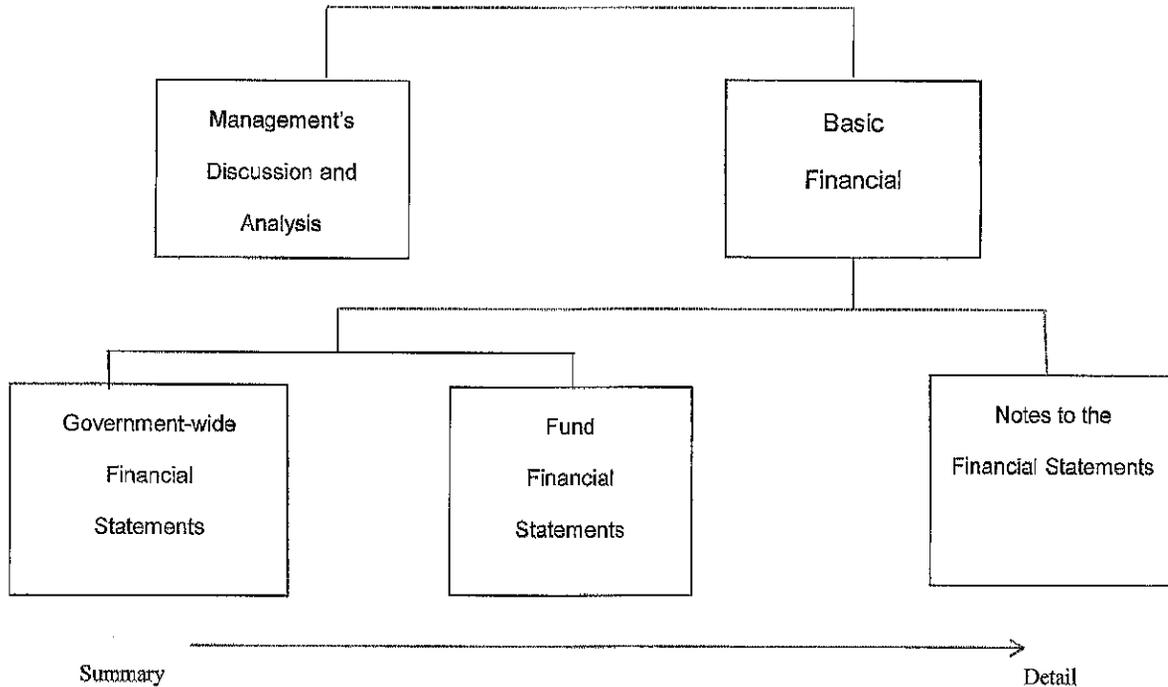
- The assets of Pender County exceeded its liabilities at the close of the fiscal year by \$30,881,347 (net assets).
- The government's total net assets increased by \$9,290,064 during the fiscal year. Of this amount, \$2,221,662 was from governmental sources, and business-type funds produced the remainder increase of \$7,068,402.
- As of the close of the current fiscal year, Pender County's governmental funds reported combined ending fund balances of \$37,831,680, a decrease of \$2,211,197 in comparison with the prior year. Approximately 21.31% of this total amount, or \$8,063,526, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,053,251, or 18.86% of total general fund expenditures for the fiscal year.
- Pender County's total debt decreased \$1,330,248 (1.22%) during the current fiscal year. This decrease was primarily due bond refundings and principal payments made during the year.
- Pender County received an upgrade in its credit rating by Standard and Poors from A+ to AA- and maintained its Aa2 rating from Moody's Investors. In addition, the North Carolina Municipal Council upgraded the County's rating from 82 to 83, which is an equivalent to an A rating.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Pender County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Pender County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

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

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Pender County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Pender County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Pender County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

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

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

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

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Pender County exceeded liabilities by \$30,881,347 as of June 30, 2012. The County's net assets increased by \$9,290,064 for the fiscal year ended June 30, 2012. Net assets are reported in three categories: invested in capital assets, net of related debt of \$56,156,314, restricted net assets of \$17,944,800, and unrestricted net assets (deficit) of (\$43,219,767).

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

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

The final category of net assets is unrestricted net assets. This balance may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net assets (deficit) totaled (\$43,219,767) at June 30, 2012. This deficit is a result of the situation described in the following paragraph.

Under North Carolina law, the County is responsible for providing capital funding for the schools. The County has chosen to meet its obligation to provide the schools capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the schools. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$57.3 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.

Pender County's Net Assets
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 44,274,441	\$ 45,926,620	\$ (3,171,344)	\$ (397,861)	\$ 41,103,097	\$ 45,528,759
Restricted Cash	3,759,819	30,429	3,125,463	12,697,707	6,885,282	12,728,136
Capital assets	30,835,020	29,146,637	72,187,184	53,131,357	103,022,204	82,277,994
Total assets	\$ 78,869,280	\$ 75,103,686	\$ 72,141,303	\$ 65,431,203	\$ 151,010,583	\$ 140,534,889
Long-term liabilities	\$ 61,645,360	\$ 63,359,716	\$ 23,918,884	\$ 23,787,307	\$ 85,564,244	\$ 87,147,023
Other liabilities	10,804,042	7,545,754	23,760,950	24,250,829	34,564,992	31,796,583
Total liabilities	\$ 72,449,402	\$ 70,905,470	\$ 47,679,834	\$ 48,038,136	\$ 120,129,236	\$ 118,943,606
Net assets:						
Invested in capital assets, net of related debt	\$ 27,387,457	\$ 27,901,941	\$ 28,768,857	\$ 19,774,917	\$ 56,156,314	\$ 47,676,858
Restricted	17,944,800	14,112,026	-	-	17,944,800	14,112,026
Unrestricted	(38,912,379)	(37,815,651)	(4,307,388)	(2,381,850)	(43,219,767)	(40,197,501)
Total net assets	\$ 6,419,878	\$ 4,198,316	\$ 24,461,469	\$ 17,393,067	\$ 30,881,347	\$ 21,591,383

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 95.45%, which is a slight increase over the previous year's rate of 95.41%. However, this rate is lower than the statewide average of 97.19%.
- Increased charges for services revenue due to increased use and consumption by customers and citizens.
- Continued low cost of debt due to the County's high bond rating.

Pender County Changes in Net Assets
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 1,647,487	\$ 1,743,472	\$ 7,750,909	\$ 6,820,739	\$ 9,398,396	\$ 8,564,211
Operating grants and contributions	8,849,865	8,838,991	1,770,647	1,519,896	10,620,512	10,358,887
Capital grants and contributions	-	3,305,525	6,676,286	396,115	6,676,286	3,701,640
General revenues:						
Property taxes	39,666,667	37,085,034	-	-	39,666,667	37,085,034
Other taxes	7,497,502	7,181,968	-	-	7,497,502	7,181,968
Grants and contributions not restricted to specific programs	668,981	643,926	-	-	668,981	643,926
Other	285,407	609,544	49,690	74,686	335,097	684,230
Total revenues	58,615,909	59,408,460	16,247,532	8,811,436	74,863,441	68,219,896
Expenses:						
General government	6,426,412	6,381,023	-	-	6,426,412	6,381,023
Public safety	15,051,305	12,978,203	-	-	15,051,305	12,978,203
Economic and physical development	2,391,784	2,119,335	-	-	2,391,784	2,119,335
Human services	13,759,437	14,482,344	-	-	13,759,437	14,482,344
Cultural and recreation	1,183,591	1,730,499	-	-	1,183,591	1,730,499
Education	15,382,020	18,520,453	-	-	15,382,020	18,520,453
Interest on long-term debt	2,199,698	2,706,733	-	-	2,199,698	2,706,733
Landfill	-	-	4,380,195	4,319,739	4,380,195	4,319,739
Water and sewer	-	-	3,501,437	2,936,771	3,501,437	2,936,771
Section 8 Housing	-	-	1,246,243	1,299,731	1,246,243	1,299,731
Country Court	-	-	51,255	40,959	51,255	40,959
Total expenses	56,394,247	58,918,590	9,179,130	8,597,200	65,573,377	67,515,790
Increase (decrease) in net assets	2,221,662	489,870	7,068,402	214,236	9,290,064	704,106
Net assets, July 1	4,198,216	3,708,346	17,393,067	17,178,831	21,591,283	20,887,177
	6,419,878	4,198,216	24,461,469	17,393,067	30,881,347	21,591,283
Prior Period Adjustment	-	-	-	-	-	-
Net assets, June 30	\$ 6,419,878	\$ 4,198,216	\$ 24,461,469	\$ 17,393,067	\$ 30,881,347	\$ 21,591,283

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities increased the County's net assets by \$2,221,662 thereby accounting for 23.91% of the total increase in the net assets of Pender County. Key elements of this increase are as follows:

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

Business-type activities: Business-type activities increased Pender County's net assets by \$7,068,402, thereby accounting for 76.09% of the total decrease in net assets of Pender County. Key elements of this increase are as follows:

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

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Pender County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Pender County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Pender County. At the end of the current fiscal year, Pender County's fund balance available in the General Fund was \$17,913,809, while total fund balance reached \$31,748,047. The Governing Board of Pender County has determined that the county should maintain an available fund balance of 30% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 37.31% of general fund expenditures, while total fund balance represents 66.12% of that same amount.

At June 30, 2012, the governmental funds of Pender County reported a combined fund balance of \$37,831,680, a 5.52 percent decrease from last year. The primary reason for this decrease was construction related to schools and other construction projects.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$688,159.

Proprietary Funds. Pender County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Resource Recovery Fund at the end of the fiscal year equaled \$36,644, those for the Water and Sewer Funds totaled a deficit of \$4,651,680, those for the Section 8 Administration Fund equaled \$265,323, and those for the Country Court Apartments equaled \$42,325. The total growth (decline) in net assets for those funds was \$32,850, (\$6,877,759), (\$3,042), and \$160,835, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of Pender County's business-type activities.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital assets. Pender County's capital assets for its governmental and business-type activities as of June 30, 2012, totals \$103,022,204 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

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

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 10,276,114	\$ 8,219,446	\$ 415,193	\$ 415,193	\$ 10,691,307	\$ 8,634,639
Buildings	10,913,402	10,055,914	12,270,582	9,604,338	23,183,984	19,660,252
Furniture, fixtures and equipment	1,709,857	1,743,123	203,005	67,269	1,912,862	1,810,392
Other	390,773	483,588	3,013	4,342	393,786	487,930
Construction in Progress	7,544,874	8,644,566	59,295,391	44,040,215	66,840,265	52,684,781
Total	\$ 30,835,020	\$ 29,146,637	\$ 72,187,184	\$ 54,131,357	\$ 103,022,204	\$ 83,277,994

Long-term Debt. As of June 30, 2012, Pender County had total bonded debt outstanding of \$81,512,000, all of which is debt backed by the full faith and credit of the County.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 58,050,000	\$ 61,095,000	\$ 23,462,000	\$ 23,757,500	\$ 81,512,000	\$ 84,852,500
Bond Anticipation Notes	-	-	22,455,000	22,155,000	22,455,000	22,155,000
Installment Purchases	2,700,359	1,475,250	626,790	141,647	3,327,149	1,616,897
Total	\$ 60,750,359	\$ 62,570,250	\$ 46,543,790	\$ 46,054,147	\$ 107,294,149	\$ 108,624,397

Pender County's total debt decreased by \$1,330,248 (1.22%) during the past fiscal year, primarily due to debt repayments and bond refundings. The County also issued \$25,000,000 of general obligation advance refunding bonds during the year.

As mentioned in the financial highlights section of this document, Pender County received an upgrade in its credit rating by Standard and Poor's from A+ to AA- and maintained its Aa2 rating from Moody's Investors. In addition, the North Carolina Municipal Council upgraded the County's rating from 82 to 83, which is equivalent to an A Rating. This bond rating is a clear indication of the sound financial condition of Pender County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Pender County is \$414,620,471. The County has \$90,789,000 in bonds authorized but un-issued at June 30, 2012.

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

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets and Rates

Economic Outlook

Pender County has been one of the fastest growing counties in North Carolina during the last decade, however, growth in population and other indicators have slowed considerably. The 2011 census population estimate is 53,611, up 3% from the 2010 population of 52,217. Commercial and residential building permits issued have risen from 542 for the 2010 calendar year to 551 for the 2011 calendar year. Tax base growth has been stagnant the last three years. The County's unemployment rate has decreased slightly from 11.4% in 2009 to 11.2% as of June 2012. The County's poverty rate still hovers above 10%, and Pender County wages still fall short of the Wilmington MSA and State averages. Ironically, in 2009 the NC Department of Commerce designated Pender County as a Tier 3 County, one of 20th most wealthy counties in the State. This designation results from the high population growth in the middle of the decade and the assessed value of Topsail Township, and certainly is not indicative of the true county-wide economic picture.

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

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

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

Encouraging Business and Industry Development

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

The County, together with Pender Progress Corporation, Four County EMC, Wilmington Industrial Business Development and the Town of Burgaw constructed an industrial shell building in Pender Progress Industrial Park in Burgaw. This 40,000 square foot building is expandable to 80,000 square feet, and is currently being marketed.

Sixty percent of the county's workforce commutes out of the county to work, and we have to reverse that ratio. Economic development is a process, and the County Commissioners will continue to devote time, effort and resources along with its economic development partners to attract and recruit industrial development, jobs and investment into Pender County.

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

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Budget Highlights for the Fiscal Year Ending June 30, 2013

Governmental Activities: The County Commissioners approved a \$50,621,312 General Fund Budget on June 18, 2012, which was included within a total budget ordinance of \$81,842,664, adopted on the same date.

The FY 12-13 General Fund Budget increased about 2.39% as compared to the FY 11-12 Adopted Budget. There was a combination of increases and decreases over last year's budget that resulted in a net increase of \$1,183,891 over FY 11-12 budget.

The General Fund shows an increase in appropriations from FY 11-12 due to increased cost of insurance, jail detention, DSS and Health Department Services.

The FY 12-13 General Fund Budget of \$50,621,312 is in balance with a tax rate of \$.512 per 100 of assessed valuation. The County-wide tax rate remained the same as last year's tax rate. Other funds are also in balance. The appropriation from the Fund Balance of the General Fund is \$3,852,916.

Recently (over the past several years), tax base growth has been steady, with a budgeted increase of \$70,096,053 from FY 11-12 to FY 12-13, which is a 1.10% increase. The most recent revaluation took effect January 1, 2011.

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

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

Plans for constructing a parallel water line from Rocky Point to the US 17 corridor are also underway. The estimated \$1.5 million project will be funded by a USDA Rural Development loan, and will deliver water from the new water plant across the county. A parallel water line from Wallace to Rocky Point has been completed at a cost of approximately \$1 million. The project to construct a major wastewater transmission line between Burgaw and Wallace has been completed, and will open up the US 117 corridor between the two towns for development now that both water and wastewater will be available. The County contributed \$2 million to this \$7.5 million project. The County is also in the process of evaluating how to most efficiently expand water availability to the Moore's Creek, Central and Columbia-Union water and sewer districts. An expansion feasibility report is underway, and more detailed planning will continue thereafter.

The County has been working diligently to finalize plans and permits for a wastewater system to serve the Maple Hill community. \$4.2 million in grant funds were secured for this project, and construction is scheduled for completion in September 2012.

In order to assure the financial sustainability of the water and sewer utility system, the County conducted a multi-year financial and rate analysis within the past year. This analysis provides the Board and citizens with a specific financial plan for the coming five years. Pender County faces about \$500 million in water and sewer needs over the next 20 years, and county leaders are well on the way in addressing those needs with nearly 15 projects underway.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Pender County, 805 S Walker St, PO Box 1578, Burgaw, North Carolina 28425. You can also call (910) 259-1282, visit our website www.pendercountync.gov or send an email to cwatson@pendercountync.gov.

BASIC FINANCIAL STATEMENTS

Pender County, North Carolina
Statement of Net Assets
June 30, 2012

	Primary Government			Component Unit	Total Reporting Unit
	Governmental Activities	Business-type Activities	Total	Pender County ABC Board	
ASSETS					
Cash and cash equivalents	\$ 29,344,240	\$ 645,119	\$ 29,989,359	\$ 604,155	\$ 30,593,514
Receivables (net)	6,696,594	653,955	7,350,549	289	7,350,838
Internal Balances	4,470,418	(4,470,418)	-	-	-
Inventories	-	-	-	552,316	552,316
Prepaid items	-	-	-	14,486	14,486
Restricted cash and cash equivalents	3,759,819	3,125,463	6,885,282	-	6,885,282
Deferred charges - Refunding	3,763,189	-	3,763,189	-	3,763,189
Capital assets:					
Land, improvements, and construction in progress	17,820,988	59,638,884	77,459,872	6,500	77,466,372
Other capital assets, net of depreciation	13,014,032	12,548,300	25,562,332	69,389	25,631,721
Total capital assets	<u>30,835,020</u>	<u>72,187,184</u>	<u>103,022,204</u>	<u>75,889</u>	<u>103,098,093</u>
Total assets	<u>78,869,280</u>	<u>72,141,303</u>	<u>151,010,583</u>	<u>1,247,135</u>	<u>152,257,718</u>
LIABILITIES					
Accounts payable and accrued expenses	2,134,733	671,971	2,806,704	498,630	3,305,334
Unearned revenue	35,522	16,025	51,547	-	51,547
Accrued interest payable	502,816	173,433	676,249	-	676,249
Customer deposits	-	39,479	39,479	-	39,479
Unamortized bond premium	3,245,588	-	3,245,588	-	-
Long-term liabilities:					
Due within one year	4,885,383	22,860,042	27,745,425	-	27,745,425
Due in more than one year	61,645,360	23,918,884	85,564,244	-	85,564,244
Total liabilities	<u>72,449,402</u>	<u>47,679,834</u>	<u>120,129,236</u>	<u>498,630</u>	<u>117,382,278</u>
NET ASSETS					
Invested in capital assets, net of related debt	27,387,457	28,768,857	56,156,314	75,889	56,232,203
Restricted	-	-	-	-	-
Stabilization by State statute	12,934,394	-	12,934,394	-	12,934,394
Economic Development	2,767	-	2,767	-	2,767
Health Department Escrow	652,018	-	652,018	-	652,018
Sheriff's Seizures	247,826	-	247,826	-	247,826
Public Safety	481,401	-	481,401	-	481,401
School Capital Projects	3,626,394	-	3,626,394	-	3,626,394
Working Capital	-	-	-	146,261	146,261
Unrestricted (deficit)	<u>(38,912,379)</u>	<u>(4,307,388)</u>	<u>(43,219,767)</u>	<u>526,356</u>	<u>(42,693,411)</u>
Total net assets	<u>\$ 6,419,878</u>	<u>\$ 24,461,469</u>	<u>\$ 30,881,347</u>	<u>\$ 748,506</u>	<u>\$ 31,629,853</u>

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

Pender County, North Carolina
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Assets				Pender County ABC Board	Total Reporting Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total			
Primary government activities:										
General government	\$ 6,426,412	\$ 438,258	\$ -	\$ -	\$ (5,988,154)	\$ -	\$ (5,988,154)	\$ -	\$ -	\$ (5,988,154)
Public safety	15,051,305	621,713	678,085	-	(13,751,507)	-	(13,751,507)	-	-	(13,751,507)
Economic and physical development	2,391,784	-	256,091	-	(2,141,693)	-	(2,141,693)	-	-	(2,141,693)
Human services	13,759,437	426,638	7,915,689	-	(5,417,110)	-	(5,417,110)	-	-	(5,417,110)
Cultural and recreation	1,183,591	160,878	6,000	-	(1,016,713)	-	(1,016,713)	-	-	(1,016,713)
Education	15,382,020	-	-	-	(15,382,020)	-	(15,382,020)	-	-	(15,382,020)
Interest on long-term debt	2,199,693	-	-	-	(2,199,693)	-	(2,199,693)	-	-	(2,199,693)
Total governmental activities	56,394,247	1,647,487	8,849,865	-	(45,896,895)	-	(45,896,895)	-	-	(45,896,895)
Business-type activities:										
Maple Hill Water Fund	192,488	126,614	-	2,487,338	-	2,421,464	2,421,464	-	-	2,421,464
Sewer Fund	6,323	594,787	-	-	-	588,464	588,464	-	-	588,464
Resource Recovery Fund	4,380,195	4,020,902	392,143	-	-	32,850	32,850	-	-	32,850
Section 8 Housing	1,246,243	-	1,378,504	-	-	132,261	132,261	-	-	132,261
Country Court Apartments	51,255	48,163	-	-	-	(3,092)	(3,092)	-	-	(3,092)
Rocky Point Water & Sewer Fund	2,994,071	2,832,463	-	-	-	(161,608)	(161,608)	-	-	(161,608)
Scott's Hill Water & Sewer	206,518	127,980	-	-	-	(78,538)	(78,538)	-	-	(78,538)
Water Treatment Plant	76,835	-	-	4,188,948	-	4,112,113	4,112,113	-	-	4,112,113
Waste Water Treatment Plant	25,202	-	-	-	-	(25,202)	(25,202)	-	-	(25,202)
Total business-type activities	9,179,130	7,500,909	1,770,647	6,676,286	-	7,018,712	7,018,712	-	-	7,018,712
Total primary government activities	65,573,377	9,398,396	10,620,512	6,676,286	(45,896,895)	7,018,712	(38,878,183)	-	-	(38,878,183)
Component units:										
Pender County ABC Board	\$ 4,918,174	\$ 4,942,344	\$ -	\$ -	\$ -	\$ -	\$ -	24,170	24,170	24,170
General revenues:										
Taxes:										
Property taxes, levied for general purpose					39,666,667		39,666,667			39,666,667
Local option sales tax					6,978,056		6,978,056			6,978,056
Other taxes and licenses					519,446		519,446			519,446
Grants and contributions not restricted to specific programs					668,981		668,981			668,981
Investment earnings, unrestricted					45,218	21,138	66,356	679	679	67,035
Gain (loss) on retirement of assets					5,000	-	5,000	-	-	5,000
Miscellaneous, unrestricted					334,189	28,552	362,741	-	-	362,741
Transfers					48,118,557	49,690	48,168,247	679	679	48,168,926
Total general revenues, special, items, and transfers					2,221,662	7,068,402	9,290,064	24,849	24,849	9,314,913
Change in net assets					4,198,216	17,293,067	21,591,283	723,657	723,657	22,314,940
Net assets-beginning					-	-	-	-	-	-
Prior Period Adjustment					-	-	-	-	-	-
Net assets-ending					\$ 6,419,878	\$ 24,461,469	\$ 30,881,347	\$ 748,506	\$ 748,506	\$ 31,629,853

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

Pender County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds			Non-Major Funds	Total Governmental Funds
	General	School Capital Project	School Special Revenue Fund	Other Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 20,638,674	\$ -	\$ -	\$ 3,624,607	\$ 24,263,281
Receivables, net	4,985,496	826	668,455	760,927	6,415,704
Advance funding of projects	5,782,100	-	-	-	5,782,100
Due from other funds	4,470,418	-	-	-	4,470,418
Prepaid expense	-	-	-	-	-
Restricted Cash	134,251	3,625,568	-	-	3,759,819
Total assets	<u>\$ 36,010,939</u>	<u>\$ 3,626,394</u>	<u>\$ 668,455</u>	<u>\$ 4,385,534</u>	<u>\$ 44,691,322</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,834,676	\$ -	\$ 19,620	\$ 94,516	\$ 1,948,812
Advance funding of projects	-	-	1,476,167	546,857	2,023,024
Due to other funds	-	-	-	-	-
Unearned revenue	35,522	-	-	-	35,522
Deferred revenue	2,392,694	-	-	459,590	2,852,284
Total liabilities	<u>4,262,892</u>	<u>-</u>	<u>1,495,787</u>	<u>1,100,963</u>	<u>6,859,642</u>
Fund balances:					
Restricted:					
Stabilization by State statute	12,934,394	-	-	-	12,934,394
Economic Development	-	-	-	2,767	2,767
Health Department Escrow	652,018	-	-	-	652,018
Sheriff's Seizures	247,826	-	-	-	247,826
Public Safety	-	-	-	481,401	481,401
School Capital Projects	-	3,626,394	-	-	3,626,394
Committed:					
Tax Revaluation	134,251	-	-	-	134,251
Automation Enhancement and Preservation	218,472	-	-	-	218,472
Capital Outlay and Improvements	4,654,919	-	-	2,962,796	7,617,715
Assigned:					
Subsequent Year's expenditures	3,852,916	-	-	-	3,852,916
Unassigned:					
Total fund balances	<u>31,748,047</u>	<u>3,626,394</u>	<u>(827,332)</u>	<u>(162,393)</u>	<u>37,831,680</u>
Total liabilities and fund balances	<u>\$ 36,010,939</u>	<u>\$ 3,626,394</u>	<u>\$ 668,455</u>	<u>\$ 4,385,534</u>	<u>\$ 44,691,322</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, 2012

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

Ending fund balance - governmental funds	\$	37,831,680
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		46,777,093
Less accumulated depreciation		<u>(15,942,073)</u>
Net capital assets		30,835,020
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		280,890
Deferred charges related to advance refunding bond issue.		3,763,189
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.		1,135,962
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide.		2,852,284
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		(60,750,359)
Compensated absences		(1,415,741)
Separation allowance		(433,544)
Other Postemployment Benefits		(3,931,099)
Unamortized Bond Premium		(3,245,588)
Accrued interest payable		<u>(502,816)</u>
		<u>(70,279,147)</u>
Net assets of governmental activities	\$	<u>6,419,878</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, 2012

	Major Fund			Non-Major Funds	Total Governmental Funds
	General Fund	School Capital Project	School Special Revenue Fund	Other Governmental Funds	
REVENUES					
Ad valorem taxes	\$ 33,001,059	\$ -	\$ -	\$ 6,255,023	\$ 39,256,082
Other taxes and licenses	7,589	825	2,404,636	-	2,413,050
Unrestricted intergovernmental	5,258,792	-	-	441,947	5,700,739
Restricted intergovernmental	8,515,413	-	-	307,760	8,823,173
Permits and fees	1,642,427	-	-	-	1,642,427
Sales and services	273,634	-	-	-	273,634
Investment earnings	43,894	475	-	850	45,219
Miscellaneous	45,001	-	-	-	45,001
Total revenues	<u>48,787,809</u>	<u>1,300</u>	<u>2,404,636</u>	<u>7,005,580</u>	<u>58,199,325</u>
EXPENDITURES					
Current:					
General government	5,875,568	-	-	-	5,875,568
Public safety	7,303,382	-	-	6,821,003	14,124,385
Economic and physical development	1,766,531	-	-	388,274	2,154,805
Human services	13,160,214	-	-	-	13,160,214
Cultural and recreational	1,150,925	-	-	-	1,150,925
Education	13,558,841	485,533	155,252	-	14,199,626
Capital outlay	-	-	1,110,000	3,285,627	4,395,627
Debt service:					
Principal	80,000	-	3,905,000	-	3,985,000
Bond Recall Payment	-	-	-	-	-
Bond Issuance Cost	-	-	-	-	-
Interest and other charges	12,960	-	2,479,048	-	2,492,008
Total expenditures	<u>42,908,421</u>	<u>485,533</u>	<u>7,649,300</u>	<u>10,494,904</u>	<u>61,538,158</u>
Excess (deficiency) of revenues over expenditures	<u>5,879,388</u>	<u>(484,233)</u>	<u>(5,244,664)</u>	<u>(3,489,324)</u>	<u>(3,338,833)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	2,858,695	1,746,067	4,604,762
Transfers to other funds	(5,104,762)	-	-	-	(5,104,762)
Proceeds from Refund of Bonds	-	-	25,860,000	-	25,860,000
Payment of Refunded Bonds	-	-	(25,000,000)	-	(25,000,000)
Premium on Refunded Bonds	-	-	2,747,306	-	2,747,306
Deferred Charges on Refunded Bonds	-	-	(3,607,306)	-	(3,607,306)
Loans	-	-	-	1,631,386	1,631,386
Reserve for Arbitrage	-	(3,750)	-	-	(3,750)
Total other financing sources and uses	<u>(5,104,762)</u>	<u>(3,750)</u>	<u>2,858,695</u>	<u>3,377,453</u>	<u>1,127,636</u>
Net change in fund balance	774,626	(487,983)	(2,385,969)	(111,871)	(2,211,197)
Fund balances-beginning	30,973,421	4,114,377	1,558,637	3,396,442	40,042,877
Fund balances-ending	<u>\$ 31,748,047</u>	<u>\$ 3,626,394</u>	<u>\$ (827,332)</u>	<u>\$ 3,284,571</u>	<u>\$ 37,831,680</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, 2012

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

Net change in fund balance - total governmental funds	\$ (2,211,197)
Capital Outlay Expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	2,984,520
Cost of disposed capital asset not recorded in fund statements	-
Depreciation Expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(1,296,137)
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.	(27,491,386)
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.	29,311,277
The County refunded bonds during the year which resulted in the following deferred charges and premiums that will be expensed over the remaining life of the loan:	
Deferred Charges	3,607,306
Unamortized Premiums	(2,747,306)
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)	275,555
Amortization of deferred charges resulted in an increase to interest expense of \$46,853, while amortization of bond premiums of \$67,360 resulted in a decrease to interest expense.	20,505
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	33,272
Increase in Separation Allowance	(57,075)
Expenses for Other Postemployment Benefits are recorded on the government-wide statements but not recorded on the fund statements.	(982,115)
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	368,630
Increase (decrease) in accrued taxes receivable	47,954
Net Revenue of Internal service funds determined to be governmental-type.	<u>357,859</u>
Change in net assets of governmental activities	\$ <u>2,221,662</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, 2012

	General Fund			Variance With Final Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 31,738,402	\$ 31,738,402	\$ 33,001,059	\$ 1,262,657
Other taxes and licenses	-	-	7,589	7,589
Unrestricted intergovernmental	4,635,349	4,635,349	5,258,792	623,443
Restricted intergovernmental	7,659,059	8,334,488	8,515,413	180,925
Permits and fees	1,664,325	1,661,923	1,642,427	(19,496)
Sales and services	266,257	273,389	273,634	245
Investment earnings	84,481	84,481	43,894	(40,587)
Miscellaneous	13,000	21,000	45,001	24,001
Total revenues	<u>46,060,873</u>	<u>46,749,032</u>	<u>48,787,809</u>	<u>2,038,777</u>
Expenditures				
Current:				
General government	6,617,126	6,563,829	5,855,922	707,907
Public safety	7,086,535	7,455,977	7,303,382	152,595
Economic and physical development	1,892,011	1,892,403	1,766,531	125,872
Human services	13,522,942	14,336,357	13,160,214	1,176,143
Cultural and recreational	1,240,054	1,259,431	1,150,925	108,506
Intergovernmental:				
Education	13,635,641	13,661,728	13,558,841	102,887
Debt service:				
Principal retirement	80,000	80,000	80,000	-
Interest and other charges	12,960	12,960	12,960	-
Total expenditures	<u>44,087,269</u>	<u>45,262,685</u>	<u>42,888,775</u>	<u>2,373,910</u>
Revenues over (under) expenditures	<u>1,973,604</u>	<u>1,486,347</u>	<u>5,899,034</u>	<u>4,412,687</u>
Other financing sources (uses):				
Transfers to other funds	(5,408,352)	(5,408,352)	(5,229,762)	178,590
Transfers from other funds	-	-	-	-
Fund balance appropriated	3,434,748	3,922,005	-	(3,922,005)
Total other financing sources (uses)	<u>(1,973,604)</u>	<u>(1,486,347)</u>	<u>(5,229,762)</u>	<u>(3,743,415)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 669,272</u>	<u>\$ 669,272</u>
Fund balances:				
Beginning of year, July 1			30,944,524	
End of year, June 30			<u>\$ 31,613,796</u>	
A legally budgeted Tax Reassessment Fund is consolidated into the General Fund for reporting purposes:				
Investment Earnings			-	
Transfer from General Fund			125,000	
Expenditures			(19,646)	
Fund Balance, beginning of year			<u>28,897</u>	
Fund Balance, end of year (Exhibit 4)			<u>\$ 31,748,047</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, 2012

	Enterprise Funds										
	Major					Non-Major					
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Courty Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	Total	Internal Service Fund
ASSETS											
Current assets:											
Cash and cash equivalents	\$ 51,132	\$ 2,319,279	\$ -	\$ -	\$ 1,460,008	\$ 323,389	\$ 46,122	\$ -	\$ 188,650	\$ 4,388,580	\$ 1,321,883
Receivables, net	387,843	188,281	-	11,942	38,604	8,059	2,523	17,152	-	653,504	-
Due from other governments	8	384	-	7	-	31	19	2	-	451	-
Due from other funds	-	678,906	-	12,568	24,507	-	-	-	-	715,981	-
Prepaid expense	-	-	-	-	-	-	-	-	-	-	-
Total current assets	438,983	3,186,850	-	23,617	1,523,119	331,479	48,664	17,154	188,650	5,758,516	1,321,883
Noncurrent assets:											
Restricted cash and cash equivalents	-	1,010,462	1,289,831	-	-	-	-	825,170	-	3,125,463	-
Capital assets:											
Land and Construction in Progress	-	21,320,351	29,222,297	4,189,256	-	-	-	2,137,607	2,789,373	59,638,884	-
Other Capital Assets (Net)	1,420,340	5,562,772	957,508	614,218	116,231	15,827	185,592	676,808	2,999,004	12,548,300	-
Total Capital Assets	1,420,340	26,883,123	30,179,805	4,803,474	116,231	15,827	185,592	2,814,415	5,788,377	72,187,184	-
Total noncurrent assets	1,420,340	27,893,585	31,469,636	4,803,474	116,231	15,827	185,592	3,639,583	5,788,377	73,312,647	-
Total assets	1,859,323	31,080,435	31,469,636	4,827,091	1,639,350	347,306	234,256	3,656,739	5,937,027	81,071,163	1,321,883
LIABILITIES											
Current liabilities:											
Advanced Funding of Projects	-	-	2,514,719	1,009,724	-	-	-	219,018	-	3,743,461	-
Accounts payable and accrued liabilities	349,069	68,646	184,220	44,604	-	18,136	534	6,662	-	671,971	185,921
Customer deposits	-	33,367	-	307	-	-	5,805	-	-	39,479	-
Accrued interest payable	-	76,305	86,681	1,128	-	-	-	9,319	-	173,433	-
Deferred Revenue	-	-	-	-	-	16,025	-	-	-	16,025	-
Due to other funds	-	37,075	1,577,179	-	-	-	-	678,906	2,893,239	5,186,399	-
Notes payable	-	-	90,528	-	-	-	6,514	-	-	97,042	-
General obligation bonds payable	-	299,500	-	8,500	-	-	-	-	-	308,000	-
Bond anticipation notes payable	-	-	22,455,000	-	-	-	-	-	-	22,455,000	-
Total current liabilities	349,069	514,893	26,908,427	1,064,263	-	34,161	12,853	913,905	2,893,239	32,690,810	185,921
Noncurrent liabilities:											
Compensated absences	10,770	25,948	877	2,867	-	5,812	-	162	-	46,436	-
OPFB Payable	42,500	108,875	-	11,142	-	26,183	-	-	-	188,700	-
Notes payable	-	-	401,092	-	-	-	128,656	-	-	529,748	-
General obligation bonds payable	-	20,216,000	-	227,000	-	-	-	2,711,000	-	23,154,000	-
Total noncurrent liabilities	53,270	20,350,823	401,969	241,009	-	31,995	128,656	2,711,162	-	23,918,884	-
Total liabilities	402,339	20,865,716	27,310,396	1,305,272	-	66,156	141,509	3,625,067	2,893,239	36,609,694	185,921
NET ASSETS											
Invested in capital assets, net of related debt	1,420,340	7,378,085	8,523,016	4,567,974	116,231	15,827	50,422	928,585	5,768,377	28,768,857	-
Unrestricted	36,644	2,836,634	(4,363,776)	(1,046,155)	1,523,119	265,323	42,325	(896,913)	(2,704,589)	(4,307,388)	1,135,962
Total net assets	\$ 1,456,984	\$ 10,214,719	\$ 4,159,240	\$ 3,521,819	\$ 1,639,350	\$ 281,150	\$ 92,747	\$ 31,672	\$ 3,063,788	\$ 24,461,469	\$ 1,135,962

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

Fender County, North Carolina
Statement of Revenues, Expenses, and Changes to Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Enterprise Funds										
	Major					Non-Major					
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	County Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	Total	Internal Service Fund
OPERATING REVENUES											
Charges for services	\$ 4,026,702	\$ 2,832,463	\$ -	\$ 123,824	\$ 594,787	\$ -	\$ -	\$ 127,755	\$ -	\$ 7,699,531	\$ -
Dwelling rental	-	-	-	-	-	-	47,688	-	-	47,688	-
Other operating revenue	200	-	-	2,790	-	-	475	225	-	3,690	-
Sales tax refund	-	-	-	-	-	-	-	-	-	-	-
Premiums received	-	-	-	-	-	-	-	-	-	-	3,093,482
Total operating revenues	4,026,902	2,832,463	-	126,614	594,787	-	48,163	127,980	-	7,750,909	3,093,482
OPERATING EXPENSES											
Personnel	187,671	554,272	61,817	60,499	-	120,472	-	16,272	-	1,001,003	-
Contracted services	4,113,749	374,890	12,774	12,774	-	-	15,483	35,019	-	4,551,915	-
Water purchases	-	485,836	-	41,827	-	-	-	-	-	527,663	-
System maintenance	41,011	366,022	7,314	31,006	40	15,428	28,062	21,455	-	510,338	-
Administration and housing assistance	-	-	-	-	-	1,101,090	-	-	25,202	1,101,090	-
Depreciation	23,447	236,694	1,612	29,609	6,283	2,760	7,710	23,475	-	356,792	-
OP&B Expense	11,717	33,679	2,810	2,810	-	6,493	-	-	-	54,699	-
Other Equipment	2,600	15,216	-	178,325	6,323	1,246,243	51,255	96,221	25,202	17,816	3,233,623
Total operating expenses	4,389,195	2,866,609	70,743	178,325	12,606	1,246,243	118,478	174,767	50,704	8,121,316	3,233,623
Operating income (loss)	(359,293)	765,854	(70,743)	(51,911)	588,464	(1,246,243)	(3,092)	(31,758)	(25,202)	(370,407)	(182,141)
NONOPERATING REVENUES (EXPENSES)											
Interest revenue (expense)	-	(926,889)	12,805	(13,963)	-	22	50	(108,701)	-	(1,036,676)	-
Operating Subsidy - HUD	-	-	-	-	-	1,378,504	-	-	-	1,378,504	-
Miscellaneous Revenue	-	-	-	-	-	28,552	-	-	-	28,552	-
Total nonoperating revenue (expenses) and transfers	(359,293)	(161,035)	(57,938)	(63,874)	588,464	1,60,835	(3,042)	(76,942)	(25,202)	(27)	(142,141)
Other Financing Sources (Uses)											
Capital Contributions	124,404	-	4,188,948	2,487,338	-	-	-	-	-	6,800,690	-
Reimbursements from school	261,136	-	-	-	-	-	-	-	-	261,136	-
Other Reimbursements	6,503	-	-	-	-	-	-	-	-	6,503	-
Contribution from General Fund	-	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	-	-	-	500,000
Total other financing sources (uses)	392,143	-	4,188,948	2,487,338	-	-	-	-	-	7,066,429	500,000
Change in net assets	32,850	(161,035)	4,131,010	2,421,464	588,464	160,835	(3,042)	(76,942)	(25,202)	7,068,402	357,859
Total net assets - beginning	1,424,134	10,375,754	28,230	973,455	4,393,676	120,315	95,789	108,614	(126,900)	17,393,067	778,103
Prior Period Adjustment	-	-	-	126,900	(3,342,790)	-	-	-	3,215,890	-	-
Total net assets - ending	\$ 1,456,984	\$ 10,214,719	\$ 4,159,240	\$ 3,521,819	\$ 1,039,350	\$ 281,150	\$ 92,747	\$ 31,672	\$ 3,069,788	\$ 24,461,469	\$ 1,135,962

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

Pender County, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2012

	Enterprise Funds										
	MAJOR					NON-MAJOR					Internal Service Fund
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	County Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	Total	
Cash flows from operating activities:											
Cash received from customers	\$ 3,953,899	\$ 2,931,100	\$ -	\$ 132,826	\$ 594,700	\$ 13,790	\$ 45,166	\$ 110,826	\$ -	\$ 7,782,307	\$ 3,093,482
Cash paid for goods and services	(4,160,382)	(1,233,215)	(7,314)	(600,850)	(40)	(1,114,180)	(43,498)	(49,812)	-	(7,229,291)	(3,164,797)
Cash paid to employees for services	(189,005)	(561,622)	(60,940)	(62,179)	-	(120,819)	(390)	(16,110)	-	(1,010,675)	-
Customer deposits received	-	-	-	-	-	-	(390)	-	-	(390)	-
Other operating revenue	200	-	-	2,790	-	-	475	-	-	3,465	-
Net cash provided (used) by operating activities	(395,288)	1,116,263	(68,254)	(527,413)	594,660	(1,221,209)	1,753	44,904	-	(454,584)	(71,315)
Cash flows from noncapital financing											
Transfers in (out)	-	-	-	-	-	-	-	-	-	-	500,000
Due to/from	-	-	-	-	-	-	2,097	-	-	2,097	-
General Fund Advance to cover expenses	-	-	2,514,719	711,093	-	1,378,504	-	219,018	-	3,444,830	-
Operating Subsidy	-	-	-	-	-	28,552	-	-	-	1,378,504	-
Miscellaneous Revenue	-	-	-	-	-	-	-	-	-	28,552	-
Net cash provided (used) by capital and related financing activities	-	-	2,514,719	711,093	-	1,407,056	2,097	219,018	-	4,853,983	500,000
Cash flows from capital and related financing activities:											
Acquisition and construction of capital assets	-	(346,263)	(16,413,183)	(2,649,016)	-	(15,615)	-	(282,783)	(3,034)	(19,709,900)	-
Proceeds from Grants, Loans and Debt	392,143	-	5,024,476	2,487,338	-	-	-	-	-	7,903,957	-
Principal paid on bond maturities and equipment contracts	-	(287,500)	(43,908)	(8,000)	-	-	(6,478)	-	-	(345,886)	-
Interest paid on bond maturities and equipment contracts	-	(928,535)	(106,560)	(14,002)	-	-	-	(110,169)	-	(1,159,266)	-
Net cash provided (used) by capital and related financing activities	392,143	(1,562,304)	(11,539,175)	(183,680)	-	(15,615)	(6,478)	(392,952)	(3,034)	(13,311,095)	-
Cash flows from investing activities:											
Interest on investments	-	573	18,897	-	-	22	50	1,596	-	21,138	-
Net increase (decrease) in cash and cash equivalents	(3,145)	(445,468)	(9,073,813)	-	594,660	170,254	(2,578)	(127,434)	(3,034)	(8,890,538)	428,685
Cash and cash equivalents, July 1	54,277	3,775,209	10,365,644	-	865,548	153,135	48,700	952,604	191,684	16,404,601	893,198
Cash and cash equivalents, June 30	\$ 51,132	\$ 3,329,741	\$ 1,289,831	\$ -	\$ 1,460,008	\$ 323,389	\$ 46,122	\$ 823,170	\$ 188,650	\$ 7,514,043	\$ 1,321,883

(continued)

Pender County, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2012

	Enterprise Funds										
	Major					Non-Major					Total
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Apartments Fund	Country Court Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	
	\$ (359,293)	\$ 765,854	\$ (70,743)	\$ (51,911)	\$ 588,464	\$ (1,246,243)	\$ (3,092)	\$ 31,759	\$ (25,202)	\$ (370,407)	\$ (142,141)
Operating income											
Adjustments to reconcile operating income to net cash provided by operating activities:											
Depreciation	23,447	236,694	1,612	29,609	6,283	2,760	7,710	23,475	25,202	356,792	-
OPER Expense	11,717	33,679	-	2,810	-	6,495	-	-	-	54,699	-
Landfill closure and postclosure care costs	-	-	-	-	-	-	-	-	-	-	-
Changes in assets and liabilities:											
(Increase) Decrease in accounts receivable	(66,805)	87,999	-	9,045	(87)	(2,235)	(2,522)	(17,154)	-	8,243	-
Decrease in inventory	-	-	-	-	-	-	-	-	-	-	-
(Increase) in prepaid items	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	(3,022)	(11,251)	-	(515,243)	-	2,338	47	6,662	-	(520,469)	70,826
(Decrease) in delinquent revenues	-	-	-	-	-	16,025	-	-	-	16,025	-
(Decrease) in customer deposits	-	10,638	-	(43)	-	-	(390)	-	-	10,205	-
Increase (decrease) in accrued vacation pay	(1,334)	(7,350)	877	(1,680)	-	(347)	-	162	-	(9,672)	-
Total adjustments	(35,955)	350,409	2,489	(475,502)	6,196	25,034	4,845	13,145	25,202	(84,177)	70,826
Net cash provided (used) by operating activities	\$ (395,288)	\$ 1,116,263	\$ (68,254)	\$ (527,413)	\$ 594,660	\$ (1,221,209)	\$ 1,753	\$ 44,904	\$ -	\$ (454,584)	\$ (71,315)

(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, 2012

	Agency Funds
Assets	
Cash and investments	\$ 40,144
Total assets	<u>40,144</u>
Liabilities	
Accounts payable	40,144
Due to other funds	-
Total liabilities	<u>40,144</u>
Net assets	
Held in trust (Fiduciary net assets)	<u>\$ -</u>

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

PENDER COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of Pender County and its component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Description of the Reporting Entity

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

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

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

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

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

The Scott's Hill Water and Sewer District (the District) was established by the Pender County Board of Commissioners on February 20, 2006. It includes a section of Southeast Pender County near the New Hanover County line. Approximately 650 potential customers (households and businesses) are within the District. The District began the provision of potable water to the customers in the District in November 2011. 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.

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

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

Pender County ABC Board

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

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

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

Other Component Unit

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

B. Basis of Presentation – Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

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

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

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

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

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

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

The County reports the following fund type:

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

Measurement Focus, Basis of Accounting

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements - The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Pender County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they became due. Therefore, taxes for vehicles registered from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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

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

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Emergency Telephone, Fire District, and Revaluation Special Revenue Funds, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for Capital Reserve Special Revenue Fund, the Capital Projects funds, and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. During the year, several material amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

State Law [G.S. 159-30(c)] authorizes the County and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The County and the ABC Board's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

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

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2011. As allowed by State law, the County has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventories and Prepaid Items

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

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

7. Capital Assets

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

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

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

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

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

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

8. Long-Term Obligations

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

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

9. Compensated Absences

The vacation policy of the County generally provides for the accumulation of up to 240 hours earned vacation leave with such leave being fully vested when earned. Effective July 1, 1994, the County has elected to pay, upon satisfactory separation of service from the County with over five years of service to the County, 25% of the accumulated sick leave value to the separating employee. Accumulated earned leave pay at June 30, 2012, amounted to \$1,462,177 in total, \$1,415,741 of which represents the liability of the governmental funds and is recorded in the government-wide statements and \$46,436 is recorded in the Enterprise Funds. The 75% remaining unused sick leave accumulated at the time of retirement may also be used in the determination of length of service for retirement benefit purposes. Since no termination payment is involved, no accrual for this part of the sick leave is provided by the County.

ABC Board employees may accumulate up to two hundred forty hours earned vacation, and such leave is fully vested when earned. Accumulated earned vacation amounted to approximately \$27,039 at June 30, 2012. 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 \$140,560 at June 30, 2012.

10. Net Assets/Fund Balances

Net Assets

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

Fund Balances

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

The governmental fund types classify fund balance as follows:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 2: Stewardship, Compliance and Accountability

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

1. Noncompliance with North Carolina General Statutes

None Noted.

2. Deficit Fund Balance or Net Assets of Individual Funds

The County reported deficit fund balances in the following accounts:

Domestic Violence Grant	\$	42,000
Fire Service District		232,403
05 CHAF		17
HPRP Grant		5,312
Giant Salvinia Eradication		2,792
CDBG Scattered Sites		112,272
Vehicle Replacement Fund		155,866
School Special Revenue Fund		827,332

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

NOTE 3: Detail Notes on All Funds

A. Assets

1. Deposits

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

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County and the ABC Board rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2012, the County's deposits had a carrying amount of \$14,067,099 and a bank balance of \$14,763,081. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remaining \$13,763,081 was covered by collateral held under the Pooling Method. Of this amount, \$1,714 was cash on hand.

At June 30, 2012, the carrying amount of deposits for Pender County ABC Board was \$603,355 and the bank balance was \$519,832. At June 30, 2012, the Board has a concentration of credit risk in that deposits with a carrying amount of \$493,785 and bank balances of \$425,246 were on deposit in one financial institution. These exceeded the FDIC deposit limit of \$250,000 for interest bearing accounts. Both First Citizens Bank and Trust Company and Bank of America have selected the Pooling Method to secure public deposits.

2. Investments

As of June 30, 2012, the County's investments consisted of \$22,847,686 in the North Carolina Capital Management Trust's cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The County has no policy on credit risk.

3. Receivables

	Taxes and		Due from Other		Other	Total
	Accounts	Related Accrued Interest	Sales Tax	Governments		
Governmental Activities:						
General	\$ 362,405	\$ 3,026,774	\$ 163,624	\$ 2,401,233	\$ -	\$ 5,954,036
Other Governmental	14,880	573,272	266,550	689,188	-	1,543,890
Total Receivables	377,285	3,600,046	430,174	3,090,421	-	7,497,926
Allowance for Doubtful Accounts	-	(801,332)	-	-	-	(801,332)
Total Governmental Activities	\$ 377,285	\$ 2,798,714	\$ 430,174	\$ 3,090,421	\$ -	\$ 6,696,594
Business Type Activities:						
Maple Hill Water Fund	\$ 16,342	\$ -	\$ 6	\$ -	\$ -	\$ 16,348
Sewer Fund	38,604	-	-	-	-	38,604
Resource Recovery	119,281	446,412	9	-	-	565,702
Section 8 Administration	5,449	-	31	-	-	5,480
Country Court	-	-	19	-	2,523	2,542
Rocky Point Water & Sewer	500,380	-	384	-	-	500,764
Scotts Hill Water & Sewer	19,322	-	2	-	-	19,324
Total Receivables	699,378	446,412	451	-	2,523	1,148,764
Allowance for doubtful accounts	(336,602)	(160,817)	-	-	-	(497,419)
Total Business-Type Activities	\$ 362,776	\$ 285,595	\$ 451	\$ -	\$ 2,523	\$ 651,345

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

Local Option Sales Tax	\$1,943,320
Franchise Tax	76,109
Title XIX	718,218
Foster Care	25,118
Day Care	207,194
Other	120,462
Total	\$3,090,421

4. Receivables - Allowances for Doubtful Accounts:

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

General:	
Ad Valorem Taxes	\$ 687,650
Special Revenue:	
Ad Valorem Taxes	\$ 113,682

5. Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

Governmental Activities	Beginning Balances				Ending Balances
	July 1, 2011	Additions	Retirements	Transfers	June 30, 2012
Capital assets not being depreciated:					
Land	\$ 8,219,446	\$ 2,056,668	\$ -	\$ -	\$ 10,276,114
Construction in Progress	8,644,566	2,759,555	3,859,247	-	7,544,874
Total capital assets not being depreciated	16,864,012	4,816,223	3,859,247	-	17,820,988
Other capital assets:					
Buildings & Improvements	19,961,447	1,460,142	-	-	21,421,589
Intangibles	1,219,996	19,638	-	-	1,239,634
Equipment	2,624,459	194,759	24,072	-	2,795,146
Vehicles	3,370,606	353,065	228,975	5,100	3,499,736
Total other capital assets at historical cost	27,176,508	2,027,544	253,047	5,100	28,956,105
Less accumulated depreciation for:					
Buildings & Improvements	9,905,533	602,654	-	-	10,508,187
Intangibles	736,408	112,453	-	-	848,861
Equipment	2,024,947	115,934	24,072	-	2,116,809
Vehicles	2,226,995	465,096	228,975	5,100	2,468,216
Total other capital assets at historical cost	14,893,883	1,296,137	253,047	5,100	15,948,073
Other capital assets, net	12,282,625	731,407	-	-	13,014,032
Governmental activities capital assets, net	\$ 29,146,637	\$ 5,547,630	\$ 3,859,247	\$ -	\$ 30,835,020

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

Governmental activities	
General governmental	367,210
Public Safety	466,562
Human Services	324,663
Education	57,805
Economic and physical development	64,192
Cultural and Recreational	15,705
Total depreciation expense	\$ 1,296,137

Business-type activities:

	Beginning Balances	Increases	Decreases	Ending Balances
SEWER FUND				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	256,544	-	-	256,544
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	16,295	-	-	16,295
Total capital assets being depreciated	272,839	-	-	272,839
Less accumulated depreciation for:				
Buildings and improvements	134,030	6,283	-	140,313
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	16,295	-	-	16,295
Total accumulated depreciation	150,325	6,283	-	156,608
Business type activities capital assets, net	\$ 122,514	\$ (6,283)	\$ -	\$ 116,231
Maple Hill				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ 4,930	\$ -	\$ -	\$ 4,930
Construction in progress	1,540,240	2,649,016	-	4,189,256
Total capital assets not being depreciated	1,545,170	2,649,016	-	4,194,186
Capital assets being depreciated:				
Buildings and improvements	1,202,031	-	-	1,202,031
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total capital assets being depreciated	1,202,031	-	-	1,202,031
Less accumulated depreciation for:				
Buildings and improvements	563,134	29,609	-	592,743
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	563,134	29,609	-	592,743
Business type activities capital assets, net	\$ 2,184,057	\$ 2,619,407	\$ -	\$ 4,803,474

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	20,767,714	209,144	-	20,976,858
Total capital assets not being depreciated	21,111,207	209,144	-	21,320,351
Capital assets being depreciated:				
Buildings and improvements	7,059,454	-	-	7,059,454
Intangibles	9,485	-	-	9,485
Vehicles	212,533	137,125	-	349,658
Equipment	33,907	-	-	33,907
Total capital assets being depreciated	7,315,379	137,125	-	7,452,504
Less accumulated depreciation for:				
Buildings and improvements	1,457,667	184,308	-	1,641,975
Intangibles	8,495	271	-	8,766
Vehicles	171,700	50,072	-	221,772
Equipment	15,176	2,043	-	17,219
Total accumulated depreciation	1,653,038	236,694	-	1,889,732
Business type activities capital assets, net	\$ 26,773,548	\$ 109,575	\$ -	\$ 26,883,123

Section 5 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	15,615	5,100	15,615
Equipment	-	-	-	-
Total capital assets being depreciated	14,483	15,615	5,100	24,998
Less accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Intangibles	6,411	938	-	7,349
Vehicles	5,100	1,822	5,100	1,822
Equipment	-	-	-	-
Total accumulated depreciation	11,511	2,760	5,100	9,171
Business type activities capital assets, net	\$ 2,972	\$ 12,855	\$ -	\$ 15,827

Country Court 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	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	140,695	7,590	-	148,285
Intangibles	820	120	-	940
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	141,515	7,710	-	149,225
Business type activities capital assets, net	\$ 193,302	\$ (7,710)	\$ -	\$ 185,592

Business-type activities (continued):

	Beginning Balances	Increases	Decreases	Ending Balances
Solid Waste				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ 66,770	\$ -	\$ -	\$ 66,770
Construction in progress	-	-	-	-
Total capital assets not being depreciated	66,770	-	-	66,770
Capital assets being depreciated:				
Buildings and improvements	1,857,726	-	-	1,857,726
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	47,795	-	-	47,795
Total capital assets being depreciated	1,905,521	-	-	1,905,521
Less accumulated depreciation for:				
Buildings and improvements	488,414	19,427	-	507,841
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	40,090	4,020	-	44,110
Total accumulated depreciation	528,504	23,447	-	551,951
Business type activities capital assets, net	\$ 1,443,787	\$ (23,447)	\$ -	\$ 1,420,340

	Beginning Balances	Increases	Decreases	Ending Balances
Scott's Hill Water & Sewer				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 1,876,614	\$ 260,993	\$ -	\$ 2,137,607
Total capital assets not being depreciated	1,876,614	260,993	-	2,137,607
Capital assets being depreciated:				
Buildings and improvements	825,000	-	-	825,000
Intangibles	-	-	-	-
Vehicles	-	21,377	-	21,377
Equipment	-	-	-	-
Total capital assets being depreciated	825,000	21,377	-	846,377
Less accumulated depreciation for:				
Buildings and improvements	146,094	20,625	-	166,719
Intangibles	-	-	-	-
Vehicles	-	2,850	-	2,850
Equipment	-	-	-	-
Total accumulated depreciation	146,094	23,475	-	169,569
Business type activities capital assets, net	\$ 2,555,520	\$ 258,895	\$ -	\$ 2,814,415

	Beginning Balances	Increases	Decreases	Ending Balances
Water Treatment Plant				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 14,065,102	\$ 16,092,277	\$ 935,082	\$ 29,222,297
Total capital assets not being depreciated	14,065,102	16,092,277	935,082	29,222,297
Capital assets being depreciated:				
Buildings and improvements	-	935,082	-	935,082
Intangibles	-	-	-	-
Vehicles	-	24,038	-	24,038
Equipment	-	-	-	-
Total capital assets being depreciated	-	959,120	-	959,120
Less accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Intangibles	-	-	-	-
Vehicles	-	1,612	-	1,612
Equipment	-	-	-	-
Total accumulated depreciation	-	1,612	-	1,612
Business type activities capital assets, net	\$ 14,065,102	\$ 17,049,785	\$ 935,082	\$ 30,179,805

	Beginning			Ending
	Balances	Increases	Decreases	Balances
Waste Water Treatment Plant				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 5,790,545	\$ 3,034	\$ 3,024,206	\$ 2,769,373
Total capital assets not being depreciated	<u>5,790,545</u>	<u>3,034</u>	<u>3,024,206</u>	<u>2,769,373</u>
Capital assets being depreciated:				
Buildings and improvements	-	3,024,206	-	3,024,206
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total capital assets being depreciated	<u>-</u>	<u>3,024,206</u>	<u>-</u>	<u>3,024,206</u>
Less accumulated depreciation for:				
Buildings and improvements	-	25,202	-	25,202
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	<u>-</u>	<u>25,202</u>	<u>-</u>	<u>25,202</u>
Business type activities capital assets, net	<u>\$ 5,790,545</u>	<u>\$ 3,002,038</u>	<u>\$ 3,024,206</u>	<u>\$ 5,768,377</u>
Total Business-type activities	\$ 53,131,357	\$ 23,015,115	\$ 3,959,288	\$ 72,187,184

Construction Commitments

The government has active construction projects as of June 30, 2012. The projects include various school construction projects, as well as water district projects. At June 30, 2012, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Rocky Point / Topsail Phase V	\$ 132,635	\$ 152,945
Scotts Hill Water & Sewer District	3,232,596	274,959
Water Treatment Plant	27,555,423	1,821,303
Total	<u>\$ 30,920,654</u>	<u>\$ 2,249,207</u>

Discretely presented component units

The following is a summary of proprietary fund type fixed assets for the ABC Board at June 30, 2012:

	Useful Life	Cost June 30, 2012	Accumulated Depreciation	Net Amount
Property	15 - 50 yrs	\$ 143,406	\$ 102,051	\$ 41,355
Equipment	5 - 10 yrs	204,893	176,858	28,035
Vehicle	5 yrs	20,622	20,622	-
		<u>\$ 368,921</u>	<u>\$ 299,531</u>	<u>\$ 69,390</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2012, were as follows:

	Salaries and				Total
	Vendors	Benefits	Accrued Interest	Other	
Governmental Activities:					
General	\$ 1,834,676	\$ -	\$ 502,816	\$ -	\$ 2,337,492
Other Governmental	114,136	-	-	-	114,136
Internal Service	-	185,921	-	-	185,921
Total Governmental Activities	\$ 1,948,812	\$ 185,921	\$ 502,816	\$ -	\$ 2,637,549
Business-type Activities					
Maple Hill Water Fund	\$ 44,604	\$ -	\$ 1,128	\$ -	\$ 45,732
Sewer Fund	-	-	-	-	-
Resource Recovery	349,069	-	-	-	349,069
Section 8 Administration	16,284	-	-	-	16,284
Country Court Apts	534	-	-	-	534
Scott's Hill Water & Sewer	6,662	-	9,319	-	15,981
Water Treatment Plant	184,320	-	86,681	-	271,001
Rocky Point Water & Sewer	68,646	-	76,305	-	144,951
Total Business-Type Activities	\$ 670,119	\$ -	\$ 173,433	\$ -	\$ 843,552

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System of North Carolina

Plan Description. Pender County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. The report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.97% and 7.05%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 6.88% 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, 2012, 2011, and 2010 were \$938,888, \$856,398, and \$627,145, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$26,744, \$22,982, and \$15,419 respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description:

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	64
Total	<u>65</u>

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies:

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

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

3. Contributions:

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

The annual required contributions for the fiscal year ended June 30, 2012 was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 – 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected pay on a closed basis. The remaining amortization period at December 31, 2011 was 20 years.

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

Annual Required Contribution	\$	67,854
Interest on Net Pension Obligation		18,823
Adjustments to Annual Required Contributions		(22,458)
Annual Pension Cost	\$	64,219
Contributions Made		(7,144)
Increase (Decrease) in Net Pension Obligation	\$	57,075
Net Pension Obligation Beginning of Year		376,469
Net Pension Obligation End of Year	\$	<u>433,544</u>

3-Year Trend Information

Year Ended	Cost (APC)	APC Contributed	Obligation
6-30-10	54,183	18.47%	311,485
6-30-11	72,403	10.25%	376,469
6-30-12	64,219	11.12%	433,544

4. Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$485,848, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$485,848. The covered payroll (annual payroll of active employees covered by the plan) was \$2,309,593, and the ratio of the UAAL to the covered payroll was 21.04%.

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, 2012 were \$135,106, which consisted of \$112,388 from the County and \$22,718 from the law enforcement officers.

d. Deferred Compensation Plan

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

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

e. Register of Deeds' Supplemental Pension Fund

Plan Description . Pender County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds that is retired under the Local Government Employees' Retirement System (LGRS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Register of Deeds' Supplemental Pension fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2012, the County's required and actual contributions were \$5,618.

f. Other Post-employment Benefits

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

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

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

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

The current ARC rate is 6.77% of annual covered payroll. For the current year, the County contributed \$53,914 or .41% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a Board resolution, for employees not engaged in law enforcement and for law enforcement officers represented .41% and .12% of covered payroll, respectively. There were no contributions made by employees. The County's obligation to contribute to HCB Plan is established and may be amended by the Board of Commissioners.

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

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

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

Annual required contribution	\$ 1,087,088
Interest on net OPEB obligation	81,450
Adjustment to annual required contribution	<u>(77,810)</u>
Annual OPEB cost (expense)	1,090,728
Contributions made	<u>(53,914)</u>
Increase (decrease) in net OPEB obligation	1,036,814
Net OPEB obligation, beginning of year	<u>3,082,985</u>
Net OPEB obligation, end of year	<u>\$ 4,119,799</u>

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

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 1,047,796	3.20%	\$ 2,036,287
2011	\$ 1,090,728	4.00%	\$ 3,082,985
2012	\$ 1,090,728	4.94%	\$ 4,119,799

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial liability (UAAL) was \$8,009,338. The covered payroll (annual payroll of active employees covered by the plan) was \$12,994,710, and the ratio of UAAL to the covered payroll was 61.6 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2010, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included a 3.00 percent inflation assumption. The medical cost trend rate varied between 10.50 and 5.00 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected unit credit on a level percent of pay, open basis. The remaining amortization period at December 31, 2010, was 30 years.

g. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

3. Deferred/Unearned Revenues:

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

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
Prepaid taxes not yet earned (General)	\$ 35,522	\$ 35,522
Taxes Receivable, net (General)	2,379,694	-
Taxes Receivable, net (Special Revenue)	459,590	-
Special assessments (General)	13,000	-
Total	\$ 2,887,806	\$ 35,522

4. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a participant in one insurance pool administered by the North Carolina Association of County Commissioners Liability and Property Pool, 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 partially self-insured for group medical and prescription drug coverage and self-insured for group dental coverage. The County contracts with Employers Direct Health beginning in 2007 to administer the program. The contract provides for stop-loss reinsurance protection on an aggregate and specific basis. Aggregate stop-loss insures cumulative covered claims above the annual attachment point during any contract period. Specific stop-loss insures covered claims above \$75,000 for any one participant after the County has satisfied an additional \$100,000 aggregating specific deductible in any contract period. The group dental coverage has limited ability due to plan design and no stop-loss reinsurance is purchased.

For workers compensation claims, the County contracts with the North Carolina Association of County Commissioners to administer its workers compensation program.

The liability of unpaid claims of the County as of June 30, 2012 is as follows:

	<u>Fiscal Year Ended June 30,</u>	
	2012	2011
Unpaid claims at July 1	\$ 115,095	\$ 189,337
Incurred claims and judgements for current and prior year events where the County has retained risk of loss	2,492,324	2,079,600
Payments on claims for current and prior year events where the County has retained risk of loss	2,421,498	2,153,842
Unpaid claims at June 30	\$ 185,921	\$ 115,095

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 and the County Manager are individually bonded for \$100,000. The Tax Collector, Director of Utilities, and Register of Deeds are each individually bonded for \$50,000. The Deputy Tax Collector and Deputy Finance Director are each individually bonded for \$30,000. The Housing Director is bonded for \$25,000.

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

The County continues to carry commercial insurance for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years

6. Contingent Liabilities

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

7. Long Term Debt

Mortgage Notes

Pender County Housing Authority (Country Court Enterprise Fund) has outstanding two notes aggregating \$135,170 due to the Farmer's Home Administration. The notes are collateralized by an apartment complex with a carrying value of \$192,342 and bear interest at 1%.

General Obligation Bonds

The general obligation bonds serviced by the General Fund are collateralized by the full faith, credit and taxing power of the County. The general obligation bonds serviced by the Water Fund, and Sewer Fund are collateralized by the full faith, credit and taxing power of the Maple Hill Water District and the Rocky Point – Topsail Water and Sewer District. The following individual issues are outstanding at June 30, 2012:

Serviced by the General Fund:

Refunded - General Obligation School Bonds, Series 1997 \$3,425,000 due in annual payments ranging from \$300,000 to \$465,000, plus interest at 3.36% through 2017, serviced by the Special Revenue Fund	\$ 2,040,000
General Obligation Refunding Bonds, Series 2010 \$4,985,000 due in annual payments ranging from \$10,000 to \$460,000, plus interest ranging from 4.40% to 4.70% through 2022, serviced by the Special Revenue Fund.	4,435,000
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.	2,840,000

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.	5,600,000
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.	17,275,000
Refunded-General Obligation School Bonds, Series 2012 \$25,860,000 due in annual installments ranging from \$155,000 to \$3,010,000 plus interest at 2% through 2026, serviced by the School Capital Project Fund.	<u>25,860,000</u>

Total General Obligation Bonds (Governmental Activities)	<u>\$ 58,050,000</u>
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Serviced by Water and Sewer Districts:

Maple Hill Water District Bond R-1 \$330,000 to USDA Rural Development, due in annual payments ranging from \$3,500 to \$14,000, plus interest at 5.75%, through June 2031	\$ 235,500
Scott's Hill Water & Sewer District Bonds, Series 2011 to USDA Rural Development, due in annual payments ranging from \$32,000 to \$128,000, plus interest at 4.125% through June 2051.	2,711,000
Rocky Point - Topsail Water & Sewer District Bonds, Series 2001 to USDA Rural Development, due in annual payments ranging from \$39,000 to \$156,000, plus interest at 4.75% on \$2,783,000, and 4.875% on \$850,000 through June 2041.	3,215,500
Rocky Point - Topsail Water & Sewer District Bonds, Series 2002 to USDA Rural Development, due in annual payments ranging from \$4,000 to \$16,000, plus interest at 4.75% on \$375,000, through June 2041.	333,000
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.	16,967,000
Total Serviced by the Enterprise Funds	<u>\$ 23,462,000</u>

Bond Anticipation Notes

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

\$17,500,000 Water Bond Anticipation Note, Series 2012, dated April 3, 2012, maturing October 17, 2012, bearing interest at 0.50%.	\$ 17,500,000
\$4,955,000 Revenue Water Bond Anticipation Note, Series 2010, dated October 12, 2010, maturing October 17, 2012, bearing interest at 1.20%	4,955,000
Total Bond Anticipation Notes	<u>\$ 22,455,000</u>

Other Indebtedness

Serviced by the General Fund:

Installment Purchase

\$960,000 note to BB&T Governmental Finance, due in annual installments of \$80,000 through June 29, 2015; interest at 4.05% fixed.	\$ 240,000
\$655,250 note to North Carolina Department of Commerce to finance Industrial Shell Building. Interest only payments due first two years, with first payment due July 1, 2011 and principal will amortize thereafter on July 1, 2013 until the loan is paid in full.	655,250
\$500,000 note to Four County EMC to finance the Industrial Shell Building. Principal payments will be repaid in 84 equal monthly installments, with the first installment being due July 31, 2014. Interest rate is 0%.	500,000
\$1,631,386 note to BASF Corporation to finance the purchase of land. Principal payments will be repaid in 5 equal annual installments of \$326,277, with the first installment being due on December 7, 2011. Interest rate is 0%.	1,305,109
Total - Governmental Activities	<u>\$ 2,700,359</u>

Serviced by Enterprise Funds

\$935,082 note to Lower Cape Fear Water and Sewer Authority to finance the purchase of water capacity for the water treatment plant. Principal payments will be repaid in 20 equal semi-annual installments. The interest rate was 5.25%, but changed to 4.09% effective January 2007.	\$ 491,620
Total - Business-Type Activities	<u>\$ 491,620</u>
Total Installment Purchases	<u>\$ 3,191,979</u>
Total Long-Term Debt	<u>\$ 107,158,979</u>

Annual maturity requirements on all long-term debt (except accrued compensated absences and unfunded pension obligations, which have no definite maturities, and capital lease obligations, which are presented elsewhere) with no related interest as of June 30, 2012, are as follows:

Year Ending June 30	General Obligation Bonds		Installment Note		Mortgage Notes		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2013	\$ 27,028,000	\$ 2,995,897	\$ 710,911	\$ 42,016	\$ 6,514	\$ 1,322	\$ 30,784,660
2014	4,469,500	2,964,278	718,933	30,753	6,580	1,256	8,191,300
2015	4,513,500	2,796,056	798,624	19,251	6,646	1,190	8,135,267
2016	4,511,000	2,620,411	499,926	7,500	6,712	1,124	7,646,673
2017	4,473,000	2,446,191	176,772	3,276	6,780	1,056	7,107,075
2018-2022	21,783,500	9,981,270	286,813	-	34,935	4,245	32,090,763
2023-2027	18,822,500	5,900,940	-	-	36,725	2,455	24,762,620
2028-2032	5,388,500	3,424,497	-	-	30,278	573	8,843,848
2033-2037	4,254,000	2,491,697	-	-	-	-	6,745,697
2038-2042	4,810,500	1,477,262	-	-	-	-	6,287,762
2043-2047	3,435,000	468,467	-	-	-	-	3,903,467
2048-2052	478,000	47,863	-	-	-	-	525,863
Total	\$ 103,967,000	\$ 37,614,829	\$ 3,191,979	\$ 102,796	\$ 135,170	\$ 13,221	\$ 145,024,995

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

Advance Refundings

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

On June 12, 2012, the County issued \$25,860,000 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 \$25,000,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$860,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which has the same maturity as the old debt. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$1,594,144, and resulted in an economic gain of \$1,390,811.

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, 2012:

	Balance			Balance 6/30/2012	Current Portion of Balance
	7/1/2011	Additions	Retirements		
Governmental Activities:					
General Obligation Bonds	\$ 61,095,000	\$ 25,860,000	\$ 28,905,000	\$ 58,050,000	\$ 4,265,000
Installment Note	1,475,250	1,631,386	406,277	2,700,359	620,383
Unfunded Pension Obligation	376,469	57,075	-	433,544	-
Other Postemployment Benefits	2,948,984	982,115	-	3,931,099	-
Compensated Absences	1,449,013	-	33,272	1,415,741	-
Total	\$ 67,344,716	\$ 28,530,576	\$ 29,344,549	\$ 66,530,743	\$ 4,885,383
Business-type Activities:					
General Obligation Debt	\$ 23,757,500	\$ -	\$ 295,500	\$ 23,462,000	\$ 308,000
Bond Anticipation Notes	22,155,000	17,500,000	17,200,000	22,455,000	22,455,000
Mortgage Note	141,647	-	6,477	135,170	6,514
Installment Note	-	535,527	43,907	491,620	90,528
Other Postemployment Benefits	134,001	54,699	-	188,700	-
Compensated Absences	56,108	-	9,672	46,436	-
Total	\$ 46,244,256	\$ 18,090,226	\$ 17,555,556	\$ 46,778,926	\$ 22,860,042

Conduit Debt Obligations

The Industrial Authority has issued industrial revenue bonds to provide financial assistance to private business for economic development purposes. These bonds are secured by the properties financed, as well as letters of credit, and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2012, there were no industrial revenue bonds outstanding.

Other

The County's legal debt margin at June 30, 2012, approximates \$414,620,471. Bonds authorized but unissued at June 30, 2012, are as follows:

Pender County GO Bond Anticipation Notes	\$ 17,500,000
Scott's Hill Water & Sewer District General Obligation Bonds	1,289,000
Moore's Creek Water & Sewer General Obligation Bonds	45,000,000
Central Water & Sewer District General Obligation Bonds	<u>27,000,000</u>
Total Bonds Authorized but unissued	<u>\$ 90,789,000</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, 2012, include the following interfund gross receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 4,470,418	\$ -
Internal Service Fund	-	-
Country Court	-	-
Maple Hill Water Fund	12,568	-
Sewer Fund	24,507	-
Solid Waste	-	-
Rocky Point / Topsail Water & Sewer	678,906	37,075
Scott's Hill Water & Sewer	-	678,906
Water Treatment Plant	-	1,577,179
Waste Water Treatment Plant	-	<u>2,893,239</u>
Total	<u>\$ 5,186,399</u>	<u>\$ 5,186,399</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, 2012, can be summarized as follows:

From the General fund to the Public School Capital fund to fund School Capital Projects.	\$ 2,858,695
From the General fund to the Worker's Comp fund to pay workers compensation premiums.	500,000
From the General fund to the Vehicle Replacement Capital fund to accumulate resources for vehicle purchases.	-
From the General fund to the Domestic Violence Grant to provide additional funds.	-
From the General Fund to Capital Improvements Capital Project Fund to provide funds for various projects	1,746,067
From the Wallace WWTP Capacity Fund to Rocky Point Topsail Water & Sewer Fund to provide resources for projects.	-
	<u>\$ 5,104,762</u>

D. Fund Balance

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

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total Fund Balance - General Fund	\$ 31,748,047
Less:	
Stabilization by State statute	12,934,394
Health Department Escrow	652,018
Sheriff's Seizures	247,826
Tax Revaluation	134,251
Automation Enhancement and Preservation	218,472
Appropriated Fund Balance in 2012 Budget	3,852,916
Working Capital / Fund Balance Policy	12,872,526
Remaining Fund Balance	835,644

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The General Fund had outstanding encumbrances of \$89,102.

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 \$225,000 to the Community College operating purposes during the fiscal year ended June 30, 2012. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2012. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 321 North Front Street, Wilmington, North Carolina 28401.

The County, in conjunction with New Hanover and Brunswick Counties, participates in a joint venture to operate Southeastern Center for Mental Health Development Disabilities, and Substance Abuse Services (Center). Each of the Counties appoints three Board members. The Center is not considered a component unit of any other government. The County has ongoing responsibility for the Center or would otherwise have to provide mental health services itself. The County contributed \$156,000 to the Center during the year ended June 30, 2012, 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, 2012. 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, 2012, the Authority has no debt issues outstanding.

NOTE 6: Jointly Governed Organizations

The County, in conjunction with other counties and municipalities, established the Cape Fear Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$21,203 to the Council during the fiscal year ended June 30, 2012.

The County, along with the City of Wilmington and four other counties in southeastern North Carolina established the Lower Cape Fear Water and Sewer Authority (Authority). The Authority was formed to help facilitate water and sewer services in southeastern North Carolina. Pender County Commissioners appoint two of thirteen members of the Authority's Board of Directors. The County paid its annual system development charge in the amount of \$109,719 to the Authority during the year ended June 30, 2012. The balance due to the Authority at June 30, 2012 is \$491,620.

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, 2012, 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, 2012, the balance of the County's ADM allocation account was \$21,509.

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, 2012, the County's disbursing account had a balance of \$1,487,877. The County must match these funds on the basis of one dollar for every three dollars of State funds.

NOTE 9: Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	307,211	-
Medicaid	37,425,213	22,099,412
Food stamp program	14,700,108	-
Energy Assistance	117,200	-
Adult Assistance	-	296,008

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.

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

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

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2005	\$ -	\$ 297,699	\$ 297,699	0.00%	\$ 1,488,838	20.00%
12/31/2006	\$ -	\$ 292,912	\$ 292,912	0.00%	\$ 1,545,765	18.95%
12/31/2007	\$ -	\$ 347,378	\$ 347,378	0.00%	\$ 1,643,950	21.13%
12/31/2008	\$ -	\$ 361,521	\$ 361,521	0.00%	\$ 2,128,149	16.99%
12/31/2009	\$ -	\$ 513,679	\$ 513,679	0.00%	\$ 2,135,467	24.05%
12/31/2010	\$ -	\$ 483,372	\$ 483,372	0.00%	\$ 2,071,322	23.34%
12/31/2011	\$ -	\$ 485,848	\$ 485,848	0.00%	\$ 2,309,593	21.04%

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

Year Ended June 30	Annual Required Contribution	Percentage of APC Contributed	Net Pension Obligation End of Year
2006	\$ 40,514	57.67%	\$ 170,316
2007	\$ 40,206	28.12%	\$ 199,218
2008	\$ 42,998	28.12%	\$ 230,912
2009	\$ 48,958	25.66%	\$ 267,309
2010	\$ 54,183	18.47%	\$ 311,485
2011	\$ 72,403	10.25%	\$ 376,469
2012	\$ 64,219	11.12%	\$ 433,544

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	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level % of pay closed
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 to 7.85 %
*Includes inflation at	3.00%
Cost-of living adjustments	N/A

**Pender County, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2008	\$ -	\$ 9,250,385	\$ 9,250,385	0.00%	\$ 12,737,378	72.62%
12/31/2010	\$ -	\$ 8,009,338	\$ 8,009,338	0.00%	\$ 12,994,710	61.64%

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

Year Ended June 30	Annual Required Contribution	Percentage of APC Contributed	Net Pension Obligation End of Year
2009	1,047,796	2.47%	1,022,468
2010	1,047,796	3.24%	2,036,287
2011	1,087,088	4.05%	3,082,985
2012			

Notes to the Required Schedules:

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

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level % of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of Assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	10.50% to 5.00 %
Post-Medicare trend rate	8.50% to 5.00%
Year of ultimate trend rate	2018
 *Includes inflation at	 3.00%

GENERAL FUND

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

Pender County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	2012		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues			
Ad valorem Taxes	\$ 31,738,402	\$33,001,059	\$ 1,262,657
Other Taxes and Licenses	-	7,589	7,589
Unrestricted Intergovernmental Revenues	4,635,349	5,258,792	623,443
Restricted Intergovernmental Revenues	8,334,488	8,515,413	180,925
Permits and Fees	1,661,923	1,642,427	(19,496)
Sales and Services	273,389	273,634	245
Investment Earnings	84,481	43,894	(40,587)
Reimbursements to General Fund	-	-	-
Miscellaneous	21,000	45,001	24,001
Total Revenues	<u>\$ 46,749,032</u>	<u>\$48,787,809</u>	<u>\$ 2,038,777</u>
Expenditures			
General Government:			
Governing Body	\$ 141,521	\$ 131,171	\$ 10,350
County Manager	244,719	244,719	-
Human Resources	159,519	144,361	15,158
Board of Elections	261,410	197,883	63,527
Finance	313,702	278,806	34,896
Information Systems	947,595	912,618	34,977
Tax Administrator	723,766	629,356	94,410
Tax Collections	477,231	471,247	5,984
AE&P Fund	58,200	60,964	(2,764)
Register of Deeds	248,344	237,247	11,097
Public Buildings	1,523,406	1,490,742	32,664
Court Facilities	16,500	17,144	(644)
Nondepartmental	983,513	736,763	246,750
County Attorney	77,273	55,473	21,800
Vehicle Maintenance	341,129	247,428	93,701
Contingency	46,001	-	46,001
Total General Government	<u>\$ 6,563,829</u>	<u>\$ 5,855,922</u>	<u>\$ 707,907</u>
Public safety:			
Sheriff	\$ 4,324,798	\$ 4,377,754	\$ (52,956)
Jail	1,796,861	1,724,509	72,352
CJPP - Pretrial Release Program	74,614	69,567	5,047
Animal Control	449,985	449,532	453
Emergency Management	440,223	408,626	31,597
Forest Resources	230,000	177,077	52,923
Sheriff Seizure	54,996	57,187	(2,191)
SHSG Program 10/11	9,500	9,500	-
Medical Examiner	75,000	29,630	45,370
Total Public Safety	<u>\$ 7,455,977</u>	<u>\$ 7,303,382</u>	<u>\$ 152,595</u>
Economic and Physical Development:			
Extension Service	\$ 132,640	\$ 110,681	\$ 21,959
Planning	895,557	868,350	27,207
Tourism Office	133,501	124,011	9,490
Option 4 Payments	265,331	393,389	(128,058)
Outside Agencies	465,374	270,100	195,274
Total Economic and Physical Develop	<u>\$ 1,892,403</u>	<u>\$ 1,766,531</u>	<u>\$ 125,872</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, 2012

	2012		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Human services:			
Health Department	\$ 3,745,733	\$ 3,228,879	\$ 516,854
Mosquito Control	275,218	275,191	27
Public Assistance	9,605,697	9,054,628	551,069
Veterans Services	93,833	89,424	4,409
Mental Health	20,000	16,558	3,442
Hurricanes	135,510	51,378	84,132
EDTAP Transportation	171,000	154,790	16,210
Outside Agencies	289,366	289,366	-
Total Human Services	\$ 14,336,357	\$13,160,214	\$ 1,176,143
Cultural and recreational:			
Library	\$ 762,090	\$ 747,864	\$ 14,226
Recreational	493,341	399,061	94,280
Outside Agencies	4,000	4,000	-
Total Cultural and Recreational	\$ 1,259,431	\$ 1,150,925	\$ 108,506
Education:			
Cape Fear Community College	\$ -	\$ -	\$ -
Pender County Schools:			
Current Operating - County	13,239,008	13,239,008	-
Youth Alternatives	187,720	84,833	102,887
Outside Agencies	235,000	235,000	-
Total Education	\$ 13,661,728	\$13,558,841	\$ 102,887
Debt service:			
Principal	\$ 80,000	\$ 80,000	\$ -
Interest	12,960	12,960	-
Total Debt Service	\$ 92,960	\$ 92,960	\$ -
Total Expenditures	\$ 45,262,685	\$42,888,775	\$ 2,373,910
Revenue Over Expenditures	\$ 1,486,347	\$ 5,899,034	\$ 4,412,687
Other Financing Sources (Uses):			
Transfer from other funds:			
Emergency Telephone	\$ -	\$ -	\$ -
Capital Improvements	-	-	-
Transfer to other funds:			
Capital Project Fund	(1,674,657)	(1,746,067)	(71,410)
Public School Capital	(2,858,695)	(2,858,695)	-
Revaluation	(125,000)	(125,000)	-
Vehicle Replacement	(250,000)	-	250,000
Workers Comp Fund	(500,000)	(500,000)	-
Appropriated Fund Balance	3,922,005	-	(3,922,005)
Total Other Financing (Uses)	\$ (1,486,347)	\$ (5,229,762)	\$ (3,743,415)
Net Change in Fund Balance	\$ -	\$ 669,272	\$ 669,272
Fund Balance:			
Beginning of year, July 1		30,944,524	
End of year, June 30		<u>\$31,613,796</u>	

Pender County, North Carolina
Revaluation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	2012		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Interest Income	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
General Government	\$ 21,530	\$ -	\$ 21,530
Capital Outlay	-	-	-
Reserves	125,544	19,646	105,898
Total expenditures	<u>\$ 147,074</u>	<u>\$ 19,646</u>	<u>\$ 127,428</u>
Revenues over expenditures	<u>\$ (147,074)</u>	<u>\$ (19,646)</u>	<u>\$ 127,428</u>
Other financing sources (uses):			
Appropriated fund balance	\$ 22,074	\$ -	\$ (22,074)
Transfer from:			
General Fund	125,000	125,000	-
Total Other Financing Sources (Uses)	<u>\$ 147,074</u>	<u>\$ 125,000</u>	<u>\$ (22,074)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 105,354</u>	<u>\$ 105,354</u>
Fund balances:			
Beginning of year, July 1		<u>28,897</u>	
End of year, June 30		<u>\$ 134,251</u>	

OTHER MAJOR GOVERNMENTAL FUNDS

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

Pender County, North Carolina
 School Capital Project Fund - Capital Projects Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2012

Exhibit B-2

	Project Author- ization	Actual			
		Prior Years	Current Year	Closed Projects	Total to Date
Revenues					
Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax Refund	500,000	819,317	825	-	820,142
Lottery Funds	1,518,876	1,518,876	-	-	1,518,876
PSBCF - State Revenue	1,545,815	1,545,816	-	-	1,545,816
Interest Income	2,071,803	1,541,005	475	-	1,541,480
Total revenues	\$ 5,636,494	\$ 5,425,014	\$ 1,300	\$ -	\$ 5,426,314
Expenditures					
Intergovernmental:					
Schools:					
Burgaw Middle	\$ 227,517	\$ 689,517	\$ -	\$ -	\$ 689,517
Topsail Middle	3,093,945	3,003,331	22,955	-	3,026,286
Pender High School	2,821,446	-	-	-	-
Burgaw Elementary Land	100,721	-	-	-	-
Burgaw Elementary Sch Add	5,977,888	5,972,827	4,115	-	5,976,942
Topsail High Land	1,510,017	1,510,017	-	-	1,510,017
Topsail High School	36,638,466	36,305,922	219,937	-	36,525,859
Central Topsail Elementary	750,000	677,973	57,007	-	734,980
Penderlea School	500,000	488,814	8,744	-	497,558
Rocky Point Primary School	1,929,000	1,773,726	4,357	-	1,778,083
West Pender Middle School	500,000	493,271	5,654	-	498,925
Topsail Performing Arts Center	2,200,000	2,200,000	-	-	2,200,000
Trask Performing Arts Center	4,593,914	3,906,228	162,764	-	4,068,992
Bond Closing Costs	160,000	178,494	-	-	178,494
Contract Service - Arbitrage	4,550	3,900	-	-	3,900
Interest Expenditures	87,161	-	-	-	-
Total Expenditures	\$ 61,094,625	\$ 57,204,020	\$ 485,533	\$ -	\$ 57,689,553
Revenues under expenditures	\$ (55,458,131)	\$ (51,779,006)	\$ (484,233)	\$ -	\$ (52,263,239)
Other financing sources:					
Public School Capital Fd	\$ (252,319)	\$ -	\$ -	\$ -	\$ -
Premium on Debt Issued	426,319	426,319	-	-	426,319
Bond Proceeds	55,875,000	55,875,000	-	-	55,875,000
Reserve for Arbitrage	(590,869)	(581,936)	(3,750)	-	(585,686)
Public School Capital Fd	-	174,000	-	-	174,000
Fund Balance Appropriated	-	-	-	-	-
	\$ 55,458,131	\$ 55,893,383	\$ (3,750)	\$ -	\$ 55,889,633
Revenues and other sources over (under) expenditures	\$ -	\$ 4,114,377	\$ (487,983)	\$ -	\$ 3,626,394
Fund balances:					
Beginning of year, July 1			4,114,377		
End of year, June 30			\$ 3,626,394		

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, 2012

	Budget	Actual	Variance
Revenues			
Other Taxes - Sales	\$ 2,203,554	\$ 2,404,636	\$ 201,082
Public School Building Capital Fund	1,018,635	-	(1,018,635)
Interest Earned	-	-	-
Lottery Funds	-	-	-
Total Revenues	\$ 3,222,189	\$ 2,404,636	\$ (817,553)
Expenditures			
General Government	\$ -	\$ -	\$ -
Education	-	-	-
Water Project	-	-	-
Capital Outlay	1,110,000	1,110,000	-
Option 4 Redistribution	130,928	155,252	(24,324)
Debt Service Payment	3,905,000	3,905,000	-
Bond Recall Payment	-	-	-
Debt Issuance Cost	-	-	-
Interest Expense	2,479,048	2,479,048	-
Reserve	-	-	-
Total Expenditures	\$ 7,624,976	\$ 7,649,300	\$ (24,324)
Excess Revenue Over (Under) Expenditures	\$ (4,402,787)	\$ (5,244,664)	\$ (841,877)
Other financing sources (uses)			
Transfers from (to):			
General Fund	\$ 2,858,695	\$ 2,858,695	\$ -
School Capital Project	-	-	-
Proceeds from Refund of Bonds	-	25,860,000	25,860,000
Payment on Refunded Bonds	-	(25,000,000)	(25,000,000)
Premium on Refunded Bonds	-	2,747,306	2,747,306
Deferred Charges on Refunded Bonds	-	(3,607,306)	(3,607,306)
Fund Balance Appropriated	1,544,092	-	(1,544,092)
Total other financing sources (uses)	\$ 4,402,787	\$ 2,858,695	\$ (1,544,092)
Revenues and other financing sources over uses	\$ -	\$ (2,385,969)	\$ (2,385,969)
Fund balance:			
Beginning of year, July 1		1,558,637	
End of Year, June 30		\$ (827,332)	

SPECIAL REVENUE FUNDS

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

**Pender County, North Carolina
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012**

Assets	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Cash and cash equivalents	\$ 715,774	\$ 2,908,833	\$ 3,624,607
Taxes receivable (net)	459,590	-	459,590
Other Receivables	35,896	265,441	301,337
Total assets	<u>\$ 1,211,260</u>	<u>\$ 3,174,274</u>	<u>\$ 4,385,534</u>
Liabilities and Fund Balances			
Liabilities:			
Advance funding of projects	\$ 405,750	\$ 141,107	\$ 546,857
Accounts payable and accrued liabilities	24,145	70,371	94,516
Due to other funds	-	-	-
Deferred revenue	459,590	-	459,590
Total liabilities	<u>889,485</u>	<u>211,478</u>	<u>1,100,963</u>
Fund balances:			
Restricted:			
Stabilization by State Statute	-	-	-
Capital Outlay and Improvements	-	2,962,796	2,962,796
Public Safety	481,401	-	481,401
Economic Development	2,767	-	2,767
Unassigned:	(162,393)	-	(162,393)
Total fund balances	<u>321,775</u>	<u>2,962,796</u>	<u>3,284,571</u>
Total liabilities and fund balances	<u>\$ 1,211,260</u>	<u>\$ 3,174,274</u>	<u>\$ 4,385,534</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, 2012

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Revenues			
Ad valorem taxes	\$ 6,255,023	\$ -	\$ 6,255,023
Other taxes	-	-	-
Investment earnings	850	-	850
Sales tax refund	-	193,176	193,176
Unrestricted intergovernmental	248,771	-	248,771
Restricted Intergovernmental	297,760	10,000	307,760
Loans	-	-	-
Donations	-	-	-
Local Match	-	-	-
Total revenues	<u>6,802,404</u>	<u>203,176</u>	<u>7,005,580</u>
Expenditures			
Current:			
General government	\$ -	\$ -	\$ -
Public safety	6,811,353	-	6,811,353
Economic and physical development	388,274	-	388,274
Education	-	-	-
Capital outlay	304,850	2,980,777	3,285,627
Other equipment	-	9,650	9,650
Titles/Tags/Tax	-	-	-
Option 4 redistribution	-	-	-
Debt service	-	-	-
Total expenditures	<u>7,504,477</u>	<u>2,990,427</u>	<u>10,494,904</u>
Revenues over (under) expenditures	<u>\$ (702,073)</u>	<u>\$ (2,787,251)</u>	<u>\$ (3,489,324)</u>
Other financing sources:			
Transfers in (out)	\$ -	\$ 1,746,067	\$ 1,746,067
Proceeds from Refund of Bonds	-	-	-
Payment on Refunded Bonds	-	-	-
Premium on Refunded Bonds	-	-	-
Notes Payable	-	1,631,386	1,631,386
Total other financing sources uses	<u>\$ -</u>	<u>\$ 3,377,453</u>	<u>\$ 3,377,453</u>
Revenues and other financing sources over (under) expenditures	<u>\$ (702,073)</u>	<u>\$ 590,202</u>	<u>\$ (111,871)</u>
Fund balances:			
Beginning of year, July 1	1,023,848	2,372,594	3,396,442
Prior Period Adjustment (See NOTE 11)	-	-	-
End of year, June 30	<u>\$ 321,775</u>	<u>\$ 2,962,796</u>	<u>\$ 3,284,571</u>

Pender County, North Carolina
Special Revenue Funds
Combining Balance Sheets
June 30, 2012

Assets	Fire Service District Fund	Rescue Districts Fund	911 Emergency Telephone Fund	Community Development Block Grant Fund	Seven Oaks	CDBG 2002-Scattered Sites	HWY 421 Industrial Park
Cash and cash equivalents	\$ -	\$ 275,621	\$ 434,749	\$ -	\$ -	\$ 2,767	\$ -
Taxes receivable (net)	178,596	280,994	-	-	-	-	-
Other Receivables	-	-	21,022	-	-	-	-
Total assets	\$ 178,596	\$ 556,615	\$ 455,771	\$ -	\$ -	\$ 2,767	\$ -
Liabilities and Fund Balances							
Liabilities:							
Advance funding of projects	\$ 228,983	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	3,420	-	20,225	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Deferred revenue	178,596	280,994	-	-	-	-	-
Total liabilities	\$ 410,999	\$ 280,994	\$ 20,225	\$ -	\$ -	\$ -	\$ -
Equity:							
Fund balances:							
Restricted:							
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	(232,403)	275,621	435,546	-	-	-	-
Economic Development	-	-	-	-	-	2,767	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	\$ (232,403)	\$ 275,621	\$ 435,546	\$ -	\$ -	\$ 2,767	\$ -
Total liabilities and fund balances	\$ 178,596	\$ 556,615	\$ 455,771	\$ -	\$ -	\$ 2,767	\$ -

(continued)

Pender County, North Carolina
Special Revenue Funds
Combining Balance Sheets
June 30, 2012

Assets	CDBG 2004 Concentrated Needs	Domestic Violence Grant	Giant Salvinia Eradication	CDBG Scattered Sites	2005 CHAF #071-0-04	HPRP Grant	Totals June 30, 2012
Cash and cash equivalents	\$ 2,637	\$ -	\$ -	\$ -	\$ -	-	\$ 715,774
Taxes receivable (net)	-	-	-	-	-	-	459,390
Other Receivables	-	14,874	-	-	-	-	35,896
Total assets	<u>\$ 2,637</u>	<u>\$ 14,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,211,260</u>
Liabilities and Fund Balances							
Liabilities:							
Advance funding of projects	\$ -	\$ 56,874	\$ 2,792	\$ 111,772	\$ 17	\$ 5,312	\$ 405,750
Accounts payable	-	-	500	-	-	-	24,145
Due to Other Funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	459,590
Total liabilities	<u>\$ -</u>	<u>\$ 56,874</u>	<u>\$ 2,792</u>	<u>\$ 112,272</u>	<u>\$ 17</u>	<u>\$ 5,312</u>	<u>\$ 889,485</u>
Equity:							
Fund balances:							
Restricted:							
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	2,637	-	-	-	-	-	481,401
Economic Development	-	-	-	-	-	-	2,767
Unassigned	-	(42,000)	(2,792)	(112,272)	(17)	(5,312)	(162,393)
Total fund balances	<u>\$ 2,637</u>	<u>\$ (42,000)</u>	<u>\$ (2,792)</u>	<u>\$ (112,272)</u>	<u>\$ (17)</u>	<u>\$ (5,312)</u>	<u>\$ 321,775</u>
Total liabilities and fund balances	<u>\$ 2,637</u>	<u>\$ 14,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,211,260</u>

Pender County, North Carolina
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2012

	Fire Service District Fund	Rescue Districts Fund	911 Emergency Telephone Fund	Community Development Block Grant Fund	Seven Oaks	CDBG 2002-Scattered Sites	HWY 421 Industrial Park
Revenues							
Ad valorem taxes	\$ 2,109,182	\$ 4,145,841	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-	-
Restricted intergovernmental	-	-	-	-	-	-	-
Unrestricted intergovernmental	-	-	248,771	-	-	-	-
Investment earnings	-	-	850	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	\$ 2,109,182	\$ 4,145,841	\$ 249,621	\$ -	\$ -	\$ -	\$ -
Expenditures							
Current:							
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	2,355,006	3,910,387	545,960	-	-	-	-
Economic and Physical Develop	-	-	-	-	-	-	-
Capital Outlay	-	225,000	79,850	-	-	-	-
Optim 4, Redistribution	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Total expenditures	\$ 2,355,006	\$ 4,135,387	\$ 625,810	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ (245,824)	\$ 10,454	\$ (376,189)	\$ -	\$ -	\$ -	\$ -
Other financing sources:							
Transfers from:							
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers to:							
General Fund	-	-	-	-	-	-	-
Highway 117 Sewer Project	-	-	-	-	-	-	-
School Capital Project	-	-	-	-	-	-	-
Proceeds from Refund of Bonds	-	-	-	-	-	-	-
Payment on Refunded Bonds	-	-	-	-	-	-	-
Premium on Refunded Bonds	-	-	-	-	-	-	-
Total other fin. sources uses	-	-	-	-	-	-	-
Revenues and other financing sources over (under) expenditures	\$ (245,824)	\$ 10,454	\$ (376,189)	\$ -	\$ -	\$ -	\$ -
Fund Balance, Beginning of Year	13,421	265,167	811,735	-	-	2,767	-
Prior Period Adjustment	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ (232,403)	\$ 275,621	\$ 435,546	\$ -	\$ -	\$ 2,767	\$ -

(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, 2012

	CDBG 2004 Concentrated Needs	Domestic Violence Grant	Grant Salvinia Eradication	CDBG Scattered Sites	2005 CHAF #71-0-04	HERP Grant	Totals June 30, 2012
Revenues							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,255,023
Other Taxes	-	-	-	-	-	-	-
Restricted intergovernmental	-	-	-	240,091	-	57,669	297,760
Unrestricted intergovernmental	-	-	-	-	-	-	248,771
Investment earnings	-	-	-	-	-	-	850
Miscellaneous	-	-	-	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ 240,091	\$ -	\$ 57,669	\$ 6,802,404
Expenditures							
Current:							
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	-	-	-	-	6,811,353
Economic and Physical Develop	-	-	11,455	344,988	-	31,831	388,274
Capital Outlay	-	-	-	-	-	-	304,850
Option 4 Redistribution	-	-	-	-	-	-	-
Debt Service	-	-	11,455	344,988	-	31,831	7,504,477
Total expenditures	\$ -	\$ -	\$ 11,455	\$ 344,988	\$ -	\$ 31,831	\$ 7,504,477
Revenues over (under) expenditures	\$ -	\$ -	\$ (11,455)	\$ (104,897)	\$ -	\$ 25,838	\$ (702,073)
Other financing sources:							
Transfers from:							
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers to:							
General Fund	-	-	-	-	-	-	-
Highway 117 Sewer Project	-	-	-	-	-	-	-
School Capital Project	-	-	-	-	-	-	-
Proceeds from Refund of Bonds	-	-	-	-	-	-	-
Payment on Refunded Bonds	-	-	-	-	-	-	-
Premium on Refunded Bonds	-	-	-	-	-	-	-
Total other fin. sources uses	-	-	-	-	-	-	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$ (11,455)	\$ (104,897)	\$ -	\$ 25,838	\$ (702,073)
Fund Balance, Beginning of Year	2,637	(42,000)	8,663	(7,375)	(17)	(31,150)	1,023,848
Prior Period Adjustment	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ 2,637	\$ (42,000)	\$ (2,792)	\$ (112,272)	\$ (17)	\$ (5,312)	\$ 321,775

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, 2012

	2012		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Ad Valorem Taxes - Fire District Taxes	\$ 1,937,760	\$ 2,109,182	\$ 171,422
Total revenues	<u>\$ 1,937,760</u>	<u>\$ 2,109,182</u>	<u>\$ 171,422</u>
Expenditures			
Public safety:			
Pender Central	\$ 170,677	\$ 212,919	\$ (42,242)
Sloop Point	375,483	465,563	(90,080)
Maple Hill	70,000	45,178	24,822
Rocky Point	288,966	332,371	(43,405)
Long Creek	146,651	177,049	(30,398)
Shiloh	69,327	91,148	(21,821)
Penderlea	109,044	139,012	(29,968)
Atkinson	94,331	122,336	(28,005)
Hampstead	440,329	522,574	(82,245)
Scotts Hill	83,393	95,375	(11,982)
Northeast Pender	105,517	139,050	(33,533)
Penderlea - Dublin Area	12,301	12,431	(130)
Contracted Services	-	-	-
Total Expenditures	<u>\$ 1,966,019</u>	<u>\$ 2,355,006</u>	<u>\$ (388,987)</u>
Revenues over expenditures	<u>\$ (28,259)</u>	<u>\$ (245,824)</u>	<u>\$ (217,565)</u>
Other financing sources (uses):			
Transfer in (out)	\$ -	\$ -	\$ -
Fund Balance Appropriated	28,259	-	(28,259)
Total Other financing sources (uses)	<u>\$ 28,259</u>	<u>\$ -</u>	<u>\$ (28,259)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (245,824)</u>	<u>\$ (245,824)</u>
Fund balances:			
Beginning of year, July 1		<u>13,421</u>	
End of year, June 30		<u>\$ (232,403)</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, 2012

	2012		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Ad valorem taxes:			
Rescue District Taxes:			
Pender County EMS Taxes	\$ 3,910,388	\$ 4,144,964	\$ 234,576
Pender East Rescue	-	457	457
Pender County Rescue	-	358	358
Union	-	54	54
Surf City	-	8	8
Topsail Beach	-	-	-
Total revenues	<u>\$ 3,910,388</u>	<u>\$ 4,145,841</u>	<u>\$ 235,453</u>
Expenditures			
Current:			
Public safety:			
Pender Volunteer EMS & Rescue	\$ 3,910,388	\$ 3,910,387	\$ 1
Capital Outlay	225,000	225,000	-
Total Expenditures	<u>\$ 4,135,388</u>	<u>\$ 4,135,387</u>	<u>\$ 1</u>
Revenues over expenditures	<u>\$ (225,000)</u>	<u>\$ 10,454</u>	<u>\$ 235,454</u>
Other financing sources (uses):			
Transfer from:			
General Fund	\$ -	\$ -	\$ -
Fund Balance Appropriated	225,000	-	(225,000)
Total Other financing sources (uses)	<u>\$ 225,000</u>	<u>\$ -</u>	<u>\$ (225,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 10,454</u>	<u>\$ 10,454</u>
Fund balances:			
Beginning of year, July 1		<u>265,167</u>	
End of year, June 30		<u>\$ 275,621</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, 2012

	2012		Variance Favorable (Unfavorable)
	Annual Budget	Actual	
Revenues			
Investment Earnings	\$ -	\$ 850	\$ 850
Unrestricted Intergovernmental	248,771	248,771	-
Total	<u>\$ 248,771</u>	<u>\$ 249,621</u>	<u>\$ 850</u>
Expenditures			
Salaries	\$ 73,528	\$ 73,735	\$ (207)
Fringe Benefits	32,806	32,540	266
Training	5,000	4,881	119
Telephone	-	9,673	(9,673)
Supplies & Materials	13,420	11,492	1,928
Contracted Services	287,944	270,202	17,742
Telecommunication Service	160,000	134,454	25,546
Other Equipment	8,308	8,983	(675)
Capital Outlay	88,676	79,850	8,826
Total Expenditures	<u>\$ 669,682</u>	<u>\$ 625,810</u>	<u>\$ 43,872</u>
Revenues over expenditures	<u>\$ (420,911)</u>	<u>\$ (376,189)</u>	<u>\$ 44,722</u>
Other Financing Sources:			
Appropriated Fund Balance	\$ 420,911	\$ -	\$ (420,911)
Transfer from (to) general fund	-	-	-
	<u>\$ 420,911</u>	<u>\$ -</u>	<u>\$ (420,911)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (376,189)</u>	<u>\$ (376,189)</u>
Fund balances:			
Beginning of year, July 1		<u>811,735</u>	
End of year, June 30		<u>\$ 435,546</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, 2012

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

Pender County, North Carolina
Seven Oaks
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2012

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

Pender County, North Carolina
 CDBG 2002 Scattered Sites
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2012

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

Pender County, North Carolina
 HWY 421 Industrial Park Study
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2012

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

Pender County, North Carolina
 CDBG 2004 Concentrated Needs
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2012

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

Pender County, North Carolina
Domestic Violence Grant
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	2012		
	Annual Budget	Actual	Variance to Date
Revenues			
Restricted Intergovernmental Revenues	\$ -	\$ -	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Salaries	\$ -	\$ -	\$ -
Fringe Benefits	-	-	-
Travel	-	-	-
Supplies and Materials	-	-	-
Uniforms	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess Revenue Over (Under) Expenditures	\$ -	\$ -	\$ -
Other financing sources (uses)			
Transfers from (to):			
General Fund	\$ -	\$ -	\$ -
Appropriated Fund Balance	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and other financing sources over uses	<u>\$ -</u>	\$ -	<u>\$ -</u>
Fund balance:			
Beginning of year, July 1		<u>(42,000)</u>	
End of Year, June 30		<u>\$ (42,000)</u>	

Pender County, North Carolina
Giant Salvinia Eradication
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	Project Authorization	Prior Years	Actual	
			Actual	Total to Date
Revenues				
NFWF - Giant Salvinia Education	\$ 218,230	\$ 178,230		\$ 178,230
Total	\$ 218,230	\$ 178,230	\$ -	\$ 178,230
Expenditures				
Current:				
Salaries	\$ 73,412	\$ 63,205	\$ -	\$ 63,205
FICA	5,698	4,836	-	4,836
Postage	489	327	-	327
Travel	19,726	12,617	-	12,617
Vehicle Repairs and Maintenance	2,400	186	-	186
Supplies and Materials	19,285	18,873	-	18,873
Supplies - Chemicals	29,331	28,514	-	28,514
Contracted Services	46,816	30,586	11,455	42,041
Training	5,850	2,967	-	2,967
Other Equipment	18,223	10,456	-	10,456
Total Expenditures	\$ 221,230	\$ 172,567	\$ 11,455	\$ 184,022
Revenues over expenditures	\$ (3,000)	\$ 5,663	\$ (11,455)	\$ (5,792)
Other Financing Sources:				
Transfers from (to):				
General Fund	\$ 3,000	\$ 3,000	\$ -	\$ 3,000
Appropriated Fund Balance	-	-	-	-
Total other financing sources (uses)	\$ 3,000	\$ 3,000	\$ -	\$ 3,000
Revenues and Other Financing Sources				
Over (Under) Expenditures and Other Uses	\$ -	\$ 8,663	\$ (11,455)	\$ (2,792)
Fund balances:				
Beginning of year, July 1			8,663	
End of year, June 30			\$ (2,792)	

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, 2012

	Project Authorization	Actual		
		Prior Years	Actual	Total to Date
Revenues				
Community Development (08 Scattered Sites)	\$ 500,000	\$ 497,419	\$ -	\$ 497,419
Community Development (10 ER Housing)	500,000	-	240,091	240,091
Community Development (Scattered)	400,000	398,647	-	398,647
Total	<u>\$ 1,400,000</u>	<u>\$ 896,066</u>	<u>\$ 240,091</u>	<u>\$ 1,136,157</u>
Expenditures				
Community Development (08 Scattered Sites)				
Clearance / Demolition	\$ 25,000	\$ 24,694	\$ -	\$ 24,694
Relocation	345,000	346,123	-	346,123
Rehabilitation	85,000	76,957	-	76,957
Administration	45,000	45,000	-	45,000
Total	<u>500,000</u>	<u>492,774</u>	<u>-</u>	<u>492,774</u>
Community Development (10 ER Housing)				
Clearance / Demolition	-	-	4,500	4,500
Rehabilitation	450,000	-	282,250	282,250
Administration	50,000	13,514	58,235	71,749
Total	<u>500,000</u>	<u>13,514</u>	<u>344,985</u>	<u>358,499</u>
Community Development (Scattered)				
Clearance / Demolition	46,000	40,413	-	40,413
Relocation	230,000	265,564	-	265,564
Rehabilitation	84,000	51,266	-	51,266
Administration	36,500	36,410	3	36,413
Planning	3,500	3,500	-	3,500
Total	<u>400,000</u>	<u>397,153</u>	<u>3</u>	<u>397,156</u>
Total Expenditures	<u>\$ 1,400,000</u>	<u>\$ 903,441</u>	<u>\$ 344,988</u>	<u>\$ 1,248,429</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ (7,375)</u>	<u>\$ (104,897)</u>	<u>\$ (112,272)</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>\$ (7,375)</u>	<u>\$ (104,897)</u>	<u>\$ (112,272)</u>
Fund balances:				
Beginning of year, July 1			<u>(7,375)</u>	
End of year, June 30			<u>\$ (112,272)</u>	

Pender County, North Carolina
 2005 CHAF #071-0-04
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2012

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

Pender County, North Carolina
 HPRP Grant
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2012

	Project Authorization	Prior Years	Actual	
			Actual	Total to Date
Revenues				
HPRP Grant	\$ 275,000	\$ 132,895	\$ 57,669	\$ 190,564
Investment Income	-	-	-	-
Total	\$ 275,000	\$ 132,895	\$ 57,669	\$ 190,564
Expenditures				
Current:				
Salaries and Fringe Benefits	\$ 82,864	\$ 35,032	\$ 19,147	\$ 54,179
Utilities	28,851	20,491	994	21,485
Utility Deposit	1,000	483	381	864
Security Deposit	10,541	9,200	1,140	10,340
Rent Assistance	150,138	97,770	10,040	107,810
Supplies and Materials	1,027	514	129	643
Contracted Services	568	555	-	555
Miscellaneous	11	-	-	-
Total Expenditures	\$ 275,000	\$ 164,045	\$ 31,831	\$ 195,876
Revenues over expenditures	\$ -	\$ (31,150)	\$ 25,838	\$ (5,312)
Other Financing Sources:				
Appropriated Fund Balance	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (31,150)</u>	\$ 25,838	<u>\$ (5,312)</u>
Fund balances:				
Beginning of year, July 1			(31,150)	
End of year, June 30			<u>\$ (5,312)</u>	

CAPITAL PROJECTS FUNDS

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

Pender County, North Carolina
 Capital Projects Funds
 Combining Balance Sheets
 June 30, 2012

	NON-MAJOR			Combining Totals June 30, 2012
	Vehicle Replacement Fund	Capital Improvements Fund	Capital Facilities Reserve Fund	
Assets				
Current Assets:				
Cash and Investments	\$ -	\$ 2,809,685	\$ 99,148	\$ 2,908,833
Accounts Receivable (Net)	856	264,585	-	265,441
Total assets	<u>\$ 856</u>	<u>\$ 3,074,270</u>	<u>\$ 99,148</u>	<u>\$ 3,174,274</u>
Liabilities and Fund Balances				
Liabilities:				
Advance funding of projects	\$ 141,107	\$ -	\$ -	\$ 141,107
Accounts payable and accrued liabilities	-	70,371	-	70,371
Due to other funds	-	-	-	-
Total liabilities	<u>\$ 141,107</u>	<u>\$ 70,371</u>	<u>\$ -</u>	<u>\$ 211,478</u>
Fund balances:				
Restricted				
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -
Capital Outlay and Improvements	(140,251)	3,003,899	99,148	2,962,796
Unassigned	-	-	-	-
Total fund balances	<u>\$ (140,251)</u>	<u>\$ 3,003,899</u>	<u>\$ 99,148</u>	<u>\$ 2,962,796</u>
Total liabilities and fund balances	<u>\$ 856</u>	<u>\$ 3,074,270</u>	<u>\$ 99,148</u>	<u>\$ 3,174,274</u>

Pender County, North Carolina
Capital Projects Fund
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2012

	NON-MAJOR			<u>Combining Totals</u> June 30, 2012
	Vehicle Replacement Fund	Capital Improvements Fund	Capital Facilities Reserve Fund	
Revenues				
Interest Income	\$ -	\$ -	\$ -	\$ -
Sales Tax Refund	-	193,176	-	193,176
Restricted intergovernmental	-	10,000	-	10,000
Loans	-	-	-	-
Donations	-	-	-	-
Local Match	-	-	-	-
Total Revenue	<u>\$ -</u>	<u>\$ 203,176</u>	<u>\$ -</u>	<u>\$ 203,176</u>
Expenditures				
Capital Outlay	\$ 221,220	\$ 2,759,557	\$ -	\$ 2,980,777
Other Equipment	9,650	-	-	9,650
Titles/Tags/Tax	-	-	-	-
Education	-	-	-	-
Total Expenditures	<u>\$ 230,870</u>	<u>\$ 2,759,557</u>	<u>\$ -</u>	<u>\$ 2,990,427</u>
Revenues over (under) expenditures	<u>\$ (230,870)</u>	<u>\$ (2,556,381)</u>	<u>\$ -</u>	<u>\$ (2,787,251)</u>
Other financing sources (uses)				
Transfers from (to):				
General Fund	\$ -	\$ 1,746,067	\$ -	\$ 1,746,067
Notes Payable	-	1,631,386	-	1,631,386
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 3,377,453</u>	<u>\$ -</u>	<u>\$ 3,377,453</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (230,870)</u>	<u>\$ 821,072</u>	<u>\$ -</u>	<u>\$ 590,202</u>
Fund Balances:				
Beginning of Year - July 1	90,619	2,182,827	99,148	2,372,594
End of Year - June 30	<u>\$ (140,251)</u>	<u>\$ 3,003,899</u>	<u>\$ 99,148</u>	<u>\$ 2,962,796</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, 2012

	2012		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Proceeds From Vehicle Disposals	\$ -	\$ -	\$ -
Other Income	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Capital Outlay - Vehicle	\$ 244,735	\$ 221,220	\$ 23,515
Other Equipment	5,265	9,650	(4,385)
Titles/tags/tax	-	-	-
Total Expenditures	<u>250,000</u>	<u>230,870</u>	<u>19,130</u>
Revenues under expenditures	<u>\$ (250,000)</u>	<u>\$ (230,870)</u>	<u>\$ 19,130</u>
Other financing sources (uses):			
Transfers from (to):			
General Fund	\$ 250,000	\$ -	\$ (250,000)
Fund Balance Appropriated	-	-	-
Total financing sources (uses)	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ (250,000)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (230,870)</u>	<u>\$ (230,870)</u>
Fund balances:			
Beginning of year, July 1		<u>90,619</u>	
End of year, June 30		<u>\$ (140,251)</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, 2012

	2012		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Restricted Intergovernmental	\$ 3,313,494	\$ 10,000	\$ (3,303,494)
Sales tax refund	-	193,176	193,176
Miscellaneous	9,300	-	(9,300)
Total revenues	<u>\$ 3,322,794</u>	<u>\$ 203,176</u>	<u>\$ (3,119,618)</u>
Expenditures			
Capital Outlay:			
Undefined Projects	\$ 4,119,061	\$ 1,740	\$ 4,117,321
Industrial Infrastructure Development	1,089,466	39,423	1,050,043
Industrial Incentive-Prestige Label	40,000	-	40,000
Industrial Incentive-DeI Lab	260,000	-	260,000
Solid Waste Study	150,000	-	150,000
Upgrades RPT/Hamp Convenience Centers	41,800	-	41,800
Parks & Recreation	250,000	-	250,000
Beach Renourishment	1,450,000	60,036	1,389,964
Pender Memorial Park	728,633	1,472	727,161
Mallard Bay Dredging - Phase II	438,960	-	438,960
Hampstead District Park	619,796	228	619,568
Nixon Creek Dredging	85,397	-	85,397
Water Treatment Plant	1,995,009	-	1,995,009
WasteWater Treatment Plant	1,995,537	-	1,995,537
Dogwood Lane Dredging	31,242	-	31,242
Millcreek Dredging Ph I	20,548	-	20,548
Hampstead District Park Phase II	405,801	-	405,801
Facilities Maintenance	682,533	38,263	644,270
Space Plan Development	1,288,711	-	1,288,711
Stormwater Project	106,107	-	106,107
Courthouse Renovations	324,244	-	324,244
Radio Tower	45,323	-	45,323
Pender Packing Sewer	431,000	-	431,000
Pender Kitchen Incubator	401,416	-	401,416
HWY 421 Industrial Park Study	15,025	-	15,025
Mill Creek (Phase 2) Dredging	774,097	71,410	702,687
Hampstead Library Annex	289,072	-	289,072
Bluek River Restoration	95,040	-	95,040
Miller's Pond Park	43,850	1,083	42,767
Drainage Management	202,000	-	202,000
Pender Progress Industrial Shell Building	1,499,460	422,725	1,076,735
Pender Memorial Park	10,000	-	10,000
Hampstead Kiwanis Park	10,000	325	9,675
Mental Health Services Facility	148,320	-	148,320
Recreation - Lighting of Fields	394,570	-	394,570
Animal Shelter	164,000	161,614	2,386
Courthouse Sidewalk Replacement	125,000	2,850	122,150
York House Renovation	75,000	-	75,000
Environmental Health Modular Renovation	15,000	-	15,000
US 421 Property Acquisition	326,277	1,957,663	(1,631,386)
Jail/LEC Building	895,276	725	894,551
DSS Building	225,000	-	225,000
Total Expenditures	<u>\$ 22,307,571</u>	<u>\$ 2,759,557</u>	<u>\$ 19,548,014</u>
Revenues under expenditures	<u>\$ (18,984,777)</u>	<u>\$ (2,556,381)</u>	<u>\$ 16,428,396</u>
Other financing sources:			
Operating Transfer In (Out)			
General Fund	\$ 16,711,315	\$ 1,746,067	\$ (14,965,248)
Solid Waste	802,256	-	(802,256)
Public School Capital	(10,000)	-	10,000
Hwy 421 Industrial Park	(4,500)	-	4,500
Loans	1,155,250	-	(1,155,250)
Donations	120,736	-	(120,736)
Local Match	107,008	-	(107,008)
Note Payable (BASIF Corporation)	-	1,631,386	1,631,386
Appropriated Fund Balance	102,712	-	(102,712)
Total Other Financing Sources (Uses)	<u>\$ 18,984,777</u>	<u>\$ 3,377,453</u>	<u>\$ (15,607,324)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 821,072</u>	<u>\$ 821,072</u>
Fund balances:			
Beginning of year, July 1		<u>2,182,827</u>	
End of year, June 30		<u>\$ 3,003,899</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, 2012

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

PROPRIETARY FUNDS

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

Pender County, North Carolina
Proprietary Fund
Combining Balance Sheets
June 30, 2012

Exhibit E-1

	NON-MAJOR										Totals	
	MAJOR		NON-MAJOR									
	Rocky Point Water Fund	Maple Hill Water Fund	Sewer Fund	Section 8 Admn. Fund	Country Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	Resource Recovery Fund	Water Treatment Plant	Point Water Fund		
Assets												
Current assets:												
Cash and cash equivalents	\$ 51,132	\$ -	\$ 1,460,008	\$ 323,389	\$ 46,122	\$ -	\$ 188,650	\$ 4,388,580				\$ 4,388,580
Due from other funds	-	12,568	24,507	-	-	-	-	715,981				715,981
Accounts receivable (net)	387,843	11,042	38,604	8,059	2,523	17,152	-	653,504				653,504
Due from other governments	8	7	-	31	19	2	-	451				451
Prepaid expense	-	-	-	-	-	-	-	-				-
Total current assets	438,983	23,617	1,523,119	331,479	48,664	17,154	188,650	5,758,516				5,758,516
Restricted Cash	1,010,462	-	-	-	-	825,170	-	3,125,463				3,125,463
Temporary Construction	-	4,189,256	-	-	-	2,137,607	2,769,373	59,295,391				59,295,391
Capital assets (net)	1,420,340	614,218	116,231	15,827	185,592	676,808	2,999,004	12,891,793				12,891,793
Total assets	1,859,323	4,827,091	1,639,350	347,306	234,256	3,656,739	5,957,027	81,071,163				81,071,163
Liabilities and Fund Equities												
Current liabilities:												
Advance Funding of Projects	-	1,009,724	-	-	-	219,018	-	3,743,461				3,743,461
Accounts payable and accrued liabilities	349,069	86,681	-	18,136	534	6,662	-	671,971				671,971
Accrued interest	-	1,128	-	-	-	9,319	-	173,433				173,433
Customer deposits	-	307	-	-	5,805	-	-	39,479				39,479
Deferred Revenue	-	-	-	16,025	-	-	-	16,025				16,025
General Obligation bonds payable	-	8,500	-	-	-	-	-	308,000				308,000
Bond anticipation note	-	-	-	-	-	-	-	22,455,000				22,455,000
Notes payable	-	90,528	-	-	6,514	-	-	97,042				97,042
Due to other funds	37,075	1,577,179	-	-	-	678,906	2,893,239	5,186,399				5,186,399
Total current liabilities	349,069	2,690,827	-	34,161	12,853	913,905	2,893,239	32,690,810				32,690,810
Noncurrent liabilities:												
Compensated absences payable	10,770	877	-	5,812	-	162	-	46,436				46,436
OPER payable	42,500	11,142	-	26,183	-	-	-	188,700				188,700
General obligation bond payable	-	227,000	-	-	-	2,711,000	-	23,154,000				23,154,000
Note payable	-	401,092	-	-	128,656	-	-	529,748				529,748
Total noncurrent liabilities	53,270	401,969	-	31,995	128,656	2,711,162	-	23,918,884				23,918,884
Total liabilities	402,339	2,731,036	-	66,156	141,509	3,625,067	2,893,239	56,609,694				56,609,694
Net Assets												
Capital assets net of related debt	1,420,340	7,378,085	116,231	15,827	50,422	928,585	5,768,377	28,768,837				28,768,837
Unrestricted	36,644	2,836,634	1,523,119	265,323	42,325	(896,913)	(2,704,589)	(4,307,388)				(4,307,388)
Total net assets	\$ 1,456,984	\$ 10,214,719	\$ 1,639,350	\$ 281,150	\$ 92,747	\$ 31,672	\$ 3,063,788	\$ 24,461,449				\$ 24,461,449

Pender County, North Carolina
 Proprietary Funds
 Combining Statement of Revenues, Expenses, and
 Changes in Retained Earnings (Deficit)
 For The Fiscal Year Ended June 30, 2012

	MAJOR				NON-MAJOR						Totals
	Resource Recovery Fund	Roady Point Water Fund	Water Treatment Plant	Maple Hill Water Fund	Sewer Fund	Sanction 8 Admin. Fund	County Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant		
Operating revenues:											
Charges for services	\$ 4,020,702	\$ 2,832,463	\$ -	\$ 123,824	\$ 594,787	\$ -	\$ -	\$ 127,755	\$ -	\$ 7,699,531	
Dwelling Rental	200	-	-	2,790	-	-	47,688	-	-	47,688	
Other operating revenues	4,020,902	2,832,463	-	126,614	594,787	-	48,165	127,980	225	3,690	
Total operating revenues											7,730,909
Operating expenses:											
Personnel	187,671	554,272	61,817	60,499	-	120,472	-	16,272	-	1,001,003	
Contracted Services	4,113,749	374,890	12,774	12,774	-	-	15,483	35,019	-	4,551,915	
Water Purchases	41,011	485,836	-	41,827	-	-	-	-	-	527,663	
System Maintenance / Other Operating Costs	-	366,022	7,314	31,006	40	15,438	28,062	21,455	-	510,338	
Administration and Housing Assistance	11,717	35,679	-	2,810	-	1,101,090	-	-	-	1,101,090	
OPER Expense	23,447	296,694	1,612	29,609	6,283	6,493	7,710	23,475	25,202	54,699	
Depreciation	4,380,195	2,056,609	70,743	178,525	6,323	2,760	51,255	96,221	25,202	356,792	
Total operating expenses											8,121,316
Operating income											(390,407)
Nonoperating revenues (expenses):											
Capital Contributions	-	-	4,188,948	2,487,338	-	-	-	-	-	6,676,286	
Interest revenue	-	573	18,897	-	-	22	50	1,596	-	21,138	
Fraud recovery	-	-	-	-	-	11,471	-	-	-	11,471	
White Goods	16,097	-	-	-	-	-	-	-	-	16,097	
Scrap Tire	70,523	-	-	-	-	-	-	-	-	70,523	
Solid Waste Disposal Tax	57,784	-	-	-	-	-	-	-	-	57,784	
Reimbursements from School	261,136	-	-	-	-	-	-	-	-	261,136	
Scrap Tire - DEHNR Grant	6,603	-	-	-	-	-	-	-	-	6,603	
Operating Subsidy - HUD	-	-	-	-	-	1,378,504	-	-	-	1,378,504	
Miscellaneous Revenue	-	(927,462)	(6,092)	(13,903)	-	17,081	-	(110,297)	-	17,081	
Interest expense	-	-	-	-	-	-	-	-	-	-	
Total Nonoperating Revenues (Expenses)											(1,057,814)
Revenues over (under) expenditures											(25,202)
Other financing sources (uses):											
Transfers from (to):											
Rocky Point Water Fund	32,850	(161,035)	4,131,010	2,421,464	588,464	160,835	(3,042)	(76,942)	(25,202)	7,068,402	
Sewer Fund	-	-	-	-	-	-	-	-	-	-	
Total other financing sources (uses)											(25,202)
Net Income (Loss)											17,393,067
Net Assets - beginning											(126,900)
Prior Period Adjustment											3,215,890
Net Assets - ending											\$ 24,461,469

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, 2012

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Landfill Fees	\$ 1,050,000	\$ 1,059,946	\$ 9,946
User Fees	2,977,690	2,868,299	(109,391)
Recycling	37,111	92,457	55,346
Disposal Tax	-	-	-
Miscellaneous Revenues	-	200	200
Total Revenues	<u>4,064,801</u>	<u>4,020,902</u>	<u>(43,899)</u>
Expenditures			
Salaries & Employee Benefits	189,677	187,671	2,006
Contracted Services	4,173,650	4,113,749	59,901
Other Operating Expenditures	56,259	41,011	15,248
Capital Outlay	24,693	2,600	22,093
Total Expenditures	<u>4,444,279</u>	<u>4,345,031</u>	<u>99,248</u>
Revenues over (under) expenditures	<u>(379,478)</u>	<u>(324,129)</u>	<u>55,349</u>
Other financing sources (uses):			
Transfers from (to):			
Capital Improvement Fund	(770)	-	(770)
General Fund	-	-	-
White Goods	15,000	16,097	1,097
Scrap Tire	55,750	70,523	14,773
Solid Waste Disposal Tax	28,250	37,784	9,534
Reimbursement from Schools	261,000	261,136	136
Scrap Tire - DEHNR Grant	-	6,603	6,603
Fund Balance Appropriated	20,248	-	(20,248)
Total other financing sources (uses)	<u>379,478</u>	<u>392,143</u>	<u>11,125</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 68,014</u>	<u>\$ 66,474</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ 68,014</u>	
Reconciling items:			
Capital Outlay Expenditures		-	
OPEB Expense		(11,717)	
Depreciation Expense		(23,447)	
Total reconciling items		<u>(35,164)</u>	
Net income (loss)		<u>\$ 32,850</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, 2012

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
School Fees - Sewer	\$ 30,421	\$ 44,130	\$ 13,709
Commercial Sewer Fees	116,000	75,628	(40,372)
Water Fees	2,676,072	2,451,400	(224,672)
Connections Fees - Water	212,500	222,605	10,105
Other Fees	105,550	38,700	(66,850)
Total Revenues	<u>3,140,543</u>	<u>2,832,463</u>	<u>(308,080)</u>
Expenditures			
Sewer Operations			
Salaries & Benefits	57,090	66,327	(9,237)
Contracted Services	83,087	56,480	26,607
Other Operating Expenditures	12,500	11,904	596
Capital Outlay	-	-	-
Total	<u>152,677</u>	<u>134,711</u>	<u>17,966</u>
Water Operations			
Salaries & Benefits	497,733	487,945	9,788
Contracted Services	335,809	318,410	17,399
Water Purchases	490,046	485,836	4,210
Other Operating Expenditures	350,441	354,118	(3,677)
Capital Outlay	158,000	152,341	5,659
Debt Service Payments:			
Principal	287,500	287,500	-
Interest	929,000	927,462	1,538
Total	<u>3,048,529</u>	<u>3,013,612</u>	<u>34,917</u>
Revenues over (under) expenditures	<u>(60,663)</u>	<u>(315,860)</u>	<u>(255,197)</u>
Other financing sources (uses):			
Transfer from Sewer Fund	-	-	-
Fund Balance Appropriated	60,663	-	(60,663)
Total Other Financing Sources	<u>60,663</u>	<u>-</u>	<u>(60,663)</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (315,860)</u>	<u>\$ (315,860)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		\$ (315,860)	
Reconciling items:			
Depreciation		(236,694)	
Long Term Debt Repayments		287,500	
Capital Outlay		137,125	
OPEB Expense		(33,679)	
USDA Rural Development Grant (Exhibit E-4a, E-4b)		-	
Investment Income (Exhibit E-4a, E-4b, E-4c)		573	
Sales Tax Refund (Exhibit E-4a)		-	
Net income		<u>\$ (161,035)</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, 2012

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
USDA Rural Development - Loan	\$ 5,723,000	\$ 5,723,000	\$ -	\$ 5,723,000
USDA Rural Development - Grant	3,680,500	3,680,500	-	3,680,500
Investment Income	2,627	46,651	-	46,651
Premium on Debt Issued	-	57,876	-	57,876
Sales Tax Refund	-	168,212	-	168,212
Total Revenues	9,406,127	9,676,239	-	9,676,239
Expenditures				
Contracted Services	845,107	421,175	-	421,175
Construction	8,123,949	5,464,244	-	5,464,244
Interest During Construction	527,702	842,694	-	842,694
Contingency	33,492	350	-	350
Reserve for Arbitrage	2,627	-	8,700	8,700
Other	12,750	1,004	-	1,004
Total Expenditures	9,545,627	6,729,467	8,700	6,738,167
Revenues over (under) expenditures	<u>(139,500)</u>	<u>2,946,772</u>	<u>(8,700)</u>	<u>2,938,072</u>
Other financing sources (uses):				
Donations	53,000	53,000	-	53,000
Transfer from (to):				
Rocky Point Water & Sewer	<u>86,500</u>	<u>86,500</u>	<u>-</u>	<u>86,500</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 3,086,272</u>	<u>\$ (8,700)</u>	<u>\$ 3,077,572</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, 2012

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
USDA Rural Development - Loan	\$ 1,529,000	\$ 1,529,000	\$ -	\$ 1,529,000
USDA Rural Development - Grant	1,094,000	174,900	-	174,900
Connection Fees	30,000	-	-	-
Premium on Debt Issued	-	2,150	-	2,150
Investment Income	-	78,907	64	78,971
Total Revenues	<u>2,653,000</u>	<u>1,784,957</u>	<u>64</u>	<u>1,785,021</u>
Expenditures				
Postage	4,000	1,168	-	1,168
Supplies and Materials	1,650	1,309	-	1,309
Contracted Services	371,296	234,911	4,040	238,951
Capital Outlay	2,162,000	1,889,267	-	1,889,267
Bond Interest	-	3,936	-	3,936
Interest During Construction	140,000	90,076	-	90,076
Contingency	92,804	2,550	-	2,550
Total Expenditures	<u>2,771,750</u>	<u>2,223,217</u>	<u>4,040</u>	<u>2,227,257</u>
Revenues over (under) expenditures	<u>(118,750)</u>	<u>(438,260)</u>	<u>(3,976)</u>	<u>(442,236)</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>\$ (347,410)</u>	<u>\$ (3,976)</u>	<u>\$ (351,386)</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, 2012

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
USDA RD Loan	\$ 10,625,000	\$ 10,625,000	\$ -	\$ 10,625,000
Premium on Debt Issued	-	14,944	-	14,944
Investment Income	95,374	548,332	509	548,841
Total Revenues	<u>10,720,374</u>	<u>11,188,276</u>	<u>509</u>	<u>11,188,785</u>
Expenditures				
Capital Outlay	9,094,841	8,207,524	101,509	8,309,033
Contracted Services	602,561	604,933	-	604,933
Bond Interest	-	202,510	-	202,510
Interest During Constuction	667,678	718,039	-	718,039
Reserve for Arbitage	252,870	-	94,895	94,895
Contingency	95,874	6,550	-	6,550
Total Expenditures	<u>10,713,824</u>	<u>9,739,556</u>	<u>196,404</u>	<u>9,935,960</u>
Revenues over (under) expenditures	<u>6,550</u>	<u>1,448,720</u>	<u>(195,895)</u>	<u>1,252,825</u>
Revenues Over (Under) Expenditures	<u>\$ 6,550</u>	<u>\$ 1,448,720</u>	<u>\$ (195,895)</u>	<u>\$ 1,252,825</u>

Pender County, North Carolina
 Water Treatment Plant Operating Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non - GAAP)
 For the Fiscal Year Ended June 30, 2012

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Water Fees	\$ 111,770	\$ -	\$ (111,770)
Connection Fees	-	-	-
Other Fees	-	-	-
Total Operating Revenues	<u>111,770</u>	<u>-</u>	<u>(111,770)</u>
Expenditures			
Salaries and Employee Benefits	78,170	61,817	16,353
Contract Services	-	-	-
Water Purchases	-	-	-
Other Operating Expenditures	7,600	6,245	1,355
Capital Outlay	26,000	25,107	893
Debt Service:			
Principal	-	43,908	(43,908)
Interest	-	6,092	(6,092)
Total	<u>111,770</u>	<u>143,169</u>	<u>(31,399)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(143,169)</u>	<u>(80,371)</u>
Other financing sources (uses):			
Operating Transfers From:			
General Fund	-	-	-
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ (143,169)</u>	<u>\$ (80,371)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (143,169)</u>	
Reconciling items:			
Long Term Debt Repayments		43,908	
OPEB Expense		-	
Capital Outlay		24,038	
Depreciation Expense		(1,612)	
Investment Income (Exhibit E-5a)		18,897	
Capital contributions (Exhibit E-5a)		4,188,948	
Total reconciling items		<u>4,274,179</u>	
Net income (loss)		<u>\$ 4,131,010</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, 2012

	Project Authorization	Actual			Total to Date
		Prior Years	Current Year	Completed Project	
Revenues					
Investment Income	\$ 4,100	\$ 28,230	\$ 18,897	\$ -	\$ 47,127
USDA RD Grant	7,594,000	-	4,188,948	-	4,188,948
Sales Tax Refund	215,009	-	-	-	-
Total Revenues	<u>7,813,109</u>	<u>28,230</u>	<u>4,207,845</u>	<u>-</u>	<u>4,236,075</u>
Expenditures					
Contracted Services	2,664,079	1,504,038	706,412	-	2,210,450
Capital Outlay	28,756,000	12,364,297	14,691,619	(399,555)	26,656,361
Water Treatment Plant	809,235	95,627	35,057	-	130,684
Reserve for Arbitrage	4,100	-	2,600	-	2,600
Interest During Construction	1,541,686	101,140	121,062	-	222,202
Total Expenditures	<u>33,775,100</u>	<u>14,065,102</u>	<u>15,556,750</u>	<u>(399,555)</u>	<u>29,222,297</u>
Revenues over (under) expenditures	<u>(25,961,991)</u>	<u>(14,036,872)</u>	<u>(11,348,905)</u>	<u>399,555</u>	<u>(24,986,222)</u>
Other financing sources (uses):					
Bond Anticipation Note	17,500,000	17,200,000	300,000	-	17,500,000
Revenue Bond Anticipation Note	4,955,000	4,955,000	-	-	4,955,000
Contribution From Capacity Fee	502,000	-	-	-	-
Loan from General Fund	3,004,991	1,577,179	-	(399,555)	1,177,624
	<u>25,961,991</u>	<u>23,732,179</u>	<u>300,000</u>	<u>(399,555)</u>	<u>23,632,624</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 9,695,307</u>	<u>\$(11,048,905)</u>	<u>\$ -</u>	<u>\$ (1,353,598)</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, 2012

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Water Fees	\$ 147,584	\$ 121,200	\$ (26,384)
Sewer Fees	73,369	-	(73,369)
Connection Fees	-	1,700	1,700
Other Fees	2,114	2,790	676
Total Operating Revenues	<u>223,067</u>	<u>125,690</u>	<u>(97,377)</u>
Expenditures			
Water			
Salaries and Employee Benefits	53,801	44,228	9,573
Contract Services	17,620	10,214	7,406
Water Purchases	43,000	41,827	1,173
Other Operating Expenditures	15,197	14,387	810
Debt Service:			
Principal	7,000	8,000	(1,000)
Interest	15,000	13,963	1,037
Total	<u>151,618</u>	<u>132,619</u>	<u>18,999</u>
Sewer			
Salaries and Employee Benefits	22,455	16,271	6,184
Contract Services	9,031	2,560	6,471
Other Operating Expenditures	43,450	16,619	26,831
Total	<u>74,936</u>	<u>35,450</u>	<u>39,486</u>
Revenues over (under) expenditures	<u>(3,487)</u>	<u>(42,379)</u>	<u>(155,862)</u>
Other financing sources (uses):			
Fund Balance Appropriated	3,487	-	(3,487)
Total other financing sources (uses)	<u>3,487</u>	<u>-</u>	<u>(3,487)</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ (42,379)</u>	<u>\$ (159,349)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (42,379)</u>	
Reconciling items:			
Long Term Debt Repayments		8,000	
OPEB Expense		(2,810)	
Depreciation Expense		(29,609)	
Connection fees (Exhibit E-5a)		924	
Capital contributions (Exhibit E-5a)		2,487,338	
Total reconciling items		<u>2,463,843</u>	
Net income (loss)		<u>\$ 2,421,464</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, 2012

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Connection Fees	\$ 42,750	\$ 41,735	\$ 924	\$ 42,659
Cape. Fear RC&D Match	2,000	2,000	-	2,000
NC Rural Center Grant	2,774,614	394,115	2,200,644	2,594,759
Clean Water Trust Fund	1,463,000	-	286,694	286,694
Total revenues	<u>4,282,364</u>	<u>437,850</u>	<u>2,488,262</u>	<u>2,926,112</u>
Expenditures				
Supplies / Sampling	77,811	4,319	53,548	57,867
Contracted Services	419,864	327,892	132,535	460,427
Capital Outlay	3,589,689	1,020,972	2,456,787	3,477,759
Contingency	195,000	60,157	6,146	66,303
Total Expenditures	<u>4,282,364</u>	<u>1,413,340</u>	<u>2,649,016</u>	<u>4,062,356</u>
Revenues under expenditures	<u>-</u>	<u>(975,490)</u>	<u>(160,754)</u>	<u>(1,136,244)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (975,490)</u>	<u>\$ (160,754)</u>	<u>\$ (1,136,244)</u>

Pender County, North Carolina
St. Helena Wastewater Project
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2012

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

**Pender County, North Carolina
Sewer Operating Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2012**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Del Lab Fees	\$ -	\$ -	\$ -
Other	-	-	-
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Sewer Operations	-	40	(40)
Total Expenditures	<u>-</u>	<u>40</u>	<u>(40)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(40)</u>	<u>(40)</u>
Other financing sources (uses):			
Operating Transfers From:			
General Fund	-	-	-
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ (40)</u>	<u>\$ (40)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (40)</u>	
Reconciling items:			
Depreciation Expense		(6,283)	
Transfer to Rocky Point/Topsail W&S from Wallace WWTP Capacity (Exhibit E-6a)		-	
Water and Wastewater Capacity Fees (Exhibit E-6a)		<u>594,787</u>	
Total reconciling items		<u>588,504</u>	
Net income (loss)		<u>\$ 588,464</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, 2012

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
Water Capacity Fees	\$ 57,600	\$ 681,879	\$ 594,787	\$ 1,276,666
Wastewater Capacity Fees	100,000	186,962	-	186,962
Interest	-	-	-	-
Total revenues	<u>157,600</u>	<u>868,841</u>	<u>594,787</u>	<u>1,463,628</u>
Expenditures				
Capital Outlay	-	-	-	-
Reserves	157,600	-	-	-
Total Expenditures	<u>157,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues under expenditures	<u>-</u>	<u>868,841</u>	<u>594,787</u>	<u>1,463,628</u>
Other financing sources:				
Transfer from (to)				
Water Plant Capacity	(502,000)	-	-	-
Fund Balance Appropriated	502,000	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 868,841</u>	<u>\$ 594,787</u>	<u>\$ 1,463,628</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Nonoperating revenues			
Investment earnings	\$ -	\$ 22	\$ 22
Other Revenue	6,746	17,081	10,335
Fraud recovery		11,471	11,471
Total Revenues	<u>6,746</u>	<u>28,574</u>	<u>21,828</u>
Expenditures			
Salaries and Benefits	115,246	120,472	(5,226)
Housing Assistance Payments	1,045,554	1,101,090	(55,536)
Other Operating Expenditures	22,410	15,428	6,982
Capital Outlay	-	15,615	(15,615)
Total Expenditures	<u>1,183,210</u>	<u>1,252,605</u>	<u>(69,395)</u>
Revenues over (under) expenditures	<u>(1,176,464)</u>	<u>(1,224,031)</u>	<u>(47,567)</u>
Other financing sources (uses):			
Operating Subsidy - HUD	1,176,437	1,378,504	202,067
Developer's Fee - Seven Oaks		-	-
Transfer from General Fund		-	-
Fund Balance Appropriated	27	-	(27)
	<u>1,176,464</u>	<u>1,378,504</u>	<u>202,040</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 154,473</u>	<u>\$ 154,473</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ 154,473</u>	
Reconciling items:			
OPEB Expense		(6,493)	
Depreciation Expense		(2,760)	
Capital Outlay		<u>15,615</u>	
Net income (loss)		<u>\$ 160,835</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Operating Revenues:			
Dwelling Rental	\$ 45,000	\$ 47,688	\$ 2,688
Miscellaneous	88	475	387
Total Operating Revenues	<u>45,088</u>	<u>48,163</u>	<u>3,075</u>
Nonoperating Revenues:			
Interest Income	100	50	(50)
Total Nonoperating Revenues	<u>100</u>	<u>50</u>	<u>(50)</u>
Expenditures			
Administration and Tenant Services	28,270	26,704	1,566
Contracted Services	15,260	15,483	(223)
FMHA Debt Service Payments	7,936	7,836	100
Total Expenditures	<u>51,466</u>	<u>50,023</u>	<u>1,443</u>
Revenues over (under) expenditures	<u>(6,278)</u>	<u>(1,810)</u>	<u>4,468</u>
Other financing sources (uses):			
Transfers from (to):			
Country Court Reserve	-	-	-
Country Court	(3,000)	-	3,000
Fund Balance Appropriated	14,170	-	(14,170)
Total other financing sources (uses)	<u>11,170</u>	<u>-</u>	<u>(11,170)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ 4,892</u>	<u>\$ (1,810)</u>	<u>\$ (6,702)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (1,810)</u>	
Reconciling items:			
Mortgage Principal Payment		6,478	
Depreciation Expense		<u>(7,710)</u>	
Total reconciling items		<u>(1,232)</u>	
Net income (loss)		<u>\$ (3,042)</u>	

Pender County, North Carolina
 Scotts Hill Water & Sewer District Operating Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non - GAAP)
 For the Fiscal Year Ended June 30, 2012

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Water Fees	\$ 270,497	\$ 119,305	\$ (151,192)
Connection Fees	12,750	1,700	(11,050)
Other Fees	7,507	6,750	(757)
Total Operating Revenues	<u>290,754</u>	<u>127,755</u>	<u>(162,999)</u>
Expenditures			
Salaries and Employee Benefits	19,731	16,272	3,459
Contract Services	37,319	35,019	2,300
Water Purchases	45,000	-	45,000
Other Operating Expenditures	43,704	21,598	22,106
Capital Outlay	23,000	21,234	1,766
Debt Service:			
Principal	-	-	-
Interest	122,000	110,297	11,703
Total Expenditures	<u>290,754</u>	<u>204,420</u>	<u>86,334</u>
Revenues over (under) expenditures	<u>-</u>	<u>(76,665)</u>	<u>(76,665)</u>
Other financing sources (uses):			
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ (76,665)</u>	<u>\$ (76,665)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (76,665)</u>	
Reconciling items:			
Long Term Debt Repayments		-	
OPEB Expense		-	
Depreciation Expense		(23,475)	
Capital Outlay		21,377	
Connection fees (Exhibit E-10a)		225	
Investment Income (Exhibit E-10a)		1,596	
Total reconciling items		<u>(277)</u>	
Net income (loss)		<u>\$ (76,942)</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, 2012

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
Connection Fees	\$ 84,000	\$ 105,335	\$ 225	\$ 105,560
Investment Income	-	3,279	1,596	4,875
Total Revenues	<u>84,000</u>	<u>108,614</u>	<u>1,821</u>	<u>110,435</u>
Expenditures				
Administrative and Legal Fees	15,000	1,118	150	1,268
Capital Outlay	2,355,000	1,601,877	252,415	1,854,292
Contracted Services	272,000	250,298	7,000	257,298
Interest During Constuction	131,000	23,276	128	23,404
Contingency	227,000	45	1,300	1,345
Total Expenditures	<u>3,000,000</u>	<u>1,876,614</u>	<u>260,993</u>	<u>2,137,607</u>
Revenues over (under) expenditures	<u>(2,916,000)</u>	<u>(1,768,000)</u>	<u>(259,172)</u>	<u>(2,027,172)</u>
Other financing sources (uses):				
USDA Rural Development Loan	<u>2,916,000</u>	<u>2,711,000</u>	<u>-</u>	<u>2,711,000</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 943,000</u>	<u>\$ (259,172)</u>	<u>\$ 683,828</u>

Pender County, North Carolina
Waste Water Treatment Plant Operating Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2012

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Wastewater Fees	\$ -	\$ -	\$ -
Connection Fees	-	-	-
Other Fees	-	-	-
Total Operating Revenues	-	-	-
Expenditures			
Salaries and Employee Benefits	-	-	-
Contract Services	-	-	-
Other Operating Expenditures	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total	-	-	-
Revenues over (under) expenditures	-	-	-
Other financing sources (uses):			
Operating Transfers From:			
Project Fund	-	191,684	191,684
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	-	191,684	191,684
Revenues over expenditures and other uses	\$ -	\$ 191,684	\$ 191,684
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		\$ 191,684	
Reconciling items:			
Long Term Debt Repayments		-	
OPEB Expense		-	
Capital Outlay		-	
Depreciation Expense		(25,202)	
Investment Income (Exhibit E-11a)		-	
Capital contributions (Exhibit E-11a)		-	
Transfers (Exhibit E-11b)		(191,684)	
Total reconciling items		(216,886)	
Net income (loss)		\$ (25,202)	

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, 2012

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
Investment Income	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Contracted Services	192,510	49,000	-	49,000
Burgaw Sewer Project	2,005,440	2,005,440	-	2,005,440
Wastewater Treatment Plant	1,906,513	380,312	3,034	383,346
Capital Outlay	-	331,587	-	331,587
Total Expenditures	4,104,463	2,766,339	3,034	2,769,373
Revenues over (under) expenditures	(4,104,463)	(2,766,339)	(3,034)	(2,769,373)
Other financing sources (uses):				
Transfer to St Helena Wastewater Project	-	(126,900)	-	(126,900)
Loan from General Fund	4,104,463	2,893,239	-	2,893,239
	4,104,463	2,766,339	-	2,766,339
Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (3,034)	\$ (3,034)

Pender County, North Carolina
Wallace WWTP Capacity
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2012

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

**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, 2012**

	Financial Plan	Actual	Variance Favorable (Unfavorable)
Revenues			
Operating Revenues			
Premiums Received	\$ 3,016,547	\$ 3,093,482	\$ 76,935
Total Operating Revenues	<u>3,016,547</u>	<u>3,093,482</u>	<u>76,935</u>
Nonoperating Revenues			
Interest on Investments	-	-	-
Total Nonoperating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 3,016,547</u>	<u>\$ 3,093,482</u>	<u>\$ 76,935</u>
Expenditures			
Claims	\$ 3,516,547	\$ 3,235,623	\$ 280,924
Total Expenditures	<u>\$ 3,516,547</u>	<u>\$ 3,235,623</u>	<u>\$ 280,924</u>
Revenues over (under) expenditures	<u>\$ (500,000)</u>	<u>\$ (142,141)</u>	<u>\$ 357,859</u>
Other financing sources (uses):			
Fund Balance Appropriated	\$ -	\$ -	\$ -
Transfer from General Fund	500,000	500,000	-
Total Other Financing Sources	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 357,859</u>	<u>\$ 357,859</u>
Reconciliation from Financial Plan basis (modified accrual) to full accrual:			
Revenues and Other Sources Over (Under) Expenditures and Other Uses		\$ 357,859	
Reconciling items:			
Capital Outlay		-	
Total Reconciling Items		<u>-</u>	
Net income		<u>\$ 357,859</u>	

AGENCY FUNDS

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

Pender County, North Carolina
Agency Funds
Combining Balance Sheet
June 30, 2012

	Agency							Totals
	Tax Clearing Fund	Four H Fund	Extension Education	Sea Oats Travel	Pesticide Recycling Grant	Tourism Development Authority	DMV 3% Collections	June 30, 2012
Assets								
Cash and cash equivalents	\$ -	\$ 1,354	\$ 14,609	\$ 313	\$ 1,558	\$ 20,448	\$ 1,862	\$ 40,144
Liabilities and Fund Balances								
Liabilities:								
Miscellaneous liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental payable	-	1,354	14,609	313	1,558	20,448	1,862	40,144
Total liabilities	\$ -	\$ 1,354	\$ 14,609	\$ 313	\$ 1,558	\$ 20,448	\$ 1,862	\$ 40,144

Pender County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Tax Clearing Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Liabilities:				
Intergovernmental payable	\$ -	\$ -	\$ -	\$ -
Four H Fund:				
Assets:				
Cash and cash equivalents	\$ 3,001	\$ -	\$ 1,647	\$ 1,354
Liabilities:				
Intergovernmental payable	\$ 3,001	\$ 1,647	\$ -	\$ 1,354
Extension Education:				
Assets:				
Cash and cash equivalents	\$ 12,373	\$ 2,236	\$ -	\$ 14,609
Liabilities:				
Intergovernmental payable	\$ 12,373	\$ -	\$ 2,236	\$ 14,609
Sea Oats Travel:				
Assets:				
Cash and cash equivalents	\$ 313	\$ -	\$ -	\$ 313
Liabilities:				
Intergovernmental payable	\$ 313	\$ -	\$ -	\$ 313
Pesticide Recycling Grant:				
Assets:				
Cash and cash equivalents	\$ 1,558	\$ -	\$ -	\$ 1,558
Liabilities:				
Intergovernmental payable	\$ 1,558	\$ -	\$ -	\$ 1,558
Tourism Development Authority:				
Assets:				
Cash and cash equivalents	\$ 65,463	\$ -	\$ 45,015	\$ 20,448
Liabilities:				
Intergovernmental payable	\$ 65,463	\$ 45,015	\$ -	\$ 20,448
DMV 3% Collections:				
Assets:				
Cash and cash equivalents	\$ 3,136	\$ 31,287	\$ 32,561	\$ 1,862
Liabilities:				
Intergovernmental payable	\$ 3,136	\$ 32,561	\$ 31,287	\$ 1,862
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 85,844	\$ 33,523	\$ 79,223	\$ 40,144
Liabilities:				
Intergovernmental payable	\$ 85,844	\$ 79,223	\$ 33,523	\$ 40,144

OTHER SCHEDULES

This section includes additional information on property taxes.

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

Pender County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2012

Exhibit G-1

Year	Uncollected Balance June 30, 2011	Additions	Collections And Credits	Uncollected Balance June 30, 2012
2010-11	\$ -	\$ 33,152,653	\$ 31,644,106	\$ 1,508,547
2009-10	1,438,540	(2,363)	902,737	533,440
2008-09	429,924	(151)	150,434	279,339
2007-08	237,606	(41)	54,550	183,015
2006-07	141,938	-	18,968	122,970
2005-06	177,736	83	12,848	164,971
2004-05	80,197	47	6,540	73,704
2003-04	84,211	-	4,902	79,309
2002-03	66,257	(77)	5,745	60,435
2001-02	81,871	-	20,257	61,614
2000-01	66,131	-	66,131	-
Totals	<u>\$ 2,804,411</u>	<u>\$ 33,150,151</u>	<u>\$ 32,887,218</u>	<u>\$ 3,067,344</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>687,650</u>
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 2,379,694</u>
 <u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 33,001,059
Reconciling items:				
Penalties and Interest				(323,609)
Discounts, Releases, Refunds				<u>209,768</u>
Total Collections and Credits				<u>\$ 32,887,218</u>

Pender County, North Carolina
 Analysis of Current Tax Levy
 County - Wide Levy
 For the Fiscal Year Ended June 30, 2012

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	\$ 6,397,252,148	0.512	\$ 32,992,380	\$ 30,561,915	\$ 2,430,465
Penalties	-		-	-	-
Total	\$ 6,397,252,148		\$ 32,992,380	\$ 30,561,915	\$ 2,430,465
Discoveries:					
Current year taxes	\$ 60,871,875	0.512	\$ 311,664	\$ 287,002	\$ 24,662
Penalties	-		-	-	-
Total	\$ 60,871,875		\$ 311,664	\$ 287,002	\$ 24,662
Abatements					
Current year taxes	\$ 29,568,554		\$ (151,391)	\$ (112,559)	\$ (38,832)
Penalties	-		-	-	-
Total	\$ 29,568,554		\$ (151,391)	\$ (112,559)	\$ (38,832)
Total For Year	\$ 6,487,692,577		\$ 33,152,653	\$ 30,736,358	\$ 2,416,295
Net levy			33,152,653	30,736,358	2,416,295
Less Uncollected taxes at June 30, 2012			1,508,547	1,047,344	461,203
Current year's taxes collected			\$ 31,644,106	\$ 29,689,014	\$ 1,955,092
Current levy collection percentage			95.45%	96.59%	80.91%

**Pender County, North Carolina
 Analysis of Current Tax Levy
 County - wide Levy
 For the Fiscal Year Ended June 30, 2012**

Secondary Market Disclosures:

Assessed Valuation			100 %
Assessment Ratio			
Real Property	\$	5,642,915,481	
Personal Property		195,207,053	
Public Service Companies		<u>104,012,842</u>	
Total Assessed Valuation	\$	<u>5,942,135,376</u>	
Tax Rate per \$100		0.512	
Levy (includes discoveries, releases and abatements)	\$	<u><u>30,423,733</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>6,185,425</u>	
Total	\$	<u><u>6,185,425</u></u>	

**Pender County, North Carolina
Ten Largest Taxpayers
June 30, 2012**

<u>Taxpayers</u>	<u>Type of Business</u>	<u>2011 Assessed Valuation</u>	<u>% of Total Valuation</u>
Red Mountain Timber Co I, LLC	Timber Production	\$ 51,104,001	0.86%
Progress Energy Carolinas	Utilites	37,134,613	0.62%
Four County EMC	Utilites	32,047,960	0.54%
Charter Communications	Communications	22,912,145	0.39%
LL Building Products	Manufacturing	17,145,005	0.29%
Bellsouth Telephone	Utilites	13,247,059	0.22%
TC & I Timber Co, LLC	Timber Production	10,937,444	0.18%
Batts Properties Inc	Real Estate Holdings	10,921,164	0.18%
CRM Mid Atlantic Properties	Real Estate Holdings	10,533,497	0.18%
Lowe's Home Center	Retail	<u>10,261,512</u>	<u>0.17%</u>
Totals		<u>\$ 216,244,400</u>	<u>3.64%</u>

COMPLIANCE SECTION



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

CERTIFIED PUBLIC ACCOUNTANTS

Offices:
Whiteville, NC
Elizabethtown, NC
Wilmington, NC

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

To the Board of County Commissioners
Pender County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of Pender County, North Carolina, as of and for the year ended June 30, 2012, which collectively comprises Pender County's basic financial statements, and have issued our report thereon dated March 26, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Pender County ABC Board, as described in our report on Pender County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Pender County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be a material weakness. [12-01]

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

Page 2

Compliance and Other Matters

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

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.

March 26, 2013



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 Pender County, North Carolina's, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Pender County's major federal programs for the year ended June 30, 2012. Pender County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Pender County's management. Our responsibility is to express an opinion on Pender County's compliance based on our audit.

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

In our opinion, Pender County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirement, which are required to be reported in accordance with 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 items [12-02, 12-03, 12-04].

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance what we consider to be material weaknesses, as defined above. However, we identified certain deficiencies as described in the accompanying schedule of findings and questioned costs as items [12-02, 12-03, and 12-04]. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged in governance.

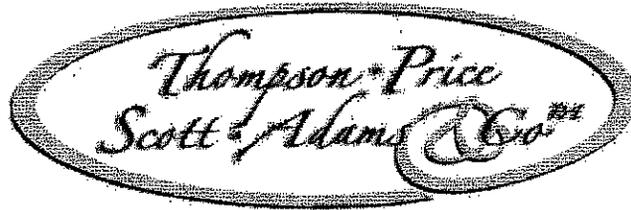
The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on the response.

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

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

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

March 26, 2013



CERTIFIED PUBLIC ACCOUNTANTS

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

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

In our opinion, Pender County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012.

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

Internal Control Over Compliance

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

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

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

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

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



March 26, 2013

PENDER COUNTY, NORTH CAROLINA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2012

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
	Subsidized Child Care Cluster:
93.575	Child Care and Development Fund - Discretionary
93.596	Child Care and Development Fund - Mandatory
93.667	Match Social Services Block Grant
93.558	Temporary Assistance for Needy Families (TANF)
93.767	NC Health Choice
10.760	Water and Waste Disposal Systems for Rural Communities

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

Dollar threshold used to distinguish between Type A and Type B Programs \$ 1,501,560

Auditee qualified as low-risk auditee? yes no

PENDER COUNTY, NORTH CAROLINA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2012

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
- Subsidized Child Care Cluster
 - SC/SA Domiciliary Care
 - Maple Hill Sewer Project

Section II. Financial Statement Findings

Finding 12-01 Reconciliation of Records

MATERIAL WEAKNESS

Criteria: Finance Office should prepare timely reconciliations of records.

Condition: In reviewing bank reconciliations and other subsidiary ledger reconciliations, it was noted that some were prepared several months after the month end closing should have been done.

Effect: This indicates that management may have not had accurate information to base decisions on in conducting business for the County.

Cause: The finance officer left mid-year, so there was a period of time where there was no one in place to oversee this process.

Recommendation: The finance office should make sure that timely reconciliations are being prepared for all finance functions so that management has accurate information to rely on in making decisions for the County.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Efforts will be made to ensure timely reconciliations in the future.

Section III. Federal Award Findings and Questioned Costs

Finding 12-02 Crosscutting (Day Sheet Testing)

SIGNIFICANT DEFICIENCY

Criteria: Employees are to fill out time sheets each day to accurately identify the amount of time spent on various cases.

Condition: We pulled a sample of five day sheets for the month of August. Two of the cases listed did not have any documentation or matching narrative in the client file. There were other discrepancies noted in the documentation of the caseworkers file.

Effect: This indicates that the actual time is not being tracked by the Social Worker and time is just being randomly allocated to various cases, regardless of the amount of time that is actually spent, or even if the case was even assigned to a particular case worker at the time.

Cause: It does not appear that the supervisors are adequately reviewing time sheets for employees.

Recommendation: The supervisors should become more involved in reviewing files (both the case files and the case workers files)

Views of responsible officials and planned corrective actions: The County agrees with this finding. Day Sheets should be accurately prepared and reviewed to ensure that the time for cases is properly recorded and charged.

U.S. Department of Health and Human Service
Program Name: NC Health Choice
CFDA #: 93.767

Finding 12-03 Eligibility

SIGNIFICANT DEFICIENCY

Criteria: Certain documentation is required to be in the file for recipients to be eligible for benefits through this program.

Condition: We reviewed 60 case files. Two of the files (Case ID 62208314 and 29574650) did not have proper documentation to verify that client was in deed eligible for these benefits.

Effect: This indicates that these two cases potentially may not have been eligible for benefits.

Cause: It does not appear that the supervisors are adequately reviewing case files to ensure that adequate documentation is maintained for the cases.

Recommendation: The supervisors should become more involved in reviewing files for appropriate documentation. files)

Views of responsible officials and planned corrective actions: The County agrees with this finding. Case files should be thoroughly reviewed for proper documentation.

Section III. Federal Award Findings and Questioned Costs (continued)

U.S. Department of Health and Human Service

Program Name: Medicaid

CFDA #: 93.778

Finding 12-04 Eligibility

SIGNIFICANT DEFICIENCY

Criteria: Certain documentation is required to be in the file for recipients to be eligible for benefits through this program.

Condition: We reviewed 60 case files. Five cases had documentation issues. Two of the five did not have current narratives, two of the files did not have proper residency verification, and one file did not have an original signed application.

Effect: This indicates that five cases potentially may not have been eligible for benefits.

Cause: It does not appear that the supervisors are adequately reviewing case files to ensure that adequate documentation is maintained for the cases.

Recommendation: The supervisors should become more involved in reviewing files for appropriate documentation. files)

Views of responsible officials and planned corrective actions: The County agrees with this finding. Case files should be thoroughly reviewed for proper documentation.

Section IV. State Award Findings and Questioned Costs

None Reported.

PENDER COUNTY, NORTH CAROLINA
Corrective Action Plan
For the Year Ended June 30, 2012

Section II - Financial Statement Findings

Finding 12-01 Reconciliation of Records

Name of contact person: Claiburn "Butch" Watson, Finance Officer

Corrective Action: Responsible officials will oversee the financial reporting process and ensure that adequate training is provided to personnel in order to prepare timely financial reports for management use.

Proposed Completion Date: Immediately

Section III - Federal Award Findings and Question Costs

Finding 12-02 Crosscutting (Day Sheet Testing)

Name of contact person: Claiburn "Butch" Watson, Finance Officer

Corrective Action: Responsible officials will ensure that employees receive adequate training on the importance of proper reporting of time. In addition, supervisors will pay additional detail in reviewing day sheets to ensure that cases are accurately recorded and reported.

Proposed Completion Date: Immediately

Finding 12-03 Eligibility (NC Health Choice)

Name of contact person: Claiburn "Butch" Watson, Finance Officer

Corrective Action: Responsible officials will ensure that employees receive adequate training on the importance of proper documentation of case files. In addition, supervisors will pay additional detail in reviewing case files to ensure that all required documentation is obtained in the file.

Proposed Completion Date: Immediately

Finding 12-04 Eligibility (Medicaid)

Name of contact person: Claiburn "Butch" Watson, Finance Officer

Corrective Action: Responsible officials will ensure that employees receive adequate training on the importance of proper documentation of case files. In addition, supervisors will pay additional detail in reviewing case files to ensure that all required documentation is obtained in the file.

Proposed Completion Date: Immediately

Section IV - State Award Findings and Question Costs

None Reported

PENDER COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2012

None Reported.

**Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2012**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed (Direct & Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Federal Awards:					
U.S. Department of Agriculture					
Passed-through N.C. Dept of Health and Human Services:					
Division of Social Services:					
Administration:					
Supplemental Nutrition Assist Program Cluster					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 387,279	\$ -	\$ 387,279
Fraud	10.561		870	-	870
Supplemental Nutrition Assist Program Cluster			<u>\$ 388,149</u>	<u>\$ -</u>	<u>\$ 388,149</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		\$ 234,218	\$ -	\$ -
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557		732,792	-	-
Rural Utilities Service					
Water and Waste Disposal Systems for Rural Communities	10.760		\$ 4,636,396	\$ -	\$ -
Total			<u>\$ 4,636,396</u>	<u>\$ -</u>	<u>\$ -</u>
Total U.S. Dept. of Agriculture			<u>\$ 5,991,555</u>	<u>\$ -</u>	<u>\$ 388,149</u>
U.S. Dept. of Health and Human Services					
Passed-through N.C. Department of Health and Human Services Division of Public Health:					
Temporary Assistance for Needy Families	93.558		\$ 4,494	\$ -	\$ -
CCNC & Preguancy Prevention	93.778		29,990	11,570	-
Maternal and Child Health Services Block Grant	93.994		78,425	58,826	-
Immunization	93.268		15,191	-	-
Comprehensive Breast and Cervical Cancer Early	93.919		7,844	5,100	-
Social Service Block Grant	93.667		-	500	-
ARRA Preventing Healthcare Associated Infections	93.717		2,538	-	-
Prevention Investigations and Tech Asst	93.283		250	-	-
Public Health Emergency Preparedness	93.069		41,605	-	-
Family Planning Services	93.217		35,989	-	-
CDC - Tuberculosis	93.116		32,202	-	-

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For The Fiscal Year Ended June 30, 2012**

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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			\$ 264,716	\$ 15,704	\$ -
Access	93.044		10,811	637	-
Title IIIB DSS	93.044		30,331	874	-
In Home Support Services	93.667		144,020	8,540	-
Title IIIC Nutrition	93.045		2,426	144	-
Special Program for the Aging Title IIID	93.043		1,321	78	-
Medical Management	93.043		16,752	-	-
NISP Congregate USDA	93.053		-	-	32,998
Family Caregiver Services	93.052		-	-	32,998
Total Aging Cluster			\$ 470,377	\$ 25,977	\$ 32,998
 Division of Social Services:					
Administration:					
Adult Care Home Case Management	93.778		\$ 41,862	\$ 24,706	\$ 17,155
TANF Domestic Violence	93.558		8,000	-	-
Family Preservation	93.556		4,758	-	-
Low Income Energy Asst.	93.568		46,751	-	-
Social Services Block Grant	93.667		116,760	9,452	42,071
Adoption/Foster Care	N/A		79,390	26,077	3,161
Family Violence Prevention	93.671		1,153	-	384
IV-D Administration	93.563		311,584	-	160,513
IV-D Offset Fees	93.563		1,756	-	904
Work First Administration	93.558		44,795	-	59,757
Work First Service	93.558		396,794	-	473,967
AFDC Payment & Penalties	93.560		(339)	(93)	(93)
 Direct Benefit Payments					
Temporary Assistance Needy Families	93.558		307,211	-	-
Low Income Energy Assistance	93.568		117,200	-	-
 Crisis Intervention					
Low Income Energy Assistance	93.568		148,766	-	768

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
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Administration for Children and Families					
Foster Care and Adoption Cluster					
Title IV-E Foster Care - Administration	93.658		21,601	10,801	10,800
IV-E Foster Care	93.658		34,476	9,654	9,655
IV-E Foster Care Max	93.658		290	-	154
IV-E CPS	93.658		163,835	18,533	137,777
IV-E Adoption Subsidy & Vendor	93.659		206,614	55,216	55,216
Total Foster Care and Adoption			<u>426,816</u>	<u>94,204</u>	<u>213,602</u>
Permanency Planning	93.645		15,480	-	5,160
Independent Living Initiative	93.674		16,768	3,759	-
Total Division of Social Services			<u>\$ 2,085,505</u>	<u>\$ 158,105</u>	<u>\$ 977,349</u>
Subsidized Child Care					
Child Care Development Fund Cluster					
Division of Social Services					
Child Care Development Fund - Administration	93.596		\$ 80,000	\$ -	\$ -
Division of Child Development					
Child Care and Development Fund - Discretionary	93.575		696,076	-	-
Child Care and Development Fund - Mandatory	93.596		232,006	-	-
Child Care and Development Fund - Match	93.596		118,349	44,371	-
Total Child Care Fund Cluster			<u>1,126,431</u>	<u>44,371</u>	<u>-</u>
Temporary Assistance for Needy Families	93.558		281,528	-	-
ARRA - Emergency Contingency Fund for					
Temporary Assistance for Needy Families State	73.714		35,975	-	-
Foster Care Title IV-E	93.658		9,672	-	-
Smart Start			-	10,040	-
State Appropriations			-	112,598	-
TANF - MOE			-	219,315	-
Total Subsidized Child Care Cluster			<u>\$ 1,453,606</u>	<u>\$ 386,324</u>	<u>\$ -</u>
Division of Medical Assistance					
Administration					
Medical Assistance Program	93.778		\$ 732,007	\$ -	\$ 732,007
NC Health Choice	93.767		37,352	2,398	9,649
Direct Benefit Payments					
Title XIX - Medicaid	93.778		37,425,213	22,099,412	10,788
Transportation Services					
Medical Assistance Program	93.778		83,350	17,898	49,699
Division of Medical Assistance					
In-Home Services	93.667		12,303	-	1,758
Adult Day Care	93.667		20,456	2,536	6,572
Total U.S. Dept. of Health and Human Services			<u>\$ 42,568,697</u>	<u>\$ 22,768,646</u>	<u>\$ 1,820,820</u>

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2012

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Fed (Direct &</u> <u>Pass-through</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
U.S. Dept. of Housing and Urban Development					
Direct Program					
Lower Income Housing Assistance Program - Section 8 Housing Voucher Program	14.871		\$ 1,101,090	\$ -	\$ -
ARRA Homelessness Prevention and Rapid Re-Housing	14.257		31,831	-	-
Passed-through N.C. Dept. of Economic and Community Development:					
Community Development Block Grant - Community Development - Concentrated Needs	14.228	04-C-1255	\$ -	\$ -	\$ -
Scattered Sites CDBG	14.228	10-C-2157	344,985	-	-
Passed-through N.C. Dept. of Commerce					
Pender Industrial Shell Building	14.228	08-L-1923	10,000	-	-
Total U.S. Dept. of Housing and Urban Development			<u>\$ 1,487,906</u>	<u>\$ -</u>	<u>\$ -</u>
U.S. Dept. of Justice					
Violence Against Women	16.588		\$ 3,855	\$ -	\$ -
Total U.S. Dept. of Justice			<u>\$ 3,855</u>	<u>\$ -</u>	<u>\$ -</u>
Total Federal Programs			<u>\$ 50,052,013</u>	<u>\$ 22,768,646</u>	<u>\$ 2,208,969</u>
State Awards:					
N.C. Dept. of Health and Human Services					
General Health			\$ -	\$ 85,556	\$ -
Environmental Health			-	4,000	-
TB Medical Services			-	1,034	-
Mosquito Public Health Pesticide			-	7,132	-
Food & Lodging Fees			-	4,028	-
WHSF			-	9,476	-
School Nurse Funding Initiative			-	150,000	-
Communicable Diseases			-	9,999	-
Risk Reduction/Health Promotion			-	11,764	-
Tuberculosis			-	5,459	-
Division of Child Development					
Non-Allocating County Cost			-	-	375,438
State County Special Assistance			-	-	6,145

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2012

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Division of Social Services:					
CP&L Energy Assistance			-	3,189	-
SC/SA Domiciliary Care			-	296,008	296,008
County Fund Programs			-	-	1,200,690
CWS - Adoption			-	128,451	4,099
AFDC Incentive Program Integrity			-	77	-
Work First Non Reimbursable			-	-	351,283
Poster Home			-	104,094	104,094
SFHF Maximization			-	70,042	70,042
Cape Fear Council of Governments					
Division of Aging					
Senior Center General Purpose			-	24,410	-
Fans			-	564	-
Total N.C. Dept. of Health and Human Services			\$ -	\$ 915,283	\$ 2,407,799
N.C. Dept. of Transportation					
Elderly and Handicapped Transportation Assistance		36228.22.4.1	\$ -	\$ 64,504	\$ -
ROAP EDTAP		36220.10.4.1	-	67,490	-
Work First Transportation Non-Recipient		36236.10.3.1	-	22,796	-
Total of N.C. Dept. of Transportation			\$ -	\$ 154,790	\$ -
N.C. Dept. of Administration					
Veterans Services			-	1,452	-
Total of N.C. Dept. of Administration			\$ -	\$ 1,452	\$ -
N.C. Dept. of Environment and Natural Resources					
Division of Waste Management					
White Goods Management Program			\$ -	\$ 16,098	\$ -
Scrap Tire Program			-	70,523	-
Scrap Tire Grant			-	6,603	-
Total of N.C. Dept. of Environment and Natural Resources			\$ -	\$ 93,224	\$ -
N.C. Dept. of Cultural Resources					
State Aid to Libraries			-	103,948	-
LSTA Grant			-	6,700	-
Total of N.C. Dept. of Cultural Resources			\$ -	\$ 110,648	\$ -

Pender County, North Carolina
Schedule of Expenditures of
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<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed (Direct & Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
N.C. Dept. of Juvenile Justice and Delinquency Prevention					
Teen Court			\$ -	\$ 18,840	\$ -
CIS After School			-	11,639	-
Counseling Service			-	59,859	-
Project Toward No Drugs			-	11,359	-
Restitution			-	25,802	-
Task Force			-	14,850	-
Total of N.C. Dept. of Juvenile Justice and Delinquency Prevention			<u>\$ -</u>	<u>\$ 142,349</u>	<u>\$ -</u>
N.C. Rural Development Center					
Maple Hill Sewer Project	02-77-01		\$ -	\$ 2,200,644	\$ -
N.C. Dept. of Corrections					
Office of Juvenile Justice					
Criminal Justice Partnership Grant		71-0711-1-A	\$ -	\$ 69,567	\$ -
Total of N.C. Dept. of Corrections			<u>\$ -</u>	<u>\$ 69,567</u>	<u>\$ -</u>
N.C. Department of Public Instruction					
Public School Building Capital Fund					
			\$ -	\$ -	\$ -
Total State Awards			\$ -	\$ 3,687,957	\$ 2,407,799
Total Federal and State Awards			<u>\$ 50,052,013</u>	<u>\$ 26,456,603</u>	<u>\$ 4,616,768</u>

Notes to the Schedule of Expenditures of Federal and State Awards

1 Basis of Presentation

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

2 Loans Outstanding

Pender County had the following balances outstanding at June 30, 2012. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Loan Balance \$ 23,462,000

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