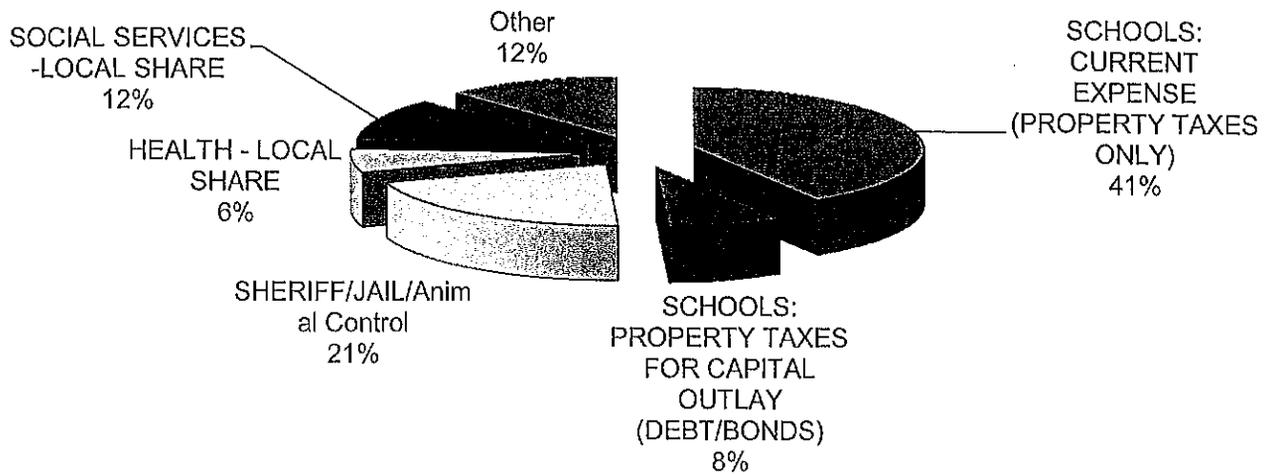


GENERAL FUND REVENUES

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management principles to be accounted for in another fund. General Fund revenues include property taxes, sales taxes, intergovernmental revenues, and fees charged to offset costs of general governmental services.

**BUDGETED FY 13/14 PROPERTY TAXES \$32,608,582 (*Projected)
(Inclusive of Prior Year Taxes with Penalties)**



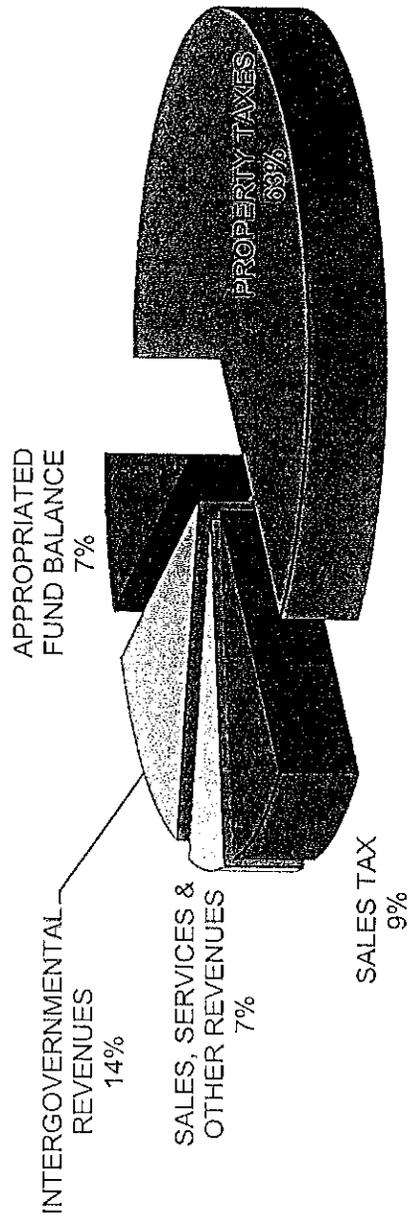
BUDGETED PROPERTY TAXES \$34,846,125 (INCLUSIVE OF PRIOR YEAR TAXES WITH PENALTIES)

SUMMARY OF REVENUES

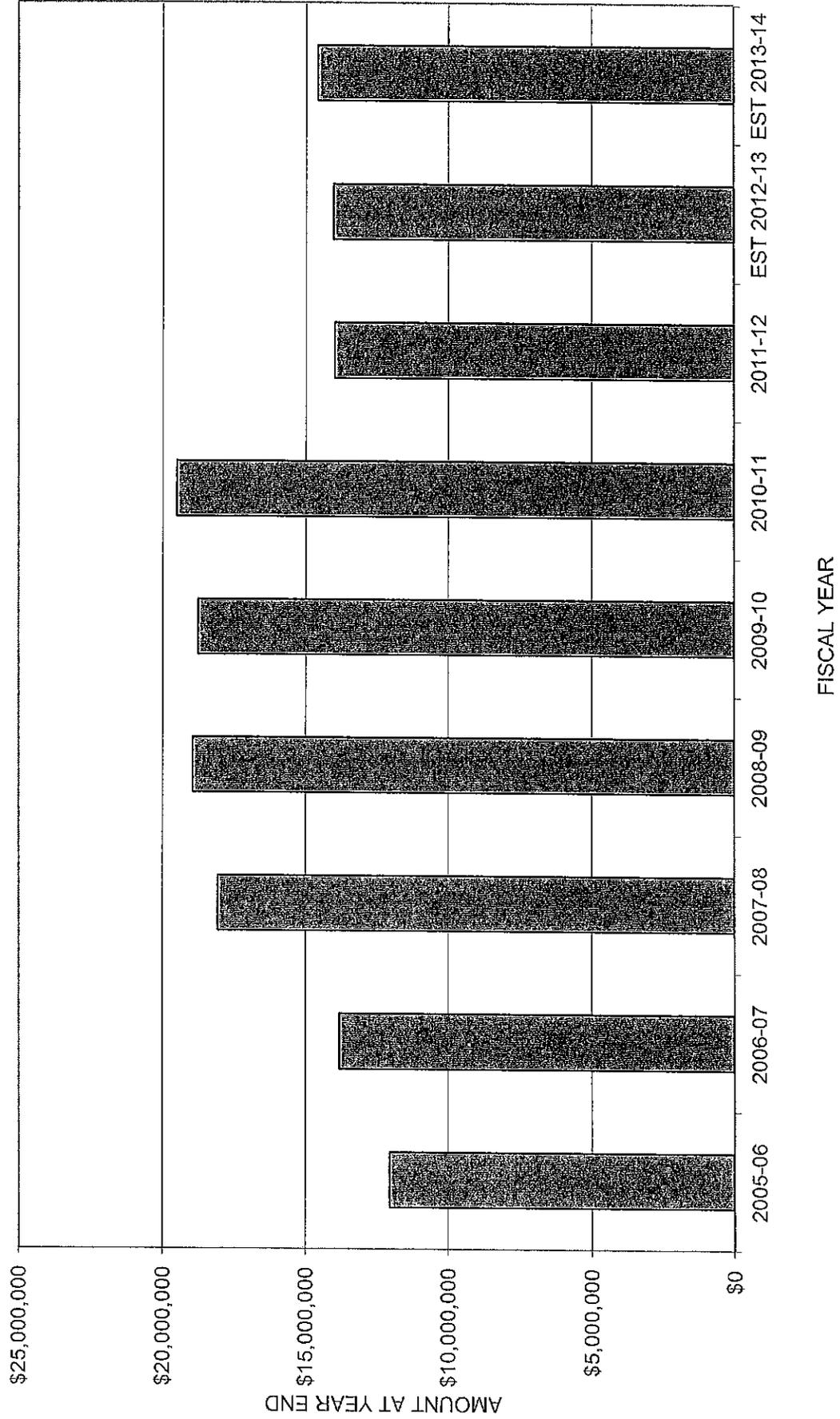
GENERAL FUND

REVENUE SOURCES	ORIGINAL FISCAL YEAR 12/13 BUDGET	RECOMMENDED FISCAL YEAR 13/14 BUDGET
PROPERTY TAXES	\$32,243,274	\$32,608,582
SALES TAX	4,757,115	4,775,000
SALES, SERVICES & OTHER REVENUES	3,239,572	3,372,893
INTERGOVERNMENTAL REVENUES	6,648,369	6,956,040
APPROPRIATED FUND BALANCE	3,852,916	3,847,449
TOTAL REVENUES	\$50,741,246	\$51,559,964

FY 13/14 SUMMARY OF REVENUE - GENERAL FUND
GF Revenue Estimated at \$51,559,963



UNDESIGNATED FUND BALANCE (GENERAL FUND)



PROPERTY TAXES

Description: Ad Valorem property taxes are those taxes assessed and collected on real and personal property, as well as motor vehicles.

History: Growth historically has averaged \$100 million in tax base annually. Hurricanes and tropical storms are the major events that have adversely affected the growth cycle in the past. From FY 12/13 to FY 13/14, the Ad Valorem tax base is projected to increase by \$182,308.00. The new values take effect January 1, 2013.

Outlook: In FY 13/14, the tax base is based on property values calculated and estimated by the Tax Assessor. Implementation of a four (4) or six (6) year revaluation process will increase the tax base more quickly. There is no requested tax rate increase for fiscal year 13/14.

Assumptions: The estimated net taxable value for FY 13/14 is \$6,406,978,792. Therefore, with a tax rate of \$.5120 per \$100 of assessed valuation and a collection rate of 96.00%, the projected current year total property tax revenue is \$31,491,582 using the following formula:

\$6,406,978,792 divided by 100 multiplied by .5120 multiplied by .9600 equals \$31,491,582.

FUNDING LEVELS	Recommended	Adopted	Increase
	FY 13/14	FY 12/13	
Current Year	\$ 31,491,582.00	\$ 31,309,274.00	\$ 182,308.00
Prior Years	867,000.00	734,000.00	133,000.00
Penalties & Int	250,000.00	200,000.00	50,000.00
Total:	\$ 32,608,582.00	\$ 32,243,274.00	\$ 365,308.00

SALES TAX REVENUE

Description: Sales tax revenues are received by the County from the State of North Carolina based on per capita distributions. The County 1% local sales tax is utilized in its entirety for general fund operations. Article 40 (commonly known as "schools 1/2 cent" funds) sales taxes were initiated in part to help fund local school capital projects, with a mandatory transfer of 30% of these revenues to the schools. Article 42 (commonly known as "schools additional 1/2 cent" fund) sales taxes were also initiated in part to help fund local school capital outlay projects, with a mandatory transfer of 60% of these revenues to the schools. Since its inception, Pender County has exceeded the mandatory percentage and given 100% of the Article 42 money to the schools, although some of the payments were originally deferred. The mandatory requirements for distribution of the sales tax for Article 40 and 42 have a "sunset" provision, meaning that after a certain period of time counties would not be required to use the funds for schools' capital outlay purposes; however, the schools' capital needs continue to grow with the expanding population and county leaders are using this revenue source - mandatory or not – to fund Schools' capital requirements. As a result of the Medicaid Relief Legislation that was passed in 2007, the Counties Article 39 allocation is reduced to hold the incorporated towns harmless & Article 42 has been converted from a per capita basis to point of delivery.

The Option 4 redistribution plan is a separate agreement that redistributes the sales tax receipts with the intent of providing an equitable means of distributing sales tax revenues to the beach communities. Pender County is unique in that much of the sales tax revenue is generated in the tourism-rich beach communities, which have a proportionally small year-round population. As a result, the beach communities received much less sales tax revenue using the per capita distribution than they do using the ad valorem method. The Option 4 redistribution results in the beach communities receiving more than they would using the per capita basis, but less than they would receive under the ad valorem distribution. The cost of the Option 4 redistribution is recorded as an expense and explained in more detail in the expenditure section of this budget.

History: In FY 1996-97, the Board earmarked the sales tax allocated for school capital purposes as the source of revenue to be used to repay the debt service issued to construct new schools. These funds are recorded directly in the Public School Capital Fund (PSCF), a special revenue fund designed to account for revenues and expenditures earmarked for repayment of the debt service on the \$25 million bond issue approved in 1996.

Outlook: This is a declining revenue source due to the slowdown in the economy; however, the impact on the General Fund is less, since a large portion is recorded into the Public School Capital Fund.

Assumption: Sales tax revenue is projected to increase by .376% over FY 2012-2013 adopted budget.

FUNDING LEVELS	Adopted	Recommended	Increase
	FY 12/13	FY 13/14	(Decrease)
Article 39	\$ 2,907,115.00	\$ 2,925,000.00	\$ 17,885.00
Article 40	1,850,000.00	1,850,000.00	-
Total:	\$ 4,757,115.00	\$ 4,775,000.00	\$ 17,885.00

SALES, SERVICES & OTHER REVENUES

Description: Revenues in the sales, services, and other category encompass a wide range of non-tax, local revenue sources. This category is important to the overall financial strength of the County because it includes revenue from self-supporting, general governmental activities, such as building inspections, register of deeds, health, and court facility functions. Some functions of Pender County Government are appropriately funded by fees because they apply to a certain group of citizens, such as development-related services (septic tank permits, building permits, etc). The philosophy of the Governing Body has been to have these services fund the direct cost of the provision of the services. In some cases, the fees may recover a portion of the indirect cost.

Other revenues include interest income resulting from the investment of the County's available fund balance. Some of the benefits of maintaining an adequate fund balance include the following: 1) ensures that sufficient operating funds are available in light of the County's erratic revenue cycle; 2) provides for adequate funds for immediate relief in case of natural disaster (i.e. hurricane/flood); 3) provides interest income through wise investments to help stabilize the tax rate; and 4) reduces the cost of debt issuance by establishing a strong financial history. Other revenues in this category are listed in the accompanying table.

History: Sales, services, and other revenues are projected to increase approximately 6% from the adopted FY 2012-13 budget. The County continues to have slow growth in certain areas, which impacts positively the development related services.

Outlook: Management will continue to look for opportunities to generate fees and other offsetting revenues to fund programs that benefit certain segments of the population or where demand exists to support fees. The five-year forecast uses a 1% growth factor throughout the planning years. This rate of growth is realistic.

Assumptions: Sales, services, and other revenues were forecast with input from department managers, grant sources, and historical data. The revenues were considered separately and forecast from a zero base.

SALES, SERVICES & OTHER REVENUES

	FY 2012-13	FY 2013-14	Increase
	Recommended	Recommended	(Decrease)
Sales and Services			
Interest Income	\$ 25,000	10,000	\$ (15,000)
Inspection Fees	270,000	375,000	105,000
Cable TV Franchise Fees	175,000	175,000	-
Rental of County Facilities	34,600	34,600	-
Concession Sales	500	-	(500)
Civil License Revoked	6,000	6,000	-
Sale of Surplus Property	2,000	-	(2,000)
Planning Fees	40,000	40,000	-
Parks and Recreation	12,000	12,000	-
Court Facility Fees	94,000	94,000	-
ABC Revenues	200,000	200,000	-
Register of Deeds	464,000	514,000	50,000
Sheriff Fees	70,800	112,700	41,900
Sale of Seized Property			-
Officer/Jail Fees	70,000	70,000	-
Animal Fees			-
Miscellaneous	10,000	10,000	-
Library - Miscellaneous	32,000	36,000	4,000
Internet Fees			-
Health Fees	1,281,172	1,266,793	(14,379)
Health Choice Fees			
Total	\$ 2,787,072	\$ 2,956,093	\$ 169,021

INTERGOVERNMENTAL REVENUES

Description: Intergovernmental revenues consist of funds received from North Carolina for beer and wine tax distribution and various categorical and process (pass through) funds. Grant funds for general fund operations include such funds as mosquito control, emergency services, veterans, library, community-based alternatives, and home and community care block grant.

Separate funds are received by the Health and Public Assistance Departments from both State and federal sources - both detailed in the departmental expenditure budgets.

History: Intergovernmental revenues are difficult to budget from year-to-year. Grantee agencies, such as the state and federal governments, often tie funding to a certain match, or reduce the level of funding in the subsequent years in hopes that local governments will assume funding of the program.

Outlook: In FY 2013-14, an overall increase of 3.57% from the FY 12-13 original budget is a result of increased funding level of Public Assistance sources.

Assumptions: Most of the revenue sources are "fixed" amounts. Most often, the funding agency provides the County with prior information regarding the funding levels; therefore, further analysis is not required to determine the revenue to be received.

INTERGOVERNMENTAL REVENUES

	FY 2012-13	FY 2013-14	Increase
	Adopted Budget	Recommended	(Decrease)
Intergovernmental			
Tax Collection Fees	\$ 22,850	22,850	-
Beer/Wine Tax	65,000	65,000	-
Emergency Management Grant		20,625	20,625
State Aid to Public Libraries	93,000	93,000	-
Veterans Service	1,700	1,700	-
SRO Grant	125,000	150,000	25,000
Golden Leaf Grant			-
Library - Gates Grant			-
LSTA Grant			-
Mosquito Control	4,000	4,000	-
Child Support Deputy			-
State Criminal Alien Assistance Program			-
BJA - SCAAP FUNDS			-
CAMA PERMITS - COASTAL MGM		1,065	1,065
Rural Internet Access Grant			-
DHS INTEROPERABILITY COM G			-
Section 8 Indirect Cost Reimbursement			-
Body Armor Grants			-
Subtotal	\$ 311,550	\$ 358,240	46,690
Process Funds			
ABC Bottle Refund	\$ 10,000	\$ 10,000	-
Juvenile Crime Prevention Council	104,800	104,800	-
Home & Community Care Block Grant			-
Community Development Block Grant			-
Criminal Justice Partnership Program	57,900	-	(57,900)
ROAP	167,000	167,000	-
State Homeland Security Grants			-
Smart Start Partnership for Children			-
Gang Task Enforcement Grant		10,000	10,000
HRSB Bioterrorism Grant			-
Process Funds Subtotal	\$ 339,700	\$ 291,800	\$ (47,900)
Health Intergovernmental	801,266	893,857	92,591
Social Service Intergovernmental	5,535,553	5,693,943	158,390
Total Intergovernmental	\$ 6,988,069	\$ 7,237,840	\$ 249,771

GENERAL FUND APPROPRIATED FUND BALANCE

Description: The FY 13-14 budget appropriates no percentage of the prior year fund balance. It is recommended that the FY 13/14 Undesignated/Unreserved Fund Balance remain at 28.32% of General Fund Revenues (the same percentage as approved by the Pender County Board of Commissioners for the previous Fiscal Year 12/13). The necessity of having a fund balance is to provide adequate cash flow, given the erratic revenue cycle of the County's operations. According to the North Carolina Local Government Commission staff, a local government entering a fiscal year with less than 8% undesignated, unreserved fund balance available will not have sufficient resources to meet its obligations until it begins receiving property taxes.

History: The following table shows the undesignated, unreserved fund balance over the last thirteen (13) years and the projected fund balance for fiscal year ending June 30, 2014

Year Ending	Undesignated/Unreserved Fund Balance	Percentage
June 30, 2002	\$9,133,544	30.20%
June 30, 2003	\$8,218,857	25.10%
June 30, 2004	\$8,983,719	25.80%
June 30, 2005	\$3,383,235	9.8%
June 30, 2006	\$12,059,528	11.1%
June 30, 2007	\$13,824,542	31.71%
June 30, 2008	\$18,079,384	36.51%
June 30, 2009	\$18,968,337	38.51%
June 30, 2010	\$18,775,429	39.16%
June 30, 2011	\$19,525,631	38.82%
June 30, 2012	\$14,000,677	28.32%
June 30, 2013	*Projected \$14,335,955	28.32%
June 30, 2014	*Projected \$14,601,781	28.32%

Outlook: The County estimated the fund balance available for appropriation using the audited financial statements for FY 2011-12 and predicting the operating results for FY 2012-13. Based on the estimate, the County will exceed the minimum 8% required by the Local Government Commission and will have sufficient resources to meet obligations prior to receiving the bulk of property tax revenue in December, 2013 and January, 2014

UNDESIGNATED FUND BALANCE - PERCENT OF CURRENT YEAR EXPENDITURES

