

PENDER COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2010

PENDER COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICERS
June 30, 2010

BOARD OF COUNTY COMMISSIONERS

George Brown - Chairman
Jimmy Tate- Vice-Chairman

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

COUNTY MANAGER
Rick Benton

FINANCE OFFICER
David McCole

PENDER COUNTY, NORTH CAROLINA
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June 30, 2010

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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 Auditor's Report

To the Board of County Commissioners
Pender County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pender County, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise Pender County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pender County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pender County ABC Board. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for Pender County ABC Board, is based on the report of the other auditor.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pender County, North Carolina, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2010 on our consideration of Pender County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

Thompson, Price, Scott, Adams & Co. P.A.
November 10, 2010

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, 2010. 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

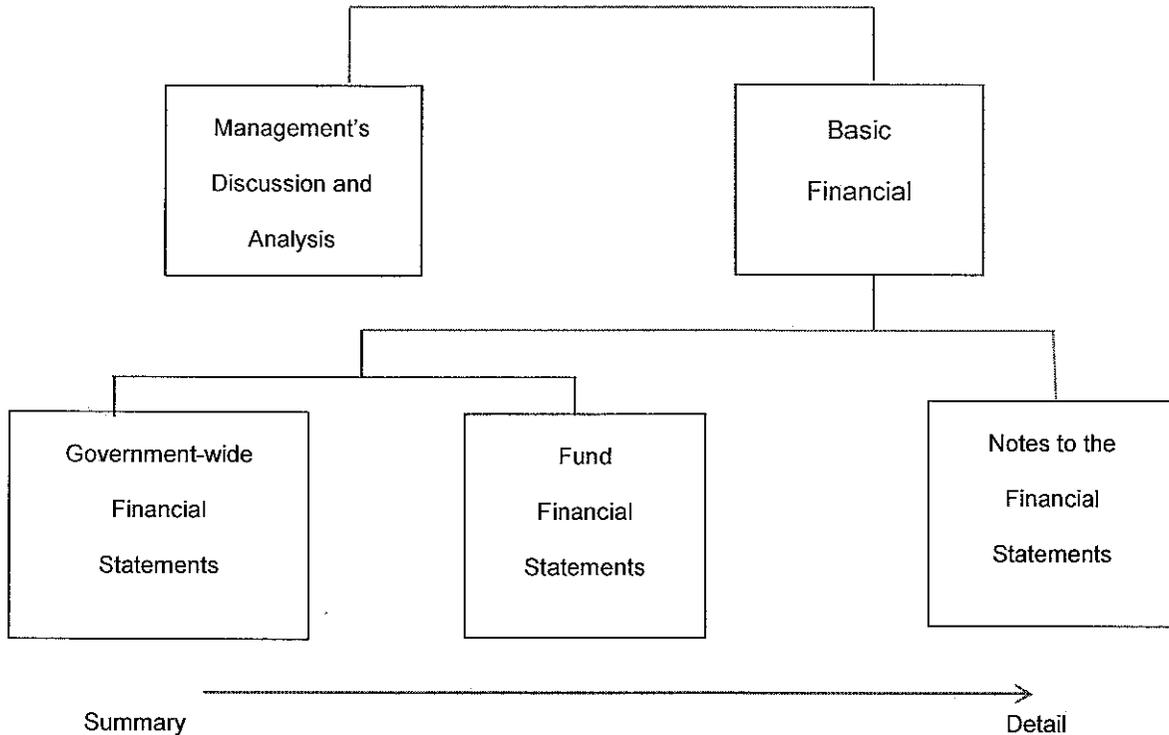
- The assets of Pender County exceeded its liabilities at the close of the fiscal year by \$20,887,177 (net assets).
- The government's total net assets decreased by \$3,863,319, primarily due to decreased net assets in the General Governmental Funds. This amount includes prior period adjustments of \$86,146.
- As of the close of the current fiscal year, Pender County's governmental funds reported combined ending fund balances of \$43,375,010, a decrease of \$7,948,865 in comparison with the prior year. Approximately 83.83 percent of this total amount, or \$36,359,275, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$26,599,777, or 61.82 percent of total general fund expenditures for the fiscal year.
- Pender County's total debt decreased \$4,239,805 (4.64%) during the current fiscal year. No new debt was issued during the current year.
- Pender County received an Aa2 rating from Moody's Investors and it's A+ rating from Standard and Poor's rating services bond rating.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Pender County, like all other governmental entities 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.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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 \$20,887,177 as of June 30, 2010. The County's net assets decreased by \$3,949,465 for the fiscal year ended June 30, 2010. Net assets are reported in three categories: Invested in capital assets, net of related debt of \$42,595,221, restricted net assets of \$0, and unrestricted net assets (deficit) of (\$21,708,044).

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 (\$21,708,044) at June 30, 2010. 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 \$63.7 million of the outstanding debt on the County's financial statements was related to assets included in the public schools financial statements.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 50,329,090	\$ 56,852,744	\$ 1,255,508	\$ 5,744,809	\$ 51,584,598	\$ 62,597,553
Restricted Cash	-	-	2,153,997	3,034,484	2,153,997	3,034,484
Capital assets	27,248,222	26,408,514	36,290,290	31,146,502	63,538,512	57,555,016
Total assets	\$ 77,577,312	\$ 83,261,258	\$ 39,699,795	\$ 39,925,795	\$ 117,277,107	\$ 123,187,053
Long-term liabilities outstanding	\$ 65,323,195	\$ 68,223,465	\$ 21,317,726	\$ 21,520,471	\$ 86,640,921	\$ 89,743,936
Other liabilities	8,545,771	7,819,509	1,203,238	873,112	9,749,009	8,692,621
Total liabilities	\$ 73,868,966	\$ 76,042,974	\$ 22,520,964	\$ 22,393,583	\$ 96,389,930	\$ 98,436,557
Net assets:						
Invested in capital assets, net of related debt	\$ 25,627,438	\$ 24,413,058	\$ 16,967,783	\$ 12,427,660	\$ 42,595,221	\$ 36,840,718
Restricted	-	-	-	-	-	-
Unrestricted	(21,919,092)	(17,194,774)	211,048	5,104,552	(21,708,044)	(12,090,222)
Total net assets	\$ 3,708,346	\$ 7,218,284	\$ 17,178,831	\$ 17,532,212	\$ 20,887,177	\$ 24,750,496

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 95.88%, which is a slight increase over the previous year's rate of 95.87%. However, this rate is lower than the statewide average of 97.05%.
- Continued low cost of debt due to the County's high bond rating
- Increased expenses for the governmental activities, which mainly was a result of the use of school bond money to pay for school construction that is expensed on the County's books but not recorded as capital assets.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Pender County Changes in Net Assets
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 1,284,204	\$ 5,250,229	\$ 6,443,919	\$ 6,298,867	\$ 7,728,123	\$ 11,549,096
Operating grants and Contributions	8,791,630	7,869,373	1,351,050	1,246,386	10,142,680	9,115,759
Capital grants and Contributions	2,768,339	951,981	-	-	2,768,339	951,981
General revenues:						
Property taxes	36,490,528	30,839,587	-	-	36,490,528	30,839,587
Other taxes	7,596,799	14,975,302	-	-	7,596,799	14,975,302
Grants and contributions not restricted to specific programs	581,263	461,947	-	-	581,263	461,947
Other	267,146	1,183,514	8,999	2,550	276,145	1,186,064
Total revenues	57,779,909	61,531,933	7,803,968	7,547,803	65,583,877	69,079,736
Expenses:						
General government	6,033,866	8,400,509	-	-	6,033,866	8,400,509
Public safety	13,910,549	14,187,179	-	-	13,910,549	14,187,179
Economic and physical development	2,645,306	1,546,797	-	-	2,645,306	1,546,797
Human services	14,283,523	14,593,134	-	-	14,283,523	14,593,134
Cultural and recreation	1,113,525	1,120,779	-	-	1,113,525	1,120,779
Education	20,472,326	25,239,379	-	-	20,472,326	25,239,379
Interest on long-term debt	2,830,752	2,980,797	-	-	2,830,752	2,980,797
Landfill	-	-	4,273,762	4,003,029	4,273,762	4,003,029
Water and sewer	-	-	2,774,690	2,720,221	2,774,690	2,720,221
Section 8 Housing	-	-	1,156,348	1,100,611	1,156,348	1,100,611
Country Court	-	-	38,695	33,764	38,695	33,764
Total expenses	61,289,847	68,068,574	8,243,495	7,857,625	69,533,342	75,926,199
Increase (decrease) in net assets before transfers and special items						
	(3,509,938)	(6,536,641)	(439,527)	(309,822)	(3,949,465)	(6,846,463)
Transfers	-	(180,753)	-	180,753	-	-
Increase (decrease) in net assets	(3,509,938)	(6,717,394)	(439,527)	(129,069)	(3,949,465)	(6,846,463)
Net assets, July 1	7,218,284	13,935,678	17,532,212	17,661,281	24,750,496	31,596,959
	3,708,346	7,218,284	17,092,685	17,532,212	20,801,031	24,750,496
Prior Period Adjustment	-	-	86,146	-	86,146	-
Net assets, June 30	\$ 3,708,346	\$ 7,218,284	\$ 17,178,831	\$ 17,532,212	\$ 20,887,177	\$ 24,750,496

Governmental activities. Governmental activities decreased the County's net assets by \$3,509,938 thereby accounting for 88.87% of the total decrease in the net assets of Pender County. Key elements of this decrease are as follows:

- Increase in construction related to various projects, to include school construction.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type activities: Business-type activities decreased Pender County's net assets by \$439,527, thereby accounting for 11.13% of the total decrease in net assets of Pender County. Key elements of this decrease are as follows:

- Increase in expenditures for the year

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Pender County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$26,599,777 while total fund balance reached \$32,497,709. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 61.82 percent of total General Fund expenditures, while total fund balance represents 75.52 percent of that same amount.

At June 30, 2010, the governmental funds of Pender County reported a combined fund balance of \$43,375,010, a 15.49 percent decrease over last year. The primary reason for this decrease was construction related to schools and other construction projects.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$513,823.

Proprietary Funds. Pender County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Resource Recovery Fund at the end of the fiscal year amounted to \$146,943, those for the Water and Sewer Funds equaled (\$170,651), those for the Section 8 Administration Fund equaled \$190,990, and those for the Country Court Apartments equaled \$43,766. The total growth (decline) in net assets for those funds was (\$237,088), (\$145,490), (\$56,086), and (\$863), respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of Pender County's business-type activities.

Capital Asset and Debt Administration

Capital assets. Pender County's capital assets for its governmental and business-type activities as of June 30, 2010, totals \$63,538,512 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Major capital asset transactions during the year include:

- Purchase of new equipment and vehicles for governmental activities
- Water and Wastewater District Construction

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 8,219,446	\$ 8,219,446	\$ 415,193	\$ 415,193	\$ 8,634,639	\$ 8,634,639
Buildings	10,658,055	11,273,666	8,097,360	8,171,353	18,755,415	19,445,019
Furniture, fixtures and equipment	1,467,919	1,550,692	107,986	109,628	1,575,905	1,660,320
Other	597,271	705,518	6,325	8,308	603,596	713,826
Construction in Progress	6,305,531	4,659,192	27,663,426	22,442,020	33,968,957	27,101,212
Total	\$ 27,248,222	\$ 26,408,514	\$ 36,290,290	\$ 31,146,502	\$ 63,538,512	\$ 57,555,016

Long-term Debt. As of June 30, 2010, Pender County had total bonded debt outstanding of \$86,580,599, 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	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	65,252,099	69,135,082	\$ 21,328,500	\$ 21,599,000	86,580,599	90,734,082
Installment Purchases	400,000	480,000	148,004	154,326	548,004	634,326
Total	\$ 65,652,099	\$ 69,615,082	\$ 21,476,504	\$ 21,753,326	\$ 87,128,603	\$ 91,368,408

Pender County's total debt decreased by \$4,239,805 (4.64 percent) during the past fiscal year, due to debt repayments of \$4,239,805.

As mentioned in the financial highlights section of this document, Pender County received Aa2 bond rating from Moody's Investor Service and A+ rating from Standard and Poor's Corporation and a 81 rating from the North Carolina Municipal Council, which is equivalent to an A Rating. This bond rating is a clear indication of the sound financial condition of Pender County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Pender County is \$271,067,753. The County has \$93,500,000 in bonds authorized but un-issued at June 30, 2010.

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

Economic Factors and Next Year's Budgets and Rates

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 July, 2009 population estimate is 53,584, up from 43,448 in July, 2003, a 23% increase in 6 years. Commercial and residential building permits issued have fallen from 1125 for 2007 to 518 in 2009. Tax base growth has fallen from 10.5% growth in 2007 to practically zero growth for 2010. The County's unemployment has grown from 4.2% in 2007 to 12.1% as of January, 2010. The County's poverty rate still hovers around 13%, 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 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.

Also, the Board has recently adopted a two-year business plan that sets forth value statements and specific objectives and strategies to achieve over the next two years (see Exhibit A). 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.

Creating jobs and investment is key to the future vitality of Pender County, and the Commissioners are working diligently to position the County for industrial development. Industrial clients are looking for ready-to-go industrial sites and product, and the County is working hard to meet this demand. A new 350 acre industrial park on US 421, named Pender Commerce Park, is shovel-ready for new industry. The site meets all the requirements for industrial development, and once the water and sewer plants are completed (projected for mid-2012), there will be no limitations for industrial development along the US 421 corridor in Pender County. The County is partnering with Pender Progress Corporation, a non-profit economic development agency, to construct an industrial shell building in the Pender Progress Industrial Park in Burgaw. The 40,000 square foot facility is scheduled to be under construction by summer, and will begin to attract industrial clients immediately. The Commissioners are committed to reinvesting the proceeds of a future sale into additional shell building product development. With 12% unemployment and 60% of County workers commuting outside the county to work, Pender County is doing the right thing to encourage industrial investment and job creation within the County's borders.

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.

Budget Highlights for the Fiscal Year Ending June 30, 2011

Governmental Activities: The County Commissioners approved a \$47,949,148 General Fund Budget on June 21, 2010, which was included within a total budget ordinance of \$74,209,798, adopted on the same date.

The FY 10-11 General Fund Budget decreased about 1.4% as compared to the FY 09-10 Adopted Budget. There was a combination of minor increases and major decreases over last year's budget that resulted in a net decrease of \$1,028,390 over FY 09-10 budget. The major decrease was a reduction in the General Fund department budgets in the amount of \$1,237,593.

General Fund Departments shows a decrease in appropriations from FY 09-10 Adopted Budget due chiefly to the reduction of seven additional positions in the amount of \$311,157. The County also reduced the amount of funding to the School Board over last year in the amount of \$468,076. It should be noted that in July the commissioners voted to appropriate an additional \$314,000 towards the Schools' operation budget.

The FY 10-11 General Fund Budget of \$47,949,148 is in balance with a tax rate of \$.65 per 100 of assessed valuation. The County-wide tax rate remains unchanged. Other funds are also in balance. The appropriation from the Fund Balance of the General Fund is \$1,972,252.

Recently (over the past several years), tax base growth has averaged \$100 million annually. The tax base remained flat over last budget year.

Projected fund balances as of June 30, 2011 in each of the major funds are adequate, but not excessive: General Fund (Undesignated)- \$17,500,000 est.; Emergency-911 - \$500,000 est.; Capital Improvements Program - \$1,000,000 est.; Solid Waste Management - \$182,000 est.; Public School Capital - \$1.5 Million est.; and Emergency Medical Services - \$30,000 est.

Business -- type Activities: Expanding water and sewer infrastructure has been a priority for many years; however, the availability of water and sewer capacity has been a limiting factor. To remedy this, the County is undertaking numerous infrastructure related projects. A new regional water plant on US 421 in the new industrial park that will eventually produce 6 mgd of drinking water began construction this fall. The County has secured \$22,455,000 in low interest loans and \$7,594,000 in grants to make this project a reality. Two large transmission lines are planned to carry the water across the county to transport the water to the customer base. The County is also working with regional water providers to purchase additional water supply, and has recently inked a deal with the Town of Surf City. The County desires to purchase additional water from the Town of Wallace and transport it within a new parallel line along US 117 between Rocky Point and Wallace. The additional water supply sets the stage for construction of the Scott's Hill water expansion project expected to take off this summer as well, as well as expansions of water lines in the Rocky Point water district. Future water storage tanks are planned for the Scott's Hill area and the Rocky Point area. While the northern and western areas of the county are less developed presently, the County plans to undergo a water expansion feasibility study next year to determine how best to serve the more populated areas in the Columbia-Union, Moore's Creek and Central water and sewer districts.

In addition to water, the County is also working hard to provide for sewer availability throughout the county. Pender County and the Cape Fear Public Utilities Authority are collaborating to design and construct a new sewer treatment plant to be located adjacent to the County's new water plant on US 421. Sewer capacity for commercial development in the Rocky Point area has now increased to 125,000 gallons per day, and is expected to reach 250,000 gallons per day within the coming year. \$4.2 million in grant funds were secured this past year to install a public sewer system for the Maple Hill community, with project construction scheduled to begin this summer. Currently under construction is a new sewer transmission line that will run from Burgaw to Wallace. This is a joint project with the Town of Burgaw that will serve the Town as well as future county customers along the US 117 corridor. The US 17 corridor in eastern Pender County, Integra Water, LLC and the County are collaborating on a public-private arrangement that will provide for public sewer collection and treatment along the corridor and within Topsail Township.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Pender County, North Carolina
Statement of Net Assets
June 30, 2010

	Primary Government		Total	Component Unit		Total Reporting Unit
	Governmental Activities	Business-type Activities		Pender County ABC Board	-	
ASSETS						
Cash and cash equivalents	\$ 41,172,436	\$ 3,400,607	\$ 44,573,043	\$ 439,303	-	\$ 45,012,346
Receivables (net)	6,219,397	788,923	7,008,320	391	-	7,008,711
Internal Balances	2,934,022	(2,934,022)	-	-	-	-
Inventories	-	-	-	663,957	-	663,957
Prepaid items	3,235	-	3,235	12,575	-	15,810
Restricted cash and cash equivalents	-	2,153,997	2,153,997	-	-	2,153,997
Capital assets:						
Land, improvements, and construction in progress	14,524,977	28,006,919	42,531,896	6,500	-	42,538,396
Other capital assets, net of depreciation	12,723,245	8,283,371	21,006,616	108,945	-	21,115,561
Total capital assets	27,248,222	36,290,290	63,538,512	115,445	-	63,653,957
Total assets	77,577,312	39,699,795	117,277,107	1,231,671	-	118,508,778
LIABILITIES						
Accounts payable and accrued expenses	3,738,687	746,391	4,485,078	526,776	-	5,011,854
Unearned revenue	-	-	-	-	-	-
Accrued interest payable	844,101	79,605	923,706	-	-	923,706
Accrued landfill costs	-	65,816	65,816	-	-	65,816
Customer deposits	-	23,041	23,041	-	-	23,041
Long-term liabilities:						
Due within one year	3,962,983	288,385	4,251,368	-	-	4,251,368
Due in more than one year	65,323,195	21,317,726	86,640,921	-	-	86,640,921
Total liabilities	73,868,966	22,520,964	96,389,930	526,776	-	96,916,706
NET ASSETS						
Invested in capital assets, net of related debt	25,627,438	16,967,783	42,595,221	115,445	-	42,710,666
Restricted	-	-	-	141,720	-	141,720
Unrestricted (deficit)	(21,919,092)	211,048	(21,708,044)	447,730	-	(21,260,314)
Total net assets	\$ 3,708,346	\$ 17,178,831	\$ 20,887,177	\$ 704,895	-	\$ 21,592,072

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, 2010

Net (Expense) Revenue and Changes in Net Assets		Primary Government		Pender County ABC Board		Total Reporting Unit	
Program Revenues	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Board	Total Reporting Unit	
Operating Grants and Contributions	56,501	(5,641,436)	-	(5,641,436)	-	(5,641,436)	
Charges for Services	335,929	-	-	335,929	-	335,929	General government
	641,213	-	-	641,213	-	641,213	Public safety
	643,955	(12,625,381)	-	(11,981,426)	-	(11,981,426)	Economic and physical development
	382,307	(1,083,933)	-	(701,626)	-	(701,626)	Human services
	111,891	(6,462,765)	-	(6,350,874)	-	(6,350,874)	Cultural and recreation
	155,917	(957,608)	-	(801,691)	-	(801,691)	Education
	-	(18,843,799)	-	(18,843,799)	-	(18,843,799)	Interest on long-term debt
	8,791,630	(48,445,674)	-	(39,654,044)	-	(39,654,044)	Total governmental activities
Maple Hill Water Fund	143,663	(20,192)	-	123,471	-	123,471	Maple Hill Water Fund
Sewer Fund	166,197	159,915	-	326,112	-	326,112	Sewer Fund
Resource Recovery Fund	42,737,762	(237,088)	-	42,500,674	-	42,500,674	Resource Recovery Fund
Section 8 Housing	1,156,348	(65,024)	-	1,091,324	-	1,091,324	Section 8 Housing
Country Court Apartments	38,695	(924)	-	37,771	-	37,771	Country Court Apartments
Rocky Point Water & Sewer Fund	2,604,553	(290,663)	-	2,313,890	-	2,313,890	Rocky Point Water & Sewer Fund
Score's Hill Water & Sewer	5,450	5,450	-	10,900	-	10,900	Score's Hill Water & Sewer
Water Treatment Plant	-	-	-	-	-	-	Water Treatment Plant
Waste Water Treatment Plant	-	-	-	-	-	-	Waste Water Treatment Plant
Total business-type activities	8,243,495	(448,526)	-	7,794,969	-	7,794,969	Total business-type activities
Total primary government	69,533,342	(48,894,200)	-	20,639,142	-	20,639,142	Total primary government
Pender County ABC Board	4,723,228	-	-	4,723,228	23,661	4,959,895	Pender County ABC Board
General revenues:							
Taxes:							
Property taxes, levied for general purpose	36,490,528	-	-	36,490,528	-	36,490,528	Property taxes, levied for general purpose
Local option sales tax	6,949,040	-	-	6,949,040	-	6,949,040	Local option sales tax
Other taxes and licenses	647,759	-	-	647,759	-	647,759	Other taxes and licenses
Grants and contributions not restricted to specific programs	581,263	-	-	581,263	-	581,263	Grants and contributions not restricted to specific programs
Investment earnings, unrestricted	180,949	64	-	181,013	1,026	182,039	Investment earnings, unrestricted
Gain (loss) on retirement of assets	(89,145)	-	-	(89,145)	-	(89,145)	Gain (loss) on retirement of assets
Miscellaneous, unrestricted	175,342	8,935	-	184,277	6	184,283	Miscellaneous, unrestricted
Transfers							
Total general revenues, special items, and transfers	44,935,736	8,999	-	44,944,735	1,032	44,945,767	Total general revenues, special items, and transfers
Change in net assets	(3,509,938)	(439,527)	-	(3,949,465)	24,693	(3,924,772)	Change in net assets
Net assets - beginning	7,218,284	17,532,212	-	24,750,496	680,202	25,430,698	Net assets - beginning
Prior Period Adjustment	-	86,146	-	86,146	-	86,146	Prior Period Adjustment
Net assets - ending	3,708,346	17,178,831	-	20,887,177	704,895	21,592,072	Net assets - ending

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

Pender County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2010

	Major Funds			Non-Major Funds	Total Governmental Funds
	General	School Capital Project	School Special Revenue Fund	Other Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 29,234,342	\$ 6,355,401	\$ 2,069,400	\$ 2,102,043	\$ 39,761,186
Receivables, net	4,002,469	79,976	1,159,358	785,623	6,027,426
Advance funding of projects	517,433	-	-	-	517,433
Due from other funds	2,935,900	-	-	-	2,935,900
Prepaid expense	3,235	-	-	-	3,235
Total assets	<u>\$ 36,693,379</u>	<u>\$ 6,435,377</u>	<u>\$ 3,228,758</u>	<u>\$ 2,887,666</u>	<u>\$ 49,245,180</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,379,375	\$ 829,076	\$ 39,520	\$ 301,379	\$ 3,549,350
Advance funding of projects	-	-	-	56,676	56,676
Due to other funds	1,878	-	-	-	1,878
Unearned revenue	-	-	-	-	-
Deferred revenue	1,814,417	-	-	447,849	2,262,266
Total liabilities	<u>4,195,670</u>	<u>829,076</u>	<u>39,520</u>	<u>805,904</u>	<u>5,870,170</u>
Fund balances:					
Reserved for:					
State statute	5,644,620	-	-	-	5,644,620
Encumbrances	253,312	-	-	-	253,312
Unreserved:					
Designated for subsequent year's expenditures	3,170,089	5,606,301	-	963,959	9,740,349
Designated for Health Department Escrow	31,137	-	-	-	31,137
Designated for Capital Improvements	-	-	-	-	-
Designated for Automation Enhancement	283,431	-	-	-	283,431
Designated for Public School Capital Projects	-	-	-	-	-
Designated for Vehicle Replacement	-	-	-	-	-
Designated for Revaluation	-	-	-	-	-
Designated for Sheriff's Seizures	107,732	-	-	-	107,732
Designated for Water & Sewer Plant	4,231,959	-	-	-	4,231,959
Designated from Internal Service Fund	-	-	-	-	-
Undesignated	18,775,429	-	3,189,238	-	21,964,667
Unreserved, reported in:					
Special Revenue Funds	-	-	-	1,117,803	1,117,803
Capital Project Funds	-	-	-	-	-
Total fund balances	<u>32,497,709</u>	<u>5,606,301</u>	<u>3,189,238</u>	<u>2,081,762</u>	<u>43,375,010</u>
Total liabilities and fund balances	<u>\$ 36,693,379</u>	<u>\$ 6,435,377</u>	<u>\$ 3,228,758</u>	<u>\$ 2,887,666</u>	<u>\$ 49,245,180</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, 2010

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

Ending fund balance - governmental funds	\$	43,375,010
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		41,376,858
Less accumulated depreciation		<u>(14,128,636)</u>
Net capital assets		27,248,222
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		191,971
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.		761,156
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide.		2,262,266
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		(65,652,099)
Compensated absences		(1,365,608)
Separation allowance		(311,485)
Other Postemployment Benefits		(1,956,986)
Accrued interest payable		<u>(844,101)</u>
		<u>(70,130,279)</u>
Net assets of governmental activities	\$	<u><u>3,708,346</u></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, 2010

	Major Fund			Non-Major Funds	Total Governmental Funds
	General Fund	School Capital Project	School Special Revenue Fund	Other Governmental Funds	
REVENUES					
Ad valorem taxes	\$ 30,802,420	\$ -	\$ -	\$ 5,383,151	\$ 36,185,571
Other taxes and licenses	4,432,203	79,976	2,883,311	-	7,395,490
Unrestricted intergovernmental	231,450	-	-	405,188	636,638
Restricted intergovernmental	8,461,467	1,037,781	590,746	1,512,551	11,602,545
Permits and fees	1,230,660	-	-	-	1,230,660
Sales and services	210,486	-	-	-	210,486
Investment earnings	159,144	17,311	-	4,494	180,949
Miscellaneous	79,052	-	-	43,706	122,758
Total revenues	<u>45,606,882</u>	<u>1,135,068</u>	<u>3,474,057</u>	<u>7,349,090</u>	<u>57,565,097</u>
EXPENDITURES					
Current:					
General government	5,101,866	-	-	362,111	5,463,977
Public safety	7,371,409	-	-	5,580,540	12,951,949
Economic and physical development	1,554,990	-	-	376,484	1,931,474
Human services	13,519,471	-	-	-	13,519,471
Cultural and recreational	1,073,484	-	-	-	1,073,484
Education	13,802,976	4,702,757	122,668	-	18,628,401
Capital outlay	-	-	1,200,000	2,910,138	4,110,138
Debt service:					
Principal	555,000	-	3,395,000	-	3,950,000
Interest and other charges	50,840	-	2,826,925	-	2,877,765
Total expenditures	<u>43,030,036</u>	<u>4,702,757</u>	<u>7,544,593</u>	<u>9,229,273</u>	<u>64,506,659</u>
Excess (deficiency) of revenues over expenditures	<u>2,576,846</u>	<u>(3,567,689)</u>	<u>(4,070,536)</u>	<u>(1,880,183)</u>	<u>(6,941,562)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	2,714,286	2,025,331	4,739,617
Transfers to other funds	(5,164,984)	-	-	-	(5,164,984)
Reserve for Arbitrage	-	(581,936)	-	-	(581,936)
Total other financing sources and uses	<u>(5,164,984)</u>	<u>(581,936)</u>	<u>2,714,286</u>	<u>2,025,331</u>	<u>(1,007,303)</u>
Net change in fund balance	(2,588,138)	(4,149,625)	(1,356,250)	145,148	(7,948,865)
Fund balances-beginning	<u>35,115,414</u>	<u>9,755,926</u>	<u>4,545,488</u>	<u>1,907,047</u>	<u>51,323,875</u>
Prior Period Adjustment	(29,567)	-	-	29,567	-
Fund balances-ending	<u>\$ 32,497,709</u>	<u>\$ 5,606,301</u>	<u>\$ 3,189,238</u>	<u>\$ 2,081,762</u>	<u>\$ 43,375,010</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, 2010

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

Net change in fund balance - total governmental funds	\$	(7,948,865)
Capital Outlay Expenditures recorded in the fund statements but capitalized as assets in the statement of activities.		2,147,568
Cost of disposed capital asset not recorded in fund statements		(89,145)
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.		(1,218,715)
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.		3,950,000
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.		
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)		34,030
Amortization of refunding costs not recorded on fund statements		12,983
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources		(44,368)
Increase in Separation Allowance		(44,176)
Expenses for Other Postemployment Benefits are recorded on the government-wide statements but not recorded on the fund statements.		(974,169)
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		266,855
Increase (decrease) in accrued taxes receivable		37,103
Net Revenue of Internal service funds determined to be governmental-type.		<u>360,961</u>
Change in net assets of governmental activities	\$	<u>(3,509,938)</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, 2010

	General Fund			Variance With Final Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 30,238,766	\$ 30,238,766	\$ 30,802,420	\$ 563,654
Other taxes and licenses	4,258,106	4,258,106	4,432,203	174,097
Unrestricted intergovernmental	210,000	210,000	231,450	21,450
Restricted intergovernmental	10,005,014	10,516,032	8,461,467	(2,054,565)
Permits and fees	1,121,407	1,121,407	1,230,660	109,253
Sales and services	256,501	255,013	210,486	(44,527)
Investment earnings	400,000	400,000	159,144	(240,856)
Miscellaneous	43,500	47,793	79,052	31,259
Total revenues	<u>46,533,294</u>	<u>47,047,117</u>	<u>45,606,882</u>	<u>(1,440,235)</u>
Expenditures				
Current:				
General government	5,516,447	5,475,125	5,101,866	373,259
Public safety	7,448,000	7,539,416	7,371,409	168,007
Economic and physical development	1,731,148	1,776,302	1,554,990	221,312
Human services	15,047,637	15,617,277	13,519,471	2,097,806
Cultural and recreational	1,093,851	1,102,863	1,073,484	29,379
Intergovernmental:				
Education	13,777,032	13,847,872	13,802,976	44,896
Debt service:				
Principal retirement	555,000	555,000	555,000	-
Interest and other charges	50,840	50,840	50,840	-
Total expenditures	<u>45,219,955</u>	<u>45,964,695</u>	<u>43,030,036</u>	<u>2,934,659</u>
Revenues over (under) expenditures	<u>1,313,339</u>	<u>1,082,422</u>	<u>2,576,846</u>	<u>1,494,424</u>
Other financing sources (uses):				
Transfers to other funds	(4,099,475)	(4,166,920)	(5,164,984)	(998,064)
Transfers from other funds	-	-	-	-
Fund balance appropriated	2,786,136	3,084,498	-	(3,084,498)
Total other financing sources (uses)	<u>(1,313,339)</u>	<u>(1,082,422)</u>	<u>(5,164,984)</u>	<u>(4,082,562)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,588,138)</u>	<u>\$ (2,588,138)</u>
Fund balances:				
Beginning of year, July 1			35,115,414	
Reclassification of Fund Balance (See NOTE 11)			(29,567)	
End of year, June 30			<u>\$ 32,497,709</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, 2010

	Enterprise Funds										Internal Service Fund
	Major					Non-Major					
	Resource Recovery Fund	Rocky Point Water Fund	Maple Hill Water Fund	Water Treatment Plant	Waste Water Treatment Plant	Sewer Fund	Section 8 Admin. Fund	Country Apartments Fund	Scott's Hill Water & Sewer	Total	
ASSETS											
Current assets:											
Cash and cash equivalents	\$ 607,992	\$ 1,867,862	\$ -	\$ -	\$ -	\$ 1,125,975	\$ 211,223	\$ 48,312	\$ -	\$ 3,861,364	\$ 950,493
Receivables, net	369,563	358,927	19,011	-	-	38,394	3,028	-	-	788,923	-
Due from other funds	-	-	12,568	-	-	24,507	-	1,878	-	38,953	-
Prepaid expense	-	-	-	-	-	-	-	-	-	-	-
Total current assets	977,555	2,226,789	31,579	-	-	1,188,876	214,251	50,190	-	4,689,240	950,493
Noncurrent assets:											
Restricted cash and cash equivalents	-	2,153,997	-	-	-	-	-	-	-	2,153,997	-
Capital assets:											
Land and Construction In Progress	769,593	20,694,663	516,181	1,577,179	1,173,415	3,151,106	-	-	124,782	28,006,919	-
Other Capital Assets (Net)	692,458	6,583,759	673,436	-	-	128,796	3,910	201,012	-	8,283,371	-
Total Capital Assets	1,462,051	27,278,422	1,189,617	1,577,179	1,173,415	3,279,902	3,910	201,012	124,782	36,290,290	-
Total noncurrent assets	1,462,051	29,432,419	1,189,617	1,577,179	1,173,415	3,279,902	3,910	201,012	124,782	38,444,287	-
Total assets	2,439,606	31,659,208	1,221,196	1,577,179	1,173,415	4,468,778	218,161	251,202	124,782	43,133,527	950,493
LIABILITIES											
Current liabilities:											
Advanced Funding of Projects	-	-	393,630	-	-	-	-	-	67,127	460,757	-
Accounts payable and accrued liabilities	678,132	61,160	3,681	-	-	-	2,931	487	-	746,391	189,337
Customer deposits	-	16,513	591	-	-	-	-	5,937	-	23,041	-
Accrued interest payable	-	78,402	1,203	-	-	-	-	-	-	79,605	-
Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-
Accrued Landfill costs	65,816	-	-	-	-	-	-	-	-	65,816	-
Due to other funds	58,406	37,075	-	1,577,179	1,300,315	-	-	-	-	2,972,975	-
Notes payable	-	-	-	-	-	-	-	6,385	-	6,385	-
General obligation bonds payable	-	274,500	7,500	-	-	-	-	-	-	282,000	-
Bond anticipation notes payable	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	802,354	467,650	406,605	1,577,179	1,300,315	-	2,931	12,809	67,127	4,636,970	189,337
Noncurrent liabilities:											
Accrued landfill closure and postclosure care costs	-	-	-	-	-	-	-	-	-	-	-
Compensated absences	9,192	29,383	4,597	-	-	-	7,134	-	-	50,306	-
OPER Payable	19,066	41,517	5,522	-	-	-	13,196	-	-	79,301	-
Note payable	-	-	-	-	-	-	-	141,619	-	141,619	-
General obligation bonds payable	-	20,803,000	243,500	-	-	-	-	-	-	21,046,500	-
Total noncurrent liabilities	28,258	20,873,900	253,619	-	-	-	20,330	141,619	-	21,317,726	-
Total liabilities	830,612	21,341,550	660,224	1,577,179	1,300,315	-	23,261	154,428	67,127	25,954,696	189,337
NET ASSETS											
Invested in capital assets, net of related debt	1,462,051	8,354,919	938,617	1,577,179	1,173,415	3,279,902	3,910	53,008	124,782	16,967,783	-
Unrestricted	146,943	1,962,739	(377,645)	(1,577,179)	(1,300,315)	1,188,876	190,990	43,766	(67,127)	211,048	761,156
Total net assets	\$ 1,608,994	\$ 10,317,658	\$ 560,972	\$ -	\$ (126,900)	\$ 4,468,778	\$ 194,900	\$ 96,774	\$ 57,655	\$ 17,178,831	\$ 761,156

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

Pender County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Funds										Total	Internal Service Fund
	Major					Non-Major						
	Resource Recovery Fund	Rocky Point Water Fund	Maple Hill Water Fund	Water Treatment Plant	Waste Water Treatment Plant	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scott's Hill Water & Sewer			
OPERATING REVENUES	\$ 3,776,948	\$ 2,313,890	\$ 140,448	\$ -	\$ -	\$ 166,197	\$ -	\$ -	\$ -	\$ -	\$ 6,397,483	\$ -
Charges for services	-	-	-	-	-	-	-	-	-	-	37,731	-
Dwelling rental	-	-	3,215	-	-	-	-	40	-	-	8,705	-
Other operating revenue	-	-	-	-	-	-	-	-	-	-	-	-
Sales tax refund	-	-	-	-	-	-	-	-	-	-	-	-
Premiums received	-	-	-	-	-	-	-	-	-	-	-	-
Total operating revenues	3,776,948	2,313,890	143,663	-	-	166,197	-	37,771	5,450	-	6,443,919	2,573,807
OPERATING EXPENSES												
Personnel	183,948	467,826	44,543	-	-	-	98,818	-	-	-	795,135	-
Contracted services	3,980,579	286,983	14,199	-	-	-	-	15,472	-	-	4,297,233	-
Water purchases	-	390,138	37,395	-	-	-	-	-	-	-	427,533	-
System maintenance	67,495	248,136	20,547	-	-	-	22,791	15,374	-	-	374,343	-
Administration and housing assistance	-	-	-	-	-	-	1,027,203	-	-	-	1,027,203	-
Depreciation	28,030	242,661	29,609	-	-	6,282	938	7,849	-	-	315,369	-
OPEB Expense	9,533	20,759	2,761	-	-	-	6,598	-	-	-	39,651	-
Other Equipment	4,177	-	-	-	-	-	-	-	-	-	4,177	-
Total operating expenses	4,273,762	1,656,503	149,054	-	-	6,282	1,156,348	38,695	-	-	7,280,644	2,638,213
Operating income (loss)	(496,814)	657,387	(5,391)	-	-	159,915	(1,156,348)	(924)	5,450	-	(836,725)	(64,406)
NONOPERATING REVENUES (EXPENSES)												
Total nonoperating revenue (expenses) and transfers	-	(948,050)	(14,801)	-	-	-	3	61	-	-	(962,787)	-
Interest revenue (expense)	-	-	-	-	-	-	1,091,324	-	-	-	1,091,324	-
Operating Subsidy - HUD	-	-	-	-	-	-	8,935	-	-	-	8,935	-
Miscellaneous Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total nonoperating revenue (expenses) and transfers	(496,814)	(290,663)	(20,192)	-	-	159,915	(56,086)	(863)	5,450	-	(699,253)	(64,406)
Other Financing Sources (Uses)												
Capital Contributions	37,751	-	-	-	-	-	-	-	-	-	37,751	-
Reimbursements from school	165,843	-	-	-	-	-	-	-	-	-	165,843	-
Other Reimbursements	56,132	-	-	-	-	-	-	-	-	-	56,132	-
Contribution from General Fund	-	-	-	-	-	(492,860)	-	-	-	-	-	-
Transfers in (out)	259,726	492,860	-	-	-	(492,860)	-	-	-	-	259,726	425,367
Total other financing sources (uses)	(237,088)	202,197	(20,192)	-	-	(332,945)	(56,086)	(863)	5,450	-	(439,527)	360,961
Change in net assets	1,759,936	10,115,461	581,164	-	(126,900)	4,801,723	250,986	97,637	52,205	-	17,532,212	400,195
Total net assets - beginning	86,146	-	-	-	-	-	-	-	-	-	86,146	-
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Total net assets - ending	\$ 1,608,994	\$ 10,317,658	\$ 560,972	\$ -	\$ (126,900)	\$ 4,468,778	\$ 194,900	\$ 96,774	\$ 57,655	\$ -	\$ 17,178,831	\$ 761,156

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, 2010

	Enterprise Funds										
	MAJOR					NON-MAJOR					
	Resource Recovery Fund	Rocky Point Water Fund	Maple Hill Water Fund	Water Treatment Plant	Waste Water Treatment Plant	Sewer Fund	Section & Admin. Fund	Country Apartments Fund	Scott's Hill Water & Sewer	Total	Internal Service Fund
Cash flows from operating activities:											
Cash received from customers	\$ 3,779,716	\$ 2,294,416	\$ 140,243	\$ -	\$ -	\$ 165,180	\$ (2,258)	\$ 37,731	\$ 5,450	\$ 6,420,478	\$ 2,573,807
Cash paid for goods and services	(3,702,161)	(909,575)	(82,927)	-	-	-	(1,051,693)	(31,154)	-	(5,777,510)	(2,619,795)
Cash paid to employees for services	(180,019)	(460,308)	(48,299)	-	-	-	(100,170)	757	-	(788,796)	-
Customer deposits received	-	-	-	-	-	-	-	-	-	757	-
Customer deposits returned	-	-	-	-	-	-	-	-	-	-	-
Other operating revenue	-	-	3,215	-	-	-	-	40	-	3,255	-
Net cash provided (used) by operating activities	(102,464)	924,533	12,232	-	-	165,180	(1,154,121)	7,374	5,450	(141,816)	(45,988)
Cash flows from noncapital financing activities:											
Transfers in (out)	-	492,860	-	-	-	(492,860)	-	-	-	-	425,367
Due to/from	-	-	-	1,031,273	792,828	-	-	(1,683)	-	1,822,418	111,073
General Fund Advance to cover expenses	-	-	88,314	-	-	-	-	-	(4,821)	83,493	-
Operating Subsidy	-	-	-	-	-	-	1,091,324	-	-	1,091,324	-
Miscellaneous Revenue	-	-	-	-	-	-	8,935	-	-	8,935	-
Net cash provided (used) by capital and related financing activities	-	492,860	88,314	1,031,273	792,828	(492,860)	1,100,259	(1,683)	(4,821)	3,006,170	536,440
Cash flows from capital and related financing activities:											
Proceeds of bond anticipation notes	-	-	-	-	-	-	-	-	-	-	-
Acquisition and construction of capital assets	(268,002)	(86,056)	(197,386)	(1,031,273)	(792,828)	(3,000,000)	-	-	(629)	(5,376,174)	-
Proceeds from sale of equipment	-	3,163	-	-	-	-	-	-	-	3,163	-
Proceeds from Grants, Loans and Debt	259,726	-	-	-	-	-	-	-	-	259,726	-
Principal paid on bond maturities and equipment contracts	-	(269,500)	(7,000)	-	-	-	-	(6,322)	-	(276,822)	-
Interest paid on bond maturities and equipment contracts	-	(952,629)	(14,834)	-	-	-	-	-	-	(967,463)	-
Capital contributions - federal grant	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	(8,276)	(1,299,022)	(219,220)	(1,031,273)	(792,828)	(3,000,000)	-	(6,322)	(629)	(6,357,570)	-
Cash flows from investing activities:											
Interest on investments	-	3,588	-	-	-	-	3	61	-	3,652	-
Net increase (decrease) in cash and cash equivalents	(110,740)	121,959	(118,674)	-	-	(3,527,680)	(53,859)	(570)	-	(3,489,564)	490,452
Cash and cash equivalents, July 1	718,732	3,899,900	118,674	-	-	4,453,655	265,082	48,882	-	9,504,925	460,041
Cash and cash equivalents, June 30	607,992	4,021,859	-	-	-	1,125,975	211,223	48,312	-	6,015,161	950,493

(continued)

Pender County, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2010

	Major					Non-Major				Total	Internal Service Fund
	Resource Recovery Fund	Rocky Point Water Fund	Maple Hill Water Fund	Water Treatment Plant	Waste Water Treatment Plant	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scott's Hill Water & Sewer		
Operating income	\$ (496,814)	\$ 657,387	\$ (5,391)	\$ -	\$ -	\$ 159,915	\$ (1,156,348)	\$ (924)	\$ 5,450	\$ (836,725)	\$ (64,406)
Adjustments to reconcile operating income to net cash provided by operating activities:											
Depreciation	28,030	242,661	29,609	-	-	6,282	938	7,849	-	315,369	-
OPEB Expense	9,533	20,758	2,761	-	-	-	6,598	-	-	39,650	-
Landfill closure and post-closure care costs	-	-	-	-	-	-	-	-	-	-	-
Changes in assets and liabilities:											
(increase) Decrease in accounts receivable	2,768	(25,118)	(121)	-	-	(1,017)	(2,258)	-	-	(25,746)	-
Decrease in inventory	-	-	-	-	-	-	-	-	-	-	-
(Increase) in prepaid items	-	13	46	-	-	-	-	-	-	59	-
Increase (decrease) in accounts payable and accrued liabilities	350,090	15,669	(10,832)	-	-	-	(1,699)	(308)	-	352,920	18,418
(Decrease) in deferred revenues	-	-	-	-	-	-	-	-	-	-	-
(Decrease) in customer deposits	-	5,645	(84)	-	-	-	-	757	-	6,318	-
Increase (decrease) in accrued vacation pay	3,929	7,518	(3,756)	-	-	-	(1,352)	-	-	6,339	-
Total adjustments	394,350	267,146	17,623	-	-	5,265	2,227	8,298	-	694,909	18,418
Net cash provided (used) by operating activities	\$ (102,464)	\$ 924,533	\$ 12,232	\$ -	\$ -	\$ 165,180	\$ (1,154,121)	\$ 7,374	\$ 5,450	\$ (141,816)	\$ (45,988)

(continued)

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, 2010

	Agency Funds
Assets	
Cash and investments	\$ 123,214
Total assets	123,214
Liabilities	
Accounts payable	123,214
Due to other funds	-
Total liabilities	123,214
Net assets	
Held in trust (Fiduciary net assets)	\$ <u><u>-</u></u>

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

PENDER COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2010

NOTE 1: Summary of Significant Accounting Policies

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

A. Description of the Reporting Entity

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

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

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

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

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

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

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

Pender County ABC Board

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

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

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

Other Component Unit

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

B. Basis of Presentation – Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

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

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

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

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

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

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

Maple Hill Water & Sewer Fund - This fund is used to account for the operations of the water and sewer district within the Maple Hill District.

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

Waste Water Treatment Plant - This fund is used to account for the construction of the Waste 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 2009 through February 2010 apply to the fiscal year ended June 30, 2010. 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.

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, 2009. 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, 2010, amounted to \$1,415,913 in total, \$1,365,608 of which represents the liability of the governmental funds and is recorded in the government-wide statements and \$50,305 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 thirty days earned vacation, and such leave is fully vested when earned. Accumulated earned vacation amounted to approximately \$24,063 at June 30, 2010. 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 \$130,126 at June 30, 2010.

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

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

The governmental fund types classify fund balances as follows:

Reserved:

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables that are not offset by deferred revenues.

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

Unreserved:

Designated for subsequent year's expenditures - Portion of total fund balance available for appropriation that has been designated for the adopted 2010-2011 budget ordinance.

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

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

Designated for health department escrow - portion of unreserved fund balance that has been designated for escrow amounts.

Designated for automation enhancement - portion of unreserved fund balance that has been designated for automation enhancement projects.

Designated for public school capital projects - portion of unreserved fund balance that has been designated for projects within the public schools capital project fund.

Designated for revaluation - portion of unreserved fund balance that has been designated for revaluation expenditures

Designated for sheriff's seizures - portion of unreserved fund balance that has been designated for sheriff's seizure expenditures.

Designated for water & sewer plant - portion of unreserved fund balance that has been designated for projects.

Designated for internal service fund - portion of unreserved fund fund balance that has been designated for worker's compensation expenditures

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

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	\$	42,853
Waste Water Treatment Plant	\$	126,900

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

NOTE 3: Detail Notes on All Funds

A. Assets

1. Deposits

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

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

At June 30, 2010, the County's deposits had a carrying amount of \$13,493,789 and a bank balance of \$14,030,382. Of the bank balance, \$750,000 was covered by federal depository insurance and the remaining \$13,280,382 covered by collateral held under the Pooling Method. Of this amount, \$1,723 was cash on hand.

At June 30, 2010, the carrying amount of deposits for Pender County ABC Board was \$439,303 and the bank balance was \$410,296.

2. Investments

As of June 30, 2010, the County's investments consisted of \$33,356,465 in the North Carolina Capital Management Trust's cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The County has no policy on credit risk.

3. Receivables

	Accounts	Taxes and Related Accrued Interest		Sales Tax	Due from Other Governments		Other	Total
Governmental Activities:								
General	\$ 889,009	\$ 2,775,698	\$ 173,302	\$ 1,127,137	\$ 4,604	\$ 4,969,750		
Other Governmental	1,061,664	487,095	9,786	505,658	-	2,064,203		
Total Receivables	1,950,673	3,262,793	183,088	1,632,795	4,604	7,033,953		
Allowance for Doubtful Accounts	-	(814,556)	-	-	-	(814,556)		
Total Governmental Activities	\$ 1,950,673	\$ 2,448,237	\$ 183,088	\$ 1,632,795	\$ 4,604	\$ 6,219,397		
Business Type Activities:								
Maple Hill Water Fund	\$ 27,920	\$ -	\$ -	\$ -	\$ -	\$ 27,920		
Sewer Fund	38,394	-	-	-	-	38,394		
Resource Recovery	518,950	-	-	-	-	518,950		
Section 8 Administration	3,028	-	-	-	-	3,028		
Rocky Point Water & Sewer	561,995	-	-	-	-	561,995		
Total Receivables	1,150,287	-	-	-	-	1,150,287		
Allowance for doubtful accounts	(361,364)	-	-	-	-	(361,364)		
Total Business-Type Activities	\$ 788,923	\$ -	\$ -	\$ -	\$ -	\$ 788,923		

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

Local Option Sales Tax	\$1,261,478
Video Programming Tax	75,944
Lottery	295,373
Total	\$1,632,795

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	\$ 775,310
Special Revenue:	
Ad Valorem Taxes	\$ 39,246

5. Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balances				Ending Balances
	July 1, 2009	Additions	Retirements	Transfers	
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 8,219,446	\$ -	\$ -	\$ -	\$ 8,219,446
Construction in Progress	4,659,192	1,929,365	234,878	(48,148)	6,305,531
Total capital assets not being depreciated	12,878,638	1,929,365	234,878	(48,148)	14,524,977
Other capital assets:					
Buildings & Improvements	20,014,261	-	77,224	24,410	19,961,447
Intangibles	1,223,238	10,650	13,892	-	1,219,996
Equipment	2,253,967	333,767	97,519	23,738	2,513,953
Vehicles	4,265,400	108,664	1,217,579	-	3,156,485
Total other capital assets at historical cost	27,756,866	453,081	1,406,214	48,148	26,851,881
Less accumulated depreciation for:					
Buildings & Improvements	8,740,595	585,907	23,110	-	9,303,392
Intangibles	517,720	135,244	30,239	-	622,725
Equipment	1,899,823	138,038	108,556	-	1,929,305
Vehicles	3,068,852	359,526	1,155,164	-	2,273,214
Total other capital assets at historical cost	14,226,990	1,218,715	1,317,069	-	14,128,636
Other capital assets, net	13,529,876	(765,634)	89,145	48,148	12,723,245
Governmental activities capital assets, net	\$ 26,408,514	\$ 1,163,731	\$ 324,023	\$ -	\$ 27,248,222

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

Governmental activities	
General governmental	330,019
Public Safety	448,228
Human Services	305,450
Education	53,051
Economic and physical development	72,515
Cultural and Recreational	9,452
Total depreciation expense	<u>\$ 1,218,715</u>

Business-type activities:

	Beginning			Ending
	Balances	Increases	Decreases	Balances
SEWER FUND				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	151,106	3,000,000	-	3,151,106
Total capital assets not being depreciated	<u>151,106</u>	<u>3,000,000</u>	<u>-</u>	<u>3,151,106</u>
Capital assets being depreciated:				
Buildings and improvements	256,544	-	-	256,544
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	16,295	-	-	16,295
Total capital assets being depreciated	<u>272,839</u>	<u>-</u>	<u>-</u>	<u>272,839</u>
Less accumulated depreciation for:				
Buildings and improvements	121,466	6,282	-	127,748
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	16,295	-	-	16,295
Total accumulated depreciation	<u>137,761</u>	<u>6,282</u>	<u>-</u>	<u>144,043</u>
Business type activities capital assets, net	<u>\$ 286,184</u>	<u>\$ 2,993,718</u>	<u>\$ -</u>	<u>\$ 3,279,902</u>
	Beginning			Ending
	Balances	Increases	Decreases	Balances
Maple Hill				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ 4,930	\$ -	\$ -	\$ 4,930
Construction in progress	318,795	197,386	-	516,181
Total capital assets not being depreciated	<u>323,725</u>	<u>197,386</u>	<u>-</u>	<u>521,111</u>
Capital assets being depreciated:				
Buildings and improvements	1,202,031	-	-	1,202,031
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total capital assets being depreciated	<u>1,202,031</u>	<u>-</u>	<u>-</u>	<u>1,202,031</u>
Less accumulated depreciation for:				
Buildings and improvements	503,916	29,609	-	533,525
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	<u>503,916</u>	<u>29,609</u>	<u>-</u>	<u>533,525</u>
Business type activities capital assets, net	<u>\$ 1,021,840</u>	<u>\$ 167,777</u>	<u>\$ -</u>	<u>\$ 1,189,617</u>

Business-type activities (continued):

RP/T Water	Balances	Increases	Decreases	Balances
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ 343,493	\$ -	\$ -	\$ 343,493
Construction in progress	20,312,170	39,000	-	20,351,170
Total capital assets not being depreciated	20,655,663	39,000	-	20,694,663
Capital assets being depreciated:				
Buildings and improvements	7,884,454	-	-	7,884,454
Intangibles	9,485	-	-	9,485
Vehicles	180,076	47,056	14,599	212,533
Equipment	33,907	-	-	33,907
Total capital assets being depreciated	8,107,922	47,056	14,599	8,140,379
Less accumulated depreciation for:				
Buildings and improvements	1,193,895	204,933	-	1,398,828
Intangibles	6,645	925	-	7,570
Vehicles	111,205	36,040	11,436	135,809
Equipment	13,650	763	-	14,413
Total accumulated depreciation	1,325,395	242,661	11,436	1,556,620
Business type activities capital assets, net	\$ 27,438,190	\$ (156,605)	\$ 3,163	\$ 27,278,422

Section 8	Beginning Balances	Increases	Decreases	Ending Balances
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	-	-	-	-
Intangibles	9,383	-	-	9,383
Vehicles	5,100	-	-	5,100
Equipment	-	-	-	-
Total capital assets being depreciated	14,483	-	-	14,483
Less accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Intangibles	4,535	938	-	5,473
Vehicles	5,100	-	-	5,100
Equipment	-	-	-	-
Total accumulated depreciation	9,635	938	-	10,573
Business type activities capital assets, net	\$ 4,848	\$ (938)	\$ -	\$ 3,910

Country Court	Beginning Balances	Increases	Decreases	Ending Balances
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	333,617	-	-	333,617
Intangibles	1,200	-	-	1,200
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total capital assets being depreciated	334,817	-	-	334,817
Less accumulated depreciation for:				
Buildings and improvements	125,376	7,729	-	133,105
Intangibles	580	120	-	700
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	125,956	7,849	-	133,805
Business type activities capital assets, net	\$ 208,861	\$ (7,849)	\$ -	\$ 201,012

Business-type activities (continued):

	Beginning			Ending		
	Balances	Increases	Decreases	Balances		
Solid Waste						
Public Utilities Fund						
Capital assets not being depreciated:						
Land	\$ 66,770	\$ -	\$ -	\$ 66,770		
Construction in progress	695,449	74,144	-	769,593		
Total capital assets not being depreciated	762,219	74,144	-	836,363		
Capital assets being depreciated:						
Buildings and improvements	889,092	193,858	-	1,082,950		
Intangibles	-	-	-	-		
Vehicles	-	-	-	-		
Equipment	47,795	-	-	47,795		
Total capital assets being depreciated	936,887	193,858	-	1,130,745		
Less accumulated depreciation for:						
Buildings and improvements	449,732	19,298	-	469,030		
Intangibles	-	-	-	-		
Vehicles	-	-	-	-		
Equipment	27,295	8,732	-	36,027		
Total accumulated depreciation	477,027	28,030	-	505,057		
Business type activities capital assets, net	\$ 1,222,079	\$ 239,972	\$ -	\$ 1,462,051		

	Beginning			Ending		
	Balances	Increases	Decreases	Balances		
Scott's Hill Water & Sewer						
Public Utilities Fund						
Capital assets not being depreciated:						
Construction in progress	\$ 124,153	\$ 629	\$ -	\$ 124,782		
Total capital assets not being depreciated	\$ 124,153	\$ 629	\$ -	\$ 124,782		

	Beginning			Ending		
	Balances	Increases	Decreases	Balances		
Water Treatment Plant						
Public Utilities Fund						
Capital assets not being depreciated:						
Construction in progress	\$ 545,906	\$ 1,031,273	\$ -	\$ 1,577,179		
Total capital assets not being depreciated	\$ 545,906	\$ 1,031,273	\$ -	\$ 1,577,179		

	Beginning			Ending		
	Balances	Increases	Decreases	Balances		
Waste Water Treatment Plant						
Public Utilities Fund						
Capital assets not being depreciated:						
Construction in progress	\$ 380,587	\$ 792,828	\$ -	\$ 1,173,415		
Total capital assets not being depreciated	\$ 380,587	\$ 792,828	\$ -	\$ 1,173,415		

Total Business-type activities \$31,232,648 \$ 5,060,805 \$ 3,163 \$ 36,290,290

Construction Commitments

The government has active construction projects as of June 30, 2010. The projects include various school construction projects, as well as water district projects. At June 30, 2010, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining
		Commitment
Rocky Point Water & Sewer Project	\$19,873,263	\$ 1,081,410
Topsail Middle School	1,960,186	716,951
Trask Performing Arts	1,062,096	3,531,818
Total	<u>\$22,895,545</u>	<u>\$ 5,330,179</u>

Discretely presented component units

The following is a summary of proprietary fund type fixed assets for the ABC Board at June 30, 2010:

	<u>Useful Life</u>	<u>Cost</u> June 30, 2010	<u>Accumulated</u> <u>Depreciation</u>	<u>Net</u> <u>Amount</u>
Property	15 - 50 yrs	\$ 143,406	\$ 94,230	\$ 49,176
Equipment	5 - 10 yrs	202,638	142,869	59,769
Vehicle	5 yrs	20,622	20,622	-
		<u>\$ 366,666</u>	<u>\$ 257,721</u>	<u>\$ 108,945</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2010, were as follows:

	<u>Vendors</u>	<u>Salaries and</u> <u>Benefits</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General	\$ 1,313,595	\$ 1,065,780	\$ 844,101	\$ -	\$ 3,223,476
Other Governmental	1,169,975	-	-	-	1,169,975
Internal Service	-	189,337	-	-	189,337
Total Governmental Activities	<u>\$ 2,483,570</u>	<u>\$ 1,255,117</u>	<u>\$ 844,101</u>	<u>\$ -</u>	<u>\$ 4,582,788</u>
Business-type Activities					
Maple Hill Water Fund	\$ 3,681	\$ -	\$ 1,203	\$ -	\$ 4,884
Sewer Fund	-	-	-	-	-
Resource Recovery	678,132	-	-	-	678,132
Section 8 Administration	2,931	-	-	-	2,931
Country Court Apts	487	-	-	-	487
Rocky Point Water & Sewer	61,160	-	78,402	-	139,562
Total Business-Type Activities	<u>\$ 746,391</u>	<u>\$ -</u>	<u>\$ 79,605</u>	<u>\$ -</u>	<u>\$ 825,996</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System of North Carolina

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.91% and 4.86%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 4.80% of annual covered payroll. The contribution requirements of members and of Pender County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$627,145, \$599,132, and \$554,452, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$15,419, \$14,266, and \$13,287 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.

The Separation Allowance covers all full-time County law enforcement officers. At December 31, 2009 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	60
Total	<u>61</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, 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, 2010 was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions include (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5 – 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected pay on a closed basis. The remaining amortization period at December 31, 2009 was 21 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	\$	51,642
Interest on Net Pension Obligation		19,380
Adjustments to Annual Required Contributions		(16,839)
Annual Pension Cost	\$	54,183
Contributions Made		(10,007)
Increase (Decrease) in Net Pension Obligation	\$	44,176
Net Pension Obligation Beginning of Year		267,309
Net Pension Obligation End of Year	\$	<u>311,485</u>

3-Year Trend Information

<u>Year Ended</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Obligation</u>
6-30-08	42,998	26.29%	230,912
6-30-09	48,958	25.66%	267,309
6-30-10	54,183	18.47%	311,485

4. Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$513,679, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$513,679. The covered payroll (annual payroll of active employees covered by the plan) was \$2,135,467, and the ratio of the UAAL to the covered payroll was 24.05%.

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, 2010 were \$129,612, which consisted of \$104,301 from the County and \$25,311 from the law enforcement officers.

d. Deferred Compensation Plan

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

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

e. Register of Deeds' Supplemental Pension Fund

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

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2010, the County's required and actual contributions were \$4,863.

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, 2008, the date of latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	6	.1
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	310	60
Total	316	61

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 8.23% of annual covered payroll. For the current year, the County contributed \$33,977 or .26% 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 .32% and .10% 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	\$ 1,047,796
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>1,047,796</u>
Contributions made	<u>(33,977)</u>
Increase (decrease) in net OPEB obligation	1,013,819
Net OPEB obligation, beginning of year	<u>1,022,468</u>
Net OPEB obligation, end of year	<u>\$ 2,036,287</u>

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

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 1,047,796	2.47%	\$ 1,022,468
2010	\$ 1,047,796	3.24%	\$ 2,036,287

Funded Status and Funding Progress. As of December 31, 2008, 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 \$9,250,385. The covered payroll (annual payroll of active employees covered by the plan) was \$12,737,378, and the ratio of UAAL to the covered payroll was 72.6 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, 2008, 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 3.75 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, 2008, 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. Lump sum death benefits are provided to employees 1) who die in active service after one year of contributing membership in the System, or 2) who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death. The lump-sum death benefit payments to the beneficiaries are equal to the employee's twelve highest months' salary in a row during the twenty-four months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Annually, the State sets the County's monthly contribution rate for death benefits. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

3. Closure and Post-Closure Care Costs

State laws and regulations require the Company to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for five years after closure. The County closed its landfill April, 1994. The \$65,816 reported as accrued landfill post-closure care costs at June 30, 2010, represents the total estimated cost to perform post-closure care subsequent to June 30, 2010. Actual costs may differ due to inflation, changes in technology or changes in regulations.

4. Deferred/Unearned Revenues:

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

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
Prepaid taxes not yet earned (General)	\$ -	\$ -
Taxes Receivable, net (General)	1,808,417	-
Taxes Receivable, net (Special Revenue)	447,849	-
Special assessments (General)	6,000	-
Total	<u>\$ 2,262,266</u>	<u>\$ -</u>

5. Risk Management

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

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

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

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

The liability of unpaid claims of the County as of June 30, 2010 is as follows:

	Fiscal Year Ended June 30,	
	2010	2009
Unpaid claims at July 1	\$ 170,919	\$ 183,340
Incurred claims and judgements for current and prior year events where the County has retained risk of loss	2,000,029	2,112,394
Payments on claims for current and prior year events where the County has retained risk of loss	<u>1,981,611</u>	<u>2,124,815</u>
Unpaid claims at June 30	<u>\$ 189,337</u>	<u>\$ 170,919</u>

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance, Deputy Finance Officer, Chairman of the Board of Commissioners, and County Manager are each individually bonded for \$100,000. The Tax Collector, Assistant Tax Collector, Deputy County Manager, and Director of Utilities are each individually bonded for \$30,000. The Housing Director is bonded for \$25,000.

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

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

6. Contingent Liabilities

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

7. Long Term Debt

Mortgage Notes

Pender County Housing Authority (Country Court Enterprise Fund) has outstanding two notes aggregating \$148,004 due to the Farmer's Home Administration. The notes are collateralized by an apartment complex with a carrying value of \$200,513 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, 2010:

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	\$ 2,775,000
General Obligation School Bonds, Series 2001 \$10,000,000 due in annual payments of \$500,000, plus interest ranging from 4.40% to 4.70% through 2021, serviced by the Special Revenue Fund.	5,500,000
General Obligation Refunding Bonds, Series 2004 \$9,815,000 due in annual payments ranging from \$460,000 to \$1,125,000, plus interest ranging from 2.50% to 4.00% through 2016, serviced by the General Fund and the Special Revenue Fund.	4,640,000

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.	33,000,000
General Obligation School Bonds, Series 2007 \$20,875,000 due in annual payments ranging from \$900,000 to \$1,875,000, plus interest ranging from 4.00% to 6.00% through 2028, serviced by the School Capital Project Fund.	<u>19,075,000</u>
Total General Obligation Bonds (Governmental Activities)	<u>\$ 64,990,000</u>

Serviced by Water Fund, and Sewer Fund:

Maple Hill Water District Bond R-1 \$330,000 to USDA Rural Development, due in annual payments ranging from \$3,500 to \$14,000, plus interest at 5.75%, through June 2031	\$ 251,000
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.	3,324,500
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.	344,000
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.	17,409,000
Total Serviced by the Enterprise Funds	\$ 21,328,500

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.	\$ 400,000
Total Installment Purchases	\$ 400,000
Total Long-Term Debt	\$ 86,718,500

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, 2010:

	Balance 07/01/09	Additions	Retirements	Balance 06/30/10	Current Portion of Balance
Governmental Activities:					
General Obligation Bonds	\$ 68,860,000	\$ -	\$ 3,870,000	\$ 64,990,000	\$ 3,870,000
Bond Premium	341,055	-	21,316	319,739	21,316
Less: Loss on Defeasance	65,973	-	8,333	57,640	8,333
Total General Obligation Bonds	69,135,082	-	3,882,983	65,252,099	3,882,983
Installment Note	480,000	-	80,000	400,000	80,000
Unfunded Pension Obligation	267,309	44,176	-	311,485	-
Other Postemployment Benefits	982,817	974,169	-	1,956,986	-
Compensated Absences	1,321,240	44,368	-	1,365,608	-
Total	\$ 72,186,448	\$ 1,062,713	\$ 3,962,983	\$ 69,286,178	\$ 3,962,983
Business-type Activities:					
General Obligation Debt	\$ 21,599,000	\$ -	\$ 270,500	\$ 21,328,500	\$ 282,000
Mortgage Note	154,326	-	6,322	148,004	6,385
Other Postemployment Benefits	39,651	39,650	-	79,301	-
Compensated Absences	43,967	6,339	-	50,306	-
Total	\$ 21,836,944	\$ 45,989	\$ 276,822	\$ 21,606,111	\$ 288,385

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, 2010, are as follows:

Year Ending June 30	General Obligation Bonds		Installment Note		Mortgage Notes		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$ 4,152,000	\$ 3,676,852	\$ 80,000	\$ 16,200	\$ 6,385	\$ 1,451	\$ 7,932,888
2012	4,160,500	3,514,035	80,000	12,960	6,449	1,387	7,775,331
2013	4,163,000	3,352,092	80,000	9,720	6,514	1,322	7,612,648
2014	4,267,500	3,188,199	80,000	6,480	6,580	1,256	7,550,015
2015	4,316,500	3,016,847	80,000	3,240	6,646	1,190	7,424,423
2016-2020	21,525,500	12,206,464	-	-	34,243	4,937	33,771,144
2021-2025	21,892,000	7,357,013	-	-	35,998	3,182	29,288,193
2026-2030	9,338,500	3,716,233	-	-	37,843	1,334	13,093,910
2031-2035	3,611,500	2,471,520	-	-	7,346	-	6,090,366
2036-2040	4,319,000	1,599,388	-	-	-	-	5,918,388
2041-2045	4,036,500	639,579	-	-	-	-	4,676,079
2046-2050	536,000	23,365	-	-	-	-	559,365
Total	<u>\$ 86,318,500</u>	<u>\$ 44,761,587</u>	<u>\$ 400,000</u>	<u>\$ 48,600</u>	<u>\$ 148,004</u>	<u>\$ 16,059</u>	<u>\$ 131,692,750</u>

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, 2010, there were no industrial revenue bonds outstanding.

Other

The County's legal debt margin at June 30, 2010, approximates \$271,067,753. Bonds authorized but unissued at June 30, 2010, are as follows:

Rocky Point - Topsail Water and Sewer General Obligation Bonds Water Plant	\$ 17,500,000
Scott's Hill Water & Sewer District General Obligation Bonds	4,000,000
Moore's Creek Water & Sewer General Obligation Bonds	45,000,000
Central Water & Sewer District General Obligation Bonds	27,000,000
Total Bonds Authorized but unissued	<u>\$ 93,500,000</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, 2010, include the following interfund gross receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 2,935,900	\$ 1,878
Country Court	1,878	-
Maple Hill Water Fund	12,568	-
Sewer Fund	24,507	-
Solid Waste	-	58,406
Rocky Point / Topsail Water & Sewer	-	37,075
Water Treatment Plant	-	1,577,179
Waste Water Treatment Plant	-	1,300,315
Total	<u>\$ 2,974,853</u>	<u>\$ 2,974,853</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, 2010, can be summarized as follows:

From the General fund to the Revaluation fund to accumulate resources for octennial revaluation of real property	\$ 110,000
From the General fund to the Public School Capital fund to fund School Capital Projects	2,714,286
From the General fund to the Worker's Comp fund to pay workers compensation premiums.	425,367
From the General fund to the Vehicle Replacement Capital fund to accumulate resources for vehicle purchases.	137,178
From the General Fund to the Countywide Fire District fund to provide additional resources.	49,672
From the General Fund to Capital Improvements Capital Project Fund to provide funds for various projects	1,728,481
From the Wallace WWTP Capacity Fund to Rocky Point Topsail Water & Sewer Fund to provide resources for projects.	492,860
	\$ 5,657,844

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 \$255,926 to the Community College operating purposes during the fiscal year ended June 30, 2010. 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, 2010. 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, 2010, 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, 2010. 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, 2010, 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, 2010.

The County, along with the City of Wilmington and four other counties in southeastern North Carolina established the Lower Cape Fear Water and Sewer Authority (Authority). The Authority was formed to help facilitate water and sewer services in southeastern North Carolina. Pender County Commissioners appoint two of thirteen members of the Authority's Board of Directors. The County had no transactions with the Authority during the year ended June 30, 2010, and no balance due to or from the Authority at June 30, 2010.

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, 2010, 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, 2010, the balance of the County's ADM allocation account was \$308,646.

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, 2010, the County's disbursing account had a balance of \$820,387. 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>
WIC Vouchers	721,562	-
Food Stamps	10,541,457	-
Medical Assistance	39,164,480	13,596,644
Adoption Subsidy	282,239	66,959
Energy Assistance	259,531	-
TANF	353,711	-

NOTE 10: Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

NOTE 11: Prior Period Adjustments

A prior period adjustment was posted between the General Fund and the Emergency Telephone Special Revenue Fund in the amount of \$29,567 due to disallowed expenses recorded in the Emergency Telephone Fund during the fiscal year ended 06/30/09.

A prior period adjustment of \$86,146 was made in the Resource Recovery Fund to capitalize expenses associated with improvements to the facilities. This amount had been expensed in previous years.

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)
12/31/99	-	104,414	104,414	0.00%	859,167	12.15%
12/31/00	-	176,671	176,671	0.00%	911,739	19.38%
12/31/01	-	211,635	211,635	0.00%	1,160,155	18.24%
12/31/02	-	282,470	282,470	0.00%	1,274,867	22.16%
12/31/03	-	309,394	309,394	0.00%	1,173,072	26.37%
12/31/04	-	311,554	311,554	0.00%	1,161,060	26.83%
12/31/05	-	297,699	297,699	0.00%	1,488,838	20.00%
12/31/06	-	292,912	292,912	0.00%	1,545,765	18.95%
12/31/07	-	347,378	347,378	0.00%	1,643,950	21.13%
12/31/08	-	361,521	361,521	0.00%	2,128,149	16.99%
12/31/09	-	513,679	513,679	0.00%	2,135,467	24.05%

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

Year Ended June 30	Annual Required Contribution	Percentage of APC Contributed	Net Pension Obligation End of Year
1998	13,214	50.81%	48,219
1999	13,444	21.01%	58,839
2000	14,610	15.85%	71,133
2001	17,009	13.62%	85,825
2002	26,503	5.71%	110,814
2003	31,747	48.93%	127,027
2004	39,385	66.61%	140,176
2005	39,227	66.88%	153,166
2006	40,514	57.67%	170,316
2007	40,206	28.12%	199,218
2008	42,998	28.12%	230,912
2009	48,958	25.66%	267,309
2010	54,183	18.47%	311,485

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	12/31/09
Actuarial cost method	Projected unit credit
Amortization method	Level % of pay closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25
Projected salary increases*	4.5 to 12.3 %
*Includes inflation at	3.75%
Cost-of living adjustments	N/A

**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)
12/31/08	-	9,250,385	9,250,385	0.00%	12,737,378	72.62%

**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

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	12/31/08
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%
Projected salary increases*	10.50% to 5.00 %
*Includes inflation at	3.75%
Cost-of living adjustments	N/A

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
Comparative Balance Sheet
June 30, 2010

	June 30, 2010	June 30, 2009
Assets		
Cash and cash equivalents	\$ 29,234,342	\$ 33,255,106
Receivables (net):		
Taxes	1,808,417	1,619,840
Interest	4,604	66,737
Sales Tax	173,302	140,780
Accounts	2,016,146	2,461,457
Advance funding of projects	517,433	61,678
Prepaid Expense	3,235	3,235
Due From Other Funds	2,935,900	1,111,799
	<u>2,935,900</u>	<u>1,111,799</u>
Total assets	<u>\$ 36,693,379</u>	<u>\$ 38,720,632</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,379,375	\$ 1,864,351
Due to other funds	1,878	111,268
Unearned Revenues	-	2,760
Deferred revenues	1,814,417	1,626,839
	<u>1,814,417</u>	<u>1,626,839</u>
Total liabilities	<u>\$ 4,195,670</u>	<u>\$ 3,605,218</u>
Fund balances:		
Reserved by State statute	\$ 5,644,620	\$ 3,806,222
Reserved for Encumbrances	253,312	134,227
Unreserved:		
Designated for subsequent year's expenditures	3,170,089	2,786,136
Designated for Health Department Escrow	31,137	59,039
Designated for Capital Improvements	-	675,000
Designated for Automation Enhancement and Preservation	283,431	283,877
Designated for Public School Capital Projects	-	2,714,286
Designated for Vehicle Replacement	-	125,150
Designated for Reevaluation	-	110,000
Designated for Sheriff's Seizures	107,732	118,184
Designated for Water & Sewer Plant	4,231,959	4,909,589
Designated from Internal Service Fund	-	425,367
Undesignated	18,775,429	18,968,337
	<u>18,775,429</u>	<u>18,968,337</u>
Total fund balances	<u>\$ 32,497,709</u>	<u>\$ 35,115,414</u>
Total liabilities and fund balances	<u>\$ 36,693,379</u>	<u>\$ 38,720,632</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, 2010

	2010		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues			
Ad valorem Taxes	\$ 30,238,766	\$30,802,420	\$ 563,654
Other Taxes and Licenses	4,258,106	4,432,203	174,097
Unrestricted Intergovernmental Revenues	210,000	231,450	21,450
Restricted Intergovernmental Revenues	10,516,032	8,461,467	(2,054,565)
Permits and Fees	1,121,407	1,230,660	109,253
Sales and Services	255,013	210,486	(44,527)
Investment Earnings	400,000	159,144	(240,856)
Reimbursements to General Fund	-	-	-
Miscellaneous	47,793	79,052	31,259
Total Revenues	\$ 47,047,117	\$45,606,882	\$ (1,440,235)
Expenditures			
General Government:			
Governing Body	\$ 161,348	\$ 134,087	\$ 27,261
County Manager	241,256	232,208	9,048
Human Resources	69,607	56,889	12,718
Board of Elections	241,670	212,859	28,811
Finance	301,665	286,292	15,373
Information Systems	784,914	719,717	65,197
Tax Administrator	1,148,794	1,106,233	42,561
AE&P Fund	58,200	54,347	3,853
Register of Deeds	253,838	253,719	119
Public Buildings	1,129,760	1,105,832	23,928
Court Facilities	16,500	16,417	83
Nondepartmental	667,916	574,553	93,363
County Attorney	76,400	55,196	21,204
Outside Agencies	-	-	-
Vehicle Maintenance	320,738	293,517	27,221
Contingency	2,519	-	2,519
Total General Government	\$ 5,475,125	\$ 5,101,866	\$ 373,259
Public safety:			
Sheriff	\$ 4,273,880	\$ 4,271,766	\$ 2,114
DHS - Interoperability Comm	-	-	-
Jail	1,601,457	1,572,343	29,114
CJPP - Pretrial Release Program	74,614	71,299	3,315
Emergency Management	227,299	221,836	5,463
Inspections and Planning	1,025,724	1,013,589	12,135
Forest Resources	216,442	151,694	64,748
Sheriff Seizure	20,000	7,800	12,200
SHSG Program 2004	25,000	18,137	6,863
Medical Examiner	75,000	42,945	32,055
Total Public Safety	\$ 7,539,416	\$ 7,371,409	\$ 168,007
Economic and Physical Development:			
Extension Service	\$ 144,491	\$ 138,060	\$ 6,431
Planning	-	-	-
Tourism Office	122,615	122,615	-
Option 4 Payments	1,064,893	850,012	214,881
Outside Agencies	444,303	444,303	-
Total Economic and Physical Develop	\$ 1,776,302	\$ 1,554,990	\$ 221,312

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, 2010

	2010		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Human services:			
Health Department	\$ 5,474,417	\$ 4,624,536	\$ 849,881
Mosquito Control	260,993	257,443	3,550
Public Assistance	9,471,068	8,283,906	1,187,162
Veterans Services	81,203	80,934	269
Mental Health	20,000	16,463	3,537
Hurricane Contingency	75,000	21,593	53,407
Outside Agencies	234,596	234,596	-
Total Human Services	<u>\$ 15,617,277</u>	<u>\$13,519,471</u>	<u>\$ 2,097,806</u>
Cultural and recreational:			
Library	\$ 790,295	\$ 765,811	\$ 24,484
Recreational	306,718	301,823	4,895
Outside Agencies	5,850	5,850	-
Total Cultural and Recreational	<u>\$ 1,102,863</u>	<u>\$ 1,073,484</u>	<u>\$ 29,379</u>
Education:			
Cape Fear Community College	\$ -	\$ -	\$ -
Pender County Schools:			
Current Operating - County	13,389,690	13,358,406	31,284
Youth Alternatives	192,256	178,644	13,612
Outside Agencies	265,926	265,926	-
Total Education	<u>\$ 13,847,872</u>	<u>\$13,802,976</u>	<u>\$ 44,896</u>
Debt service:			
Principal	\$ 555,000	\$ 555,000	\$ -
Interest	50,840	50,840	-
Total Debt Service	<u>\$ 605,840</u>	<u>\$ 605,840</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 45,964,695</u>	<u>\$43,030,036</u>	<u>\$ 2,934,659</u>
Revenue Over Expenditures	<u>\$ 1,082,422</u>	<u>\$ 2,576,846</u>	<u>\$ 1,494,424</u>
Other Financing Sources (Uses):			
Transfer from other funds:			
Emergency Telephone	\$ -	\$ -	\$ -
Capital Improvements	-	-	-
Transfer to other funds:			
County Wide	(49,672)	(49,672)	-
Capital Project Fund	(730,417)	(1,728,481)	(998,064)
Public School Capital	(2,714,286)	(2,714,286)	-
Revaluation	(110,000)	(110,000)	-
Vehicle Replacement	(137,178)	(137,178)	-
Workers Comp Fund	(425,367)	(425,367)	-
Appropriated Fund Balance	3,084,498	-	(3,084,498)
Total Other Financing (Uses)	<u>\$ (1,082,422)</u>	<u>\$ (5,164,984)</u>	<u>\$ (4,082,562)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (2,588,138)</u>	<u>\$ (2,588,138)</u>
Fund Balance:			
Beginning of year, July 1		35,115,414	
Prior Period Adjustment (See NOTE 11)		<u>(29,567)</u>	
End of year, June 30		<u>\$32,497,709</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, 2010

Exhibit B-3

	Project Author- ization	Actual			Total to Date
		Prior Years	Current Year	Closed Projects	
Revenues					
Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax Refund	500,000	581,327	79,976	-	661,303
Lottery Funds	1,518,876	-	134,040	-	134,040
PSBCF - State Revenue	1,545,815	-	903,741	-	903,741
Interest Income	2,062,220	1,519,607	17,311	-	1,536,918
Total revenues	\$ 5,626,911	\$ 2,100,934	\$ 1,135,068	\$ -	\$ 3,236,002
Expenditures					
Intergovernmental:					
Schools:					
Burgaw Middle	\$ 227,516	\$ 689,517	\$ -	\$ -	\$ 689,517
Topsail Middle	3,093,945	1,817,624	935,410	-	2,753,034
Pender High School	2,821,446	-	-	-	-
Burgaw Elementary Land	100,721	-	-	-	-
Burgaw Elementary Sch Add	5,977,888	5,972,342	485	-	5,972,827
Topsail High Land	1,616,517	1,510,017	-	-	1,510,017
Topsail High School	36,531,967	35,699,634	500,175	-	36,199,809
Central Topsail Elementary	750,000	12,231	514,289	-	526,520
Penderlea School	500,000	279,985	194,017	-	474,002
Rocky Point Primary School	1,929,000	127,079	1,498,146	-	1,625,225
West Pender Middle School	500,000	170,277	150,706	-	320,983
Topsail Performing Arts Center	2,200,000	2,200,000	-	-	2,200,000
Trask Performing Arts Center	4,593,914	163,127	909,529	-	1,072,656
Bond Closing Costs	160,000	178,494	-	-	178,494
Interest Expenditures	356,997	-	-	-	-
Total Expenditures	\$ 61,359,911	\$ 48,820,327	\$ 4,702,757	\$ -	\$ 53,523,084
Revenues under expenditures	\$ (55,733,000)	\$ (46,719,393)	\$ (3,567,689)	\$ -	\$ (50,287,082)
Other financing sources:					
Public School Capital Fd	\$ (426,319)	\$ -	\$ -	\$ -	\$ -
Premium on Debt Issued	426,319	426,319	-	-	426,319
Bond Proceeds	55,875,000	55,875,000	-	-	55,875,000
Reserve for Arbitrage	(316,000)	-	(581,936)	-	(581,936)
Public School Capital Fd	174,000	174,000	-	-	174,000
Fund Balance Appropriated	-	-	-	-	-
	\$ 55,733,000	\$ 56,475,319	\$ (581,936)	\$ -	\$ 55,893,383
Revenues and other sources over (under) expenditures	\$ -	\$ 9,755,926	\$ (4,149,625)	\$ -	\$ 5,606,301
Fund balances:					
Beginning of year, July 1			9,755,926		
End of year, June 30			\$ 5,606,301		

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, 2010

Assets	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Cash and cash equivalents	\$ 1,187,698	\$ 914,345	\$ 2,102,043
Taxes receivable (net)	447,849	-	447,849
Other Receivables	47,988	289,786	337,774
Total assets	<u>\$ 1,683,535</u>	<u>\$ 1,204,131</u>	<u>\$ 2,887,666</u>
 Liabilities and Fund Balances			
Liabilities:			
Advance funding of projects	\$ 56,676	\$ -	\$ 56,676
Accounts payable and accrued liabilities	61,207	240,172	301,379
Due to other funds	-	-	-
Deferred revenue	447,849	-	447,849
Total liabilities	<u>565,732</u>	<u>240,172</u>	<u>805,904</u>
Fund balances:			
Designated for subsequent year's expenditures	\$ -	\$ 963,959	\$ 963,959
Undesignated	1,117,803	-	1,117,803
Total fund balances	<u>1,117,803</u>	<u>963,959</u>	<u>2,081,762</u>
Total liabilities and fund balances	<u>\$ 1,683,535</u>	<u>\$ 1,204,131</u>	<u>\$ 2,887,666</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, 2010

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Revenues			
Ad valorem taxes	\$ 5,383,151	\$ -	\$ 5,383,151
Other taxes	-	-	-
Investment earnings	4,494	-	4,494
Sales tax refund	-	9,786	9,786
Unrestricted intergovernmental	395,402	-	395,402
Restricted Intergovernmental	416,445	1,096,106	1,512,551
Donations	-	10,000	10,000
Local Match	-	33,706	33,706
Total revenues	<u>6,199,492</u>	<u>1,149,598</u>	<u>7,349,090</u>
Expenditures			
Current:			
General government	\$ 362,111	\$ -	\$ 362,111
Public safety	5,574,862	-	5,574,862
Economic and physical development	376,484	-	376,484
Education	-	-	-
Capital outlay	323,430	2,586,708	2,910,138
Other equipment	-	-	-
Titles/Tags/Tax	-	5,678	5,678
Option 4 redistribution	-	-	-
Debt service	-	-	-
Total expenditures	<u>6,636,887</u>	<u>2,592,386</u>	<u>9,229,273</u>
Revenues over (under) expenditures	<u>\$ (437,395)</u>	<u>\$ (1,442,788)</u>	<u>\$ (1,880,183)</u>
Other financing sources:			
Transfers in (out)	\$ 159,672	\$ 1,865,659	\$ 2,025,331
Proceeds from Refund of Bonds	-	-	-
Payment on Refunded Bonds	-	-	-
Premium on Refunded Bonds	-	-	-
Total other financing sources uses	<u>\$ 159,672</u>	<u>\$ 1,865,659</u>	<u>\$ 2,025,331</u>
Revenues and other financing sources over (under) expenditures	<u>\$ (277,723)</u>	<u>\$ 422,871</u>	<u>\$ 145,148</u>
Fund balances:			
Beginning of year, July 1	1,365,959	541,088	1,907,047
Prior Period Adjustment (See NOTE 11)	29,567	-	29,567
End of year, June 30	<u>\$ 1,117,803</u>	<u>\$ 963,959</u>	<u>\$ 2,081,762</u>

Pender County, North Carolina
Special Revenue Funds
Combining Balance Sheets
June 30, 2010

Assets	Revaluation Fund	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	\$ 158,460	\$ 132,178	\$ 187,335	\$ 675,943	\$ -	\$ -	\$ 2,767	\$ -
Taxes receivable (net)	-	192,810	255,039	-	-	-	-	-
Other Receivables	-	-	-	33,114	-	-	-	-
Total assets	<u>\$ 158,460</u>	<u>\$ 324,988</u>	<u>\$ 442,374</u>	<u>\$ 709,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,767</u>	<u>\$ -</u>
Liabilities and Fund Balances								
Liabilities:								
Advance funding of projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	58,475	347	1,334	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
Deferred revenue	-	192,810	255,039	-	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ 251,285</u>	<u>\$ 255,386</u>	<u>\$ 1,334</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Equity:								
Fund balances:								
Reserved by state statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:								
Designated for subsequent year's expenditure	-	-	-	-	-	-	-	-
Undesignated	158,460	73,703	186,988	707,723	-	-	2,767	-
Total fund balances	<u>\$ 158,460</u>	<u>\$ 73,703</u>	<u>\$ 186,988</u>	<u>\$ 707,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,767</u>	<u>\$ -</u>
Total liabilities and fund balances	<u>\$ 158,460</u>	<u>\$ 324,988</u>	<u>\$ 442,374</u>	<u>\$ 709,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,767</u>	<u>\$ -</u>

(continued)

**Pender County, North Carolina
Special Revenue Funds
Combining Balance Sheets
June 30, 2010**

Assets	CDBG 2004 Concentrated Needs	Domestic Violence Grant	Giant Salvinia Eradication	CDBG Scattered Sites	2005 CHAF #071-0-04	HPRP Grant	Totals June 30, 2010
Cash and cash equivalents	\$ 2,637	\$ -	\$ 21,798	\$ 3,175	\$ -	\$ 3,405	\$ 1,187,698
Taxes receivable (net)	-	-	-	-	-	-	447,849
Other Receivables	-	14,874	-	-	-	-	47,988
Total assets	<u>\$ 2,637</u>	<u>\$ 14,874</u>	<u>\$ 21,798</u>	<u>\$ 3,175</u>	<u>\$ -</u>	<u>\$ 3,405</u>	<u>\$ 1,683,535</u>
 Liabilities and Fund Balances							
Liabilities:							
Advance funding of projects	\$ -	\$ 56,676	\$ -	\$ -	\$ -	\$ -	\$ 56,676
Accounts payable	-	1,051	-	-	-	-	61,207
Due to Other Funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	447,849
Total liabilities	<u>\$ -</u>	<u>\$ 57,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 565,732</u>
Equity:							
Fund balances:							
Reserved by state statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:							
Designated for subsequent year's expenditure	-	-	-	-	-	-	-
Undesignated	2,637	(42,853)	21,798	3,175	-	3,405	1,117,803
Total fund balances	<u>\$ 2,637</u>	<u>\$ (42,853)</u>	<u>\$ 21,798</u>	<u>\$ 3,175</u>	<u>\$ -</u>	<u>\$ 3,405</u>	<u>\$ 1,117,803</u>
Total liabilities and fund balances	<u>\$ 2,637</u>	<u>\$ 14,874</u>	<u>\$ 21,798</u>	<u>\$ 3,175</u>	<u>\$ -</u>	<u>\$ 3,405</u>	<u>\$ 1,683,535</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, 2010**

	Revaluation Fund	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	\$ -	\$ 2,067,769	\$ 3,315,382	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-	-	-
Restricted intergovernmental	-	-	-	-	-	-	-	-
Unrestricted intergovernmental	-	-	-	395,402	-	-	-	-
Investment earnings	-	-	-	4,494	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	\$ -	\$ 2,067,769	\$ 3,315,382	\$ 399,896	\$ -	\$ -	\$ -	\$ -
Expenditures								
Current:								
General Government	\$ 345,055	\$ -	\$ -	\$ -	\$ -	\$ 17,056	\$ -	\$ -
Public Safety	-	2,063,023	3,166,629	278,764	-	-	-	-
Economic and Physical Develop	-	-	-	-	-	-	-	-
Capital Outlay	23,430	-	300,000	-	-	-	-	-
Option 4 Redistribution	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Total expenditures	\$ 368,485	\$ 2,063,023	\$ 3,466,629	\$ 278,764	\$ -	\$ 17,056	\$ -	\$ -
Revenues over (under) expenditures	\$ (368,485)	\$ 4,746	\$ (151,247)	\$ 121,132	\$ -	\$ (17,056)	\$ -	\$ -
Other financing sources:								
Transfers from:								
General Fund	\$ 110,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers to:								
General Fund	-	49,672	-	-	-	-	-	-
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	\$ 110,000	\$ 49,672	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues and other financing sources over (under) expenditures	\$ (258,485)	\$ 54,418	\$ (151,247)	\$ 121,132	\$ -	\$ (17,056)	\$ -	\$ -
Fund Balance, Beginning of Year	416,945	19,285	338,235	557,024	-	17,056	2,767	-
Prior Period Adjustment (See NOTE 11)	-	-	-	29,567	-	-	-	-
Fund Balance, End of Year	\$ 158,460	\$ 73,703	\$ 186,988	\$ 707,723	\$ -	\$ -	\$ 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, 2010

	CDBG 2004 Concentrated Needs	Domestic Violence Grant	Giant Salvinia Eradication	CDBG Scattered Sites	2005 CHAF #71-0-04	HPRP Grant	Totals June 30, 2010
Revenues							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,383,151
Other Taxes	-	-	-	-	-	-	-
Restricted intergovernmental	-	34,138	5,695	359,758	550	16,304	416,445
Unrestricted intergovernmental	-	-	-	-	-	-	395,402
Investment earnings	-	-	-	-	-	-	4,494
Miscellaneous	-	-	-	-	-	-	-
Total revenues	\$ -	\$ 34,138	\$ 5,695	\$ 359,758	\$ 550	\$ 16,304	\$ 6,199,492
Expenditures							
Current:							
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 362,111
Public Safety	-	66,446	-	-	-	-	5,574,862
Economic and Physical Develop	2,303	-	2,454	358,278	550	12,899	376,484
Capital Outlay	-	-	-	-	-	-	323,430
Option 4 Redistribution	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Total expenditures	\$ 2,303	\$ 66,446	\$ 2,454	\$ 358,278	\$ 550	\$ 12,899	\$ 6,636,887
Revenues over (under) expenditures	\$ (2,303)	\$ (32,308)	\$ 3,241	\$ 1,480	\$ -	\$ 3,405	\$ (437,395)
Other financing sources:							
Transfers from:							
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,000
Transfers to:							
General Fund	-	-	-	-	-	-	49,672
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	-	-	-	-	-	-	159,672
Revenues and other financing sources over (under) expenditures	\$ (2,303)	\$ (32,308)	\$ 3,241	\$ 1,480	\$ -	\$ 3,405	\$ (277,723)
Fund Balance, Beginning of Year	4,940	(10,545)	18,557	1,695	-	-	1,365,959
Prior Period Adjustment (See NOTE 11)	-	-	-	-	-	-	29,567
Fund Balance, End of Year	\$ 2,637	\$ (42,853)	\$ 21,798	\$ 3,175	\$ -	\$ 3,405	\$ 1,117,803

Pender County, North Carolina
Revaluation Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2010

	2010		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Interest Income	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -
Expenditures			
General Government	\$ 20,000	\$ 10,345	\$ 9,655
Capital Outlay	39,218	23,430	15,788
Reserves	420,375	334,710	85,665
Total expenditures	\$ 479,593	\$ 368,485	\$ 111,108
Revenues over expenditures	\$ (479,593)	\$ (368,485)	\$ 111,108
Other financing sources (uses):			
Appropriated fund balance	\$ 369,593	\$ -	\$ (369,593)
Transfer from:			
General Fund	110,000	110,000	-
Total Other Financing Sources (Uses)	\$ 479,593	\$ 110,000	\$ (369,593)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (258,485)	\$ (258,485)
Fund balances:			
Beginning of year, July 1		416,945	
End of year, June 30		\$ 158,460	

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, 2010

	2010		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Ad Valorem Taxes - Fire District Taxes	\$ 2,049,735	\$ 2,067,769	\$ 18,034
Total revenues	<u>\$ 2,049,735</u>	<u>\$ 2,067,769</u>	<u>\$ 18,034</u>
Expenditures			
Public safety:			
Pender Central	\$ 203,388	\$ 190,878	\$ 12,510
Sloop Point	364,362	400,918	(36,556)
Maple Hill	70,000	45,148	24,852
Rocky Point	297,494	309,896	(12,402)
Long Creek	156,110	157,487	(1,377)
Shiloh	78,714	75,295	3,419
Penderlea	118,382	112,451	5,931
Atkinson	106,745	101,184	5,561
Hampstead	453,793	454,118	(325)
Scotts Hill	86,429	87,765	(1,336)
Northeast Pender	112,230	114,263	(2,033)
Penderlea - Dublin Area	15,018	13,520	1,498
Reserves	49,672	-	49,672
Contracted Services	8,825	100	8,725
Total Expenditures	<u>\$ 2,121,162</u>	<u>\$ 2,063,023</u>	<u>\$ 58,139</u>
Revenues over expenditures	<u>\$ (71,427)</u>	<u>\$ 4,746</u>	<u>\$ 76,173</u>
Other financing sources (uses):			
Transfer in (out)	\$ 49,672	\$ 49,672	\$ -
Fund Balance Appropriated	21,755	-	(21,755)
Total Other financing sources (uses)	<u>\$ 71,427</u>	<u>\$ 49,672</u>	<u>\$ (21,755)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 54,418</u>	<u>\$ 54,418</u>
Fund balances:			
Beginning of year, July 1		<u>19,285</u>	
End of year, June 30		<u>\$ 73,703</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, 2010

	2010		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Ad valorem taxes:			
Rescue District Taxes:			
Pender County EMS Taxes	\$ 3,166,667	\$ 3,314,382	\$ 147,715
Pender East Rescue	-	319	319
Pender County Rescue	-	439	439
Union	-	201	201
Surf City	-	26	26
Topsail Beach	-	15	15
Total revenues	<u>\$ 3,166,667</u>	<u>\$ 3,315,382</u>	<u>\$ 148,715</u>
Expenditures			
Current:			
Public safety:			
Pender Volunteer EMS & Rescue	\$ 3,166,667	\$ 3,166,629	\$ 38
Capital Outlay	300,000	300,000	-
Total Expenditures	<u>\$ 3,466,667</u>	<u>\$ 3,466,629</u>	<u>\$ 38</u>
Revenues over expenditures	<u>\$ (300,000)</u>	<u>\$ (151,247)</u>	<u>\$ 148,753</u>
Other financing sources (uses):			
Transfer from:			
General Fund	\$ -	\$ -	\$ -
Fund Balance Appropriated	300,000	-	(300,000)
Total Other financing sources (uses)	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ (300,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (151,247)</u>	<u>\$ (151,247)</u>
Fund balances:			
Beginning of year, July 1		<u>338,235</u>	
End of year, June 30		<u>\$ 186,988</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, 2010

	2010		Variance Favorable (Unfavorable)
	Annual Budget	Actual	
Revenues			
Investment Earnings	\$ -	\$ 4,494	\$ 4,494
Unrestricted Intergovernmental	362,225	395,402	33,177
Total	<u>\$ 362,225</u>	<u>\$ 399,896</u>	<u>\$ 37,671</u>
Expenditures			
Salaries	\$ 75,506	\$ 77,108	\$ (1,602)
Fringe Benefits	23,719	22,343	1,376
Repairs & Maintenance	-	-	-
Training	5,000	3,851	1,149
Supplies & Materials	20,000	3,968	16,032
Contracted Services	77,392	25,769	51,623
Telecommunication Service	150,000	142,410	7,590
Other Equipment	10,000	3,315	6,685
Capital Outlay	15,000	-	15,000
Total Expenditures	<u>\$ 376,617</u>	<u>\$ 278,764</u>	<u>\$ 97,853</u>
Revenues over expenditures	<u>\$ (14,392)</u>	<u>\$ 121,132</u>	<u>\$ 135,524</u>
Other Financing Sources:			
Appropriated Fund Balance	\$ 14,392	\$ -	\$ (14,392)
Transfer from (to) general fund	-	-	-
	<u>\$ 14,392</u>	<u>\$ -</u>	<u>\$ (14,392)</u>
Revenues and Other Financing Sources			
Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 121,132</u>	<u>\$ 121,132</u>
Fund balances:			
Beginning of year, July 1		557,024	
Prior Period Adjustment		<u>29,567</u>	
End of year, June 30		<u><u>\$ 707,723</u></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, 2010**

	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, 2010

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
Restricted Intergovernmental Revenues	\$ 1,500,000	\$ 750,000	\$ -	\$ 750,000
Loan Proceeds	987,908	-	-	-
Equity form CAHEC	3,625,956	424,619	-	424,619
Total Revenues	<u>\$ 6,113,864</u>	<u>\$ 1,174,619</u>	<u>\$ -</u>	<u>\$ 1,174,619</u>
Expenditures				
Utilities	\$ 162,372	\$ 100	\$ -	\$ 100
Contracted Services	491,219	77,261	-	77,261
Reserves	241,730	-	17,056	17,056
Tax Credit Fees	53,108	-	-	-
Loan Closing Costs	206,902	2,137	-	2,137
Contingency	51,222	-	-	-
Capital Outlay	10,000	-	-	-
Construction	4,804,330	1,078,065	-	1,078,065
Land Purchase	125,000	-	-	-
Total Expenditures	<u>\$ 6,145,883</u>	<u>\$ 1,157,563</u>	<u>\$ 17,056</u>	<u>\$ 1,174,619</u>
Excess Revenue Over (Under) Expenditures	\$ (32,019)	\$ 17,056	\$ (17,056)	\$ -
Other financing sources (uses)				
Transfers from (to):				
General Fund	\$ -	\$ -	\$ -	\$ -
Fund Balance Appropriated	<u>32,019</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>\$ 32,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and other financing sources over uses	<u>\$ -</u>	<u>\$ 17,056</u>	<u>\$ (17,056)</u>	<u>\$ -</u>
Fund balance:				
Beginning of year, July 1			<u>17,056</u>	
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, 2010

	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, 2010

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

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, 2010

	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	54,787	2,303	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>\$ 655,423</u>	<u>\$ 2,303</u>	<u>\$ 657,726</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 4,940</u>	<u>\$ (2,303)</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>\$ 4,940</u>	<u>\$ (2,303)</u>	<u>\$ 2,637</u>
Fund balances:				
Beginning of year, July 1			<u>4,940</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, 2010

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted Intergovernmental Revenues	\$ 84,678	\$ 86,033	\$ 34,138	\$ 120,171
Total Revenues	<u>\$ 84,678</u>	<u>\$ 86,033</u>	<u>\$ 34,138</u>	<u>\$ 120,171</u>
Expenditures				
Salaries	\$ 40,383	\$ 68,856	\$ 40,538	\$ 109,394
Fringe Benefits	14,002	10,266	13,557	23,823
Telephone	-	386	-	386
Postage	93	-	-	-
Travel	500	2,137	-	2,137
Maintenance & Repairs	-	405	-	405
Gas & Diesel Fuel	-	2,034	-	2,034
Supplies and Materials	16,975	5,932	8,651	14,583
Uniforms	1,025	1,329	498	1,827
Contracted Services	1,700	-	-	-
Training	1,500	1,432	-	1,432
Computer Expense	1,300	1,234	-	1,234
Other Equipment	7,200	2,567	3,202	5,769
Total Expenditures	<u>\$ 84,678</u>	<u>\$ 96,578</u>	<u>\$ 66,446</u>	<u>\$ 163,024</u>
Excess Revenue Over (Under) Expenditures	\$ -	\$ (10,545)	\$ (32,308)	\$ (42,853)
Other financing sources (uses)				
Transfers from (to):				
General Fund	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and other financing sources over uses	<u>\$ -</u>	<u>\$ (10,545)</u>	<u>\$ (32,308)</u>	<u>\$ (42,853)</u>
Fund balance:				
Beginning of year, July 1			<u>(10,545)</u>	
End of Year, June 30			<u>\$ (42,853)</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, 2010

	Project Authorization	Actual		
		Prior Years	Actual	Total to Date
Revenues				
NFWF - Giant Salvinia Education	\$ 201,080	\$ 161,080	\$ 5,695	\$ 166,775
Total	<u>\$ 201,080</u>	<u>\$ 161,080</u>	<u>\$ 5,695</u>	<u>\$ 166,775</u>
Expenditures				
Current:				
Salaries	\$ 85,412	\$ 63,205	\$ -	\$ 63,205
FICA	6,698	4,836	-	4,836
Postage	561	327	-	327
Travel	20,726	12,041	576	12,617
Vehicle Repairs and Maintenance	2,800	186	-	186
Supplies and Materials	19,594	17,605	683	18,288
Supplies - Chemicals	29,331	28,514	-	28,514
Contracted Services	11,385	5,681	900	6,581
Training	7,350	2,672	295	2,967
Other Equipment	20,223	10,456	-	10,456
Total Expenditures	<u>\$ 204,080</u>	<u>\$ 145,523</u>	<u>\$ 2,454</u>	<u>\$ 147,977</u>
Revenues over expenditures	<u>\$ (3,000)</u>	<u>\$ 15,557</u>	<u>\$ 3,241</u>	<u>\$ 18,798</u>
Other Financing Sources:				
Transfers from (to):				
General Fund	\$ 3,000	\$ 3,000	\$ -	\$ 3,000
Appropriated Fund Balance	-	-	-	-
Total other financing sources (uses)	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 3,000</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 18,557</u>	<u>\$ 3,241</u>	<u>\$ 21,798</u>
Fund balances:				
Beginning of year, July 1			<u>18,557</u>	
End of year, June 30			<u>\$ 21,798</u>	

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, 2010

	Project Authorization	Actual		
		Prior Years	Actual	Total to Date
Revenues				
Community Development Fund	\$ 900,000	\$ 450,258	\$ 359,758	\$ 810,016
Total	\$ 900,000	\$ 450,258	\$ 359,758	\$ 810,016
Expenditures				
Current:				
Clearance/Demolition	\$ 71,000	\$ 40,413	\$ 22,075	\$ 62,488
Relocation	575,000	270,974	288,913	559,887
Rehabilitation	169,000	79,837	19,720	99,557
Administration	81,500	53,839	27,570	81,409
Planning	3,500	3,500	-	3,500
Total Expenditures	\$ 900,000	\$ 448,563	\$ 358,278	\$ 806,841
Revenues over expenditures	\$ -	\$ 1,695	\$ 1,480	\$ 3,175
Other Financing Sources:				
Appropriated Fund Balance	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 1,695	\$ 1,480	\$ 3,175
Fund balances:				
Beginning of year, July 1			1,695	
End of year, June 30			\$ 3,175	

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, 2010

	Project Authorization	Prior Years	Actual	
			Actual	Total to Date
Revenues				
Crisis Housing Assistance	\$ 995,200	\$ 331,243	\$ 550	\$ 331,793
Investment Income	-	8,153	-	8,153
Total	<u>\$ 995,200</u>	<u>\$ 339,396</u>	<u>\$ 550</u>	<u>\$ 339,946</u>
Expenditures				
Current:				
Repair	\$ 114,400	\$ 102,937	\$ -	\$ 102,937
Replacements	805,300	161,468	550	162,018
Service Delivery	75,500	74,991	-	74,991
Total Expenditures	<u>\$ 995,200</u>	<u>\$ 339,396</u>	<u>\$ 550</u>	<u>\$ 339,946</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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>\$ -</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
HPRP Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2010

	Project Authorization	Prior Years	Actual	
			Actual	Total to Date
Revenues				
HPRP Grant	\$ 48,912	\$ -	\$ 16,304	\$ 16,304
Investment Income	-	-	-	-
Total	<u>\$ 48,912</u>	<u>\$ -</u>	<u>\$ 16,304</u>	<u>\$ 16,304</u>
Expenditures				
Current:				
Salaries	\$ 14,655	\$ -	\$ 1,847	\$ 1,847
Utilities	5,637	-	-	-
Security Deposit	3,166	-	1,175	1,175
Rent Assistance	22,162	-	9,877	9,877
Supplies and Materials	2,045	-	-	-
Contracted Services	82	-	-	-
Miscellaneous	1,165	-	-	-
Total Expenditures	<u>\$ 48,912</u>	<u>\$ -</u>	<u>\$ 12,899</u>	<u>\$ 12,899</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,405</u>	<u>\$ 3,405</u>
Other Financing Sources:				
Appropriated Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,405</u>	<u>\$ 3,405</u>
Fund balances:				
Beginning of year, July 1			<u>-</u>	
End of year, June 30			<u>\$ 3,405</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, 2010

	NON-MAJOR			Combining Totals June 30, 2010
	Vehicle Replacement Fund	Capital Improvements Fund	Capital Facilities Reserve Fund	
Assets				
Current Assets:				
Cash and Investments	\$ 54,390	\$ 760,807	\$ 99,148	\$ 914,345
Accounts Receivable (Net)	-	289,786	-	289,786
Total assets	<u>\$ 54,390</u>	<u>\$ 1,050,593</u>	<u>\$ 99,148</u>	<u>\$ 1,204,131</u>
Liabilities and Fund Balances				
Liabilities:				
Advance funding of projects	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	-	240,172	-	240,172
Due to other funds	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ 240,172</u>	<u>\$ -</u>	<u>\$ 240,172</u>
Fund balances:				
Reserved by bond ordinance	\$ -	\$ -	\$ -	\$ -
Reserved by state statute	-	-	-	-
Unreserved:				
Designated for subsequent years' expenditures	54,390	810,421	99,148	963,959
Total fund balances	<u>\$ 54,390</u>	<u>\$ 810,421</u>	<u>\$ 99,148</u>	<u>\$ 963,959</u>
Total liabilities and fund balances	<u>\$ 54,390</u>	<u>\$ 1,050,593</u>	<u>\$ 99,148</u>	<u>\$ 1,204,131</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, 2010

	2010		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Proceeds From Vehicle Disposals	\$ -	\$ -	\$ -
Other Income	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Capital Outlay - Vehicle	\$ 107,028	\$ 105,608	\$ 1,420
Other Equipment	17,450	-	17,450
Titles/tags/tax	12,700	5,678	7,022
Total Expenditures	<u>137,178</u>	<u>111,286</u>	<u>25,892</u>
Revenues under expenditures	<u>\$ (137,178)</u>	<u>\$ (111,286)</u>	<u>\$ 25,892</u>
Other financing sources (uses):			
Transfers from (to):			
General Fund	\$ 137,178	\$ 137,178	\$ -
Fund Balance Appropriated	-	-	-
Total financing sources (uses)	<u>\$ 137,178</u>	<u>\$ 137,178</u>	<u>\$ -</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 25,892</u>	<u>\$ 25,892</u>
Fund balances:			
Beginning of year, July 1		<u>28,498</u>	
End of year, June 30		<u>\$ 54,390</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, 2010

	2010		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Restricted Intergovernmental	\$ 3,429,153	\$ 1,096,106	\$ (2,333,047)
Miscellaneous	-	9,786	9,786
Total revenues	<u>\$ 3,429,153</u>	<u>\$ 1,105,892</u>	<u>\$ (2,323,261)</u>
Expenditures			
Capital Outlay:			
Jail Annex	\$ 161,427	\$ -	\$ 161,427
Hwy 421 Industrial Park	40,000	3,975	36,025
Hampstead Library Annex	268,633	28,996	239,637
Courthouse Improvements	726,138	344,393	381,745
Hampstead District Park Phase II-Capital Out	406,237	127,710	278,527
Parks	541,364	46,476	494,888
Industrial Infrastructure	255,352	530	254,822
Millcreek Dredging Ph II	399,360	130,271	269,089
Industrial Infrastructure Development	854,466	265,883	588,583
Industrial Incentive-Prestige Label	40,000	8,000	32,000
Industrial Incentive-Del Lab	320,000	-	320,000
Kitchen Incubator	401,416	396,692	4,724
Beach Renourishment	1,850,000	112,500	1,737,500
Pender Memorial Park	728,633	358,329	370,304
Hampstead District Park-Contract Services	22,612	625	21,987
Hampstead District Park-Capital Outlay	608,324	27,182	581,142
Reroofing/HVAC/Paving	976,643	166,126	810,517
Space Plan Development	1,298,048	111,467	1,186,581
Stormwater Management	107,250	800	106,450
Pender Packing Sewer	431,000	259,285	171,715
Miller's Pond Park	43,850	24,807	19,043
Drainage Management	202,000	21,794	180,206
Black River Restoration	124,520	-	124,520
Pender Progress Industrial Shell Building	1,359,605	45,259	1,314,346
Total Expenditures	<u>\$ 12,166,878</u>	<u>\$ 2,481,100</u>	<u>\$ 9,685,778</u>
Revenues under expenditures	<u>\$ (8,737,725)</u>	<u>\$ (1,375,208)</u>	<u>\$ 7,362,517</u>
Other financing sources:			
Operating Transfer In (Out)			
General Fund	\$ 7,584,074	\$ 1,728,481	\$ (5,855,593)
Solid Waste	(17,534)	-	17,534
Public School Capital	(10,000)	-	10,000
Hwy 421 Industrial Park	(4,500)	-	4,500
Donations	203,747	10,000	(193,747)
Local Match	102,688	33,706	(68,982)
Appropriated Fund Balance	879,250	-	(879,250)
Total Other Financing Sources (Uses)	<u>\$ 8,737,725</u>	<u>\$ 1,772,187</u>	<u>\$ (6,965,538)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 396,979</u>	<u>\$ 396,979</u>
Fund balances:			
Beginning of year, July 1		<u>413,442</u>	
End of year, June 30		<u>\$ 810,421</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, 2010

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Other financing sources:				
Operating Transfer In (Out)				
General Fund	\$ -	\$ 1,999,148	\$ -	\$ 1,999,148
Capital Improvements Fund	-	(1,900,000)	-	(1,900,000)
Total Other Fin. Sources (Uses)	\$ -	\$ 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, 2010

Exhibit E-1

	MAJOR						NON-MAJOR						Totals June 30, 2010
	Resource Recovery Fund	Rocky Point Water Fund	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	County Apartments Fund	Hill Water & Sewer	Water Treatment Plant	Waste Water Treatment Plant				
Assets													
Current assets:													
Cash and cash equivalents	\$ 607,992	\$ 1,867,862	\$ -	\$ 1,125,975	\$ 211,223	\$ 48,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,861,364
Due from other funds	-	-	12,568	24,507	-	1,878	-	-	-	-	-	-	38,953
Accounts receivable (net)	369,563	358,927	19,011	38,394	3,028	-	-	-	-	-	-	-	788,923
Prepaid expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	\$ 977,555	\$ 2,226,789	\$ 31,579	\$ 1,188,876	\$ 214,251	\$ 50,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,689,240
Restricted Cash	-	2,153,997	-	-	-	-	-	-	-	-	-	-	2,153,997
Temporary Construction	769,593	20,351,170	516,181	3,151,106	-	-	124,782	1,577,179	1,173,415	-	-	-	27,663,426
Capital assets (net)	692,458	6,927,252	673,436	128,796	3,910	201,012	-	-	-	-	-	-	8,626,864
Total assets	\$ 2,439,606	\$ 31,659,208	\$ 1,221,196	\$ 4,468,778	\$ 218,161	\$ 251,202	\$ 124,782	\$ 1,577,179	\$ 1,173,415	\$ -	\$ -	\$ -	\$ 43,133,527
Liabilities and Fund Equities													
Current liabilities:													
Advance Funding of Projects	\$ -	\$ -	\$ 393,650	\$ -	\$ -	\$ -	\$ 67,127	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 460,757
Accounts payable	678,132	61,160	3,681	-	2,931	487	-	-	-	-	-	-	746,391
and accrued liabilities	-	78,402	1,203	-	-	-	-	-	-	-	-	-	79,605
Accrued interest	-	16,513	591	-	-	5,937	-	-	-	-	-	-	23,041
Customer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
General Obligation bonds payable	-	274,500	7,500	-	-	-	-	-	-	-	-	-	282,000
Notes payable	-	-	-	-	-	6,385	-	-	-	-	-	-	6,385
Accrued landfill closure	65,816	-	-	-	-	-	-	-	-	-	-	-	65,816
and post closure care cost	58,406	37,075	-	-	-	-	-	-	-	-	-	-	95,481
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	\$ 802,354	\$ 467,650	\$ 406,605	\$ -	\$ 2,931	\$ 12,809	\$ 67,127	\$ 1,577,179	\$ 1,300,315	\$ -	\$ -	\$ -	\$ 2,972,975
Noncurrent liabilities:													
Compensated absences payable	\$ 9,192	\$ 29,383	\$ 4,597	\$ -	\$ 7,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,306
OPFB payable	19,066	41,517	5,522	-	13,196	-	-	-	-	-	-	-	79,301
Accrued landfill closure	-	-	-	-	-	-	-	-	-	-	-	-	-
and postclosure care cost	-	20,803,000	243,500	-	-	-	-	-	-	-	-	-	21,046,500
General obligation bond payable	-	-	-	-	-	141,619	-	-	-	-	-	-	141,619
Note payable	-	-	-	-	-	141,619	-	-	-	-	-	-	141,619
Total noncurrent liabilities	\$ 28,258	\$ 20,873,900	\$ 253,619	\$ -	\$ 20,330	\$ 141,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,317,726
Total liabilities	\$ 830,612	\$ 21,341,550	\$ 660,224	\$ -	\$ 23,261	\$ 154,428	\$ 67,127	\$ 1,577,179	\$ 1,300,315	\$ -	\$ -	\$ -	\$ 25,954,696
Net Assets													
Capital assets net of related debt	\$ 1,462,051	\$ 8,354,919	\$ 938,617	\$ 3,279,902	\$ 3,910	\$ 53,008	\$ 124,782	\$ 1,577,179	\$ 1,173,415	\$ -	\$ -	\$ -	\$ 16,967,783
Unrestricted	146,943	1,962,739	(377,645)	1,188,876	190,990	43,766	(67,127)	(1,577,179)	(1,300,315)	-	-	-	211,048
Total net assets	\$ 1,608,994	\$ 10,317,658	\$ 560,972	\$ 4,468,778	\$ 194,900	\$ 96,774	\$ 57,655	\$ -	\$ (126,900)	\$ -	\$ -	\$ -	\$ 17,178,831

Pender County, North Carolina
Proprietary Funds
Combining Statement of Revenues, Expenses, and
Changes in Retained Earnings (Deficit)
For The Fiscal Year Ended June 30, 2010

Exhibit E-2

	MAJOR				NON-MAJOR					Totals June 30, 2010
	Resource Recovery Fund	Rocky Point Water Fund	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scott's Hill Water & Sewer	Water Treatment Plant	Waste Water Treatment Plant	
Operating revenues:										
Charges for services	\$ 3,776,948	\$ 2,313,890	\$ 140,448	\$ 166,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,397,483
Del-lab fees	-	-	-	-	-	-	-	-	-	-
Dwelling Rental	-	-	-	-	-	37,731	-	-	-	37,731
Sales tax refund	-	-	-	-	-	-	-	-	-	-
Other operating revenues	-	-	3,215	-	-	40	5,450	-	-	8,705
Total operating revenues	\$ 3,776,948	\$ 2,313,890	\$ 143,663	\$ 166,197	\$ -	\$ 37,771	\$ 5,450	\$ -	\$ -	\$ 6,443,919
Operating expenses:										
Personnel	\$ 183,948	\$ 467,826	\$ 44,543	\$ -	\$ 98,818	\$ -	\$ -	\$ -	\$ -	\$ 795,135
Contracted Services	3,980,579	286,983	14,199	-	-	15,472	-	-	-	4,297,233
Water Purchases	-	390,138	37,395	-	-	-	-	-	-	427,533
System Maintenance / Other Operating Costs	67,495	248,136	20,547	-	22,791	15,374	-	-	-	374,343
Administration and Housing Assistance	-	-	-	-	1,027,203	-	-	-	-	1,027,203
Other Equipment	4,177	-	-	-	-	-	-	-	-	4,177
OPEB Expense	9,533	20,759	2,761	-	6,598	-	-	-	-	39,651
Depreciation	28,030	242,661	29,609	6,282	938	7,849	-	-	-	315,369
Total operating expenses	\$ 4,273,762	\$ 1,656,503	\$ 149,054	\$ 6,282	\$ 1,156,348	\$ 38,695	\$ -	\$ -	\$ -	\$ 7,280,644
Operating income	\$ (496,814)	\$ 657,387	\$ (5,391)	\$ 159,915	\$ (1,156,348)	\$ (924)	\$ 5,450	\$ -	\$ -	\$ (836,725)
Nonoperating revenues (expenses):										
Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest revenue	-	3,588	-	-	-	61	-	-	-	3,652
Fraud recovery	-	-	-	-	3,181	-	-	-	-	3,181
White Goods - DEHNR Grant	15,321	-	-	-	-	-	-	-	-	15,321
Scrap Tire - DEHNR Grant	22,430	-	-	-	-	-	-	-	-	22,430
Reimbursements from School	165,843	-	-	-	-	-	-	-	-	165,843
STDA reimbursement	56,132	-	-	-	-	-	-	-	-	56,132
Operating Subsidy - HUD	-	-	-	-	1,091,324	-	-	-	-	1,091,324
Miscellaneous Revenue	-	-	-	-	5,754	-	-	-	-	5,754
Interest expense	-	(951,638)	(14,801)	-	-	-	-	-	-	(966,439)
Total Nonoperating Revenues (Expenses)	\$ 259,726	\$ (948,050)	\$ (14,801)	\$ -	\$ 1,100,262	\$ 61	\$ -	\$ -	\$ -	\$ 397,198
Revenues over (under) expenditures	\$ (237,088)	\$ (290,663)	\$ (20,192)	\$ 159,915	\$ (56,086)	\$ (863)	\$ 5,450	\$ -	\$ -	\$ (439,527)
Other financing sources (uses):										
Transfers from (to):										
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rocky Point Water Fund	-	-	-	(492,860)	-	-	-	-	-	(492,860)
Waste Water Treatment Plant	-	-	-	-	-	-	-	-	-	-
Sewer Fund	-	492,860	-	-	-	-	-	-	-	492,860
Burgaw Wastewater Project	-	-	-	-	-	-	-	-	-	-
St Helena Wasterwater Project	-	-	-	-	-	-	-	-	-	-
Capital Improvement Fund	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ 492,860	\$ -	\$ (492,860)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income (Loss)	\$ (237,088)	\$ 202,197	\$ (20,192)	\$ (332,945)	\$ (56,086)	\$ (863)	\$ 5,450	\$ -	\$ -	\$ (439,527)
Net Assets - 7/1/09	1,759,936	10,115,461	581,164	4,801,723	250,986	97,637	52,205	-	(126,900)	17,532,212
Prior Period Adjustment	86,146	-	-	-	-	-	-	-	-	86,146
Net Assets - 6/30/10	\$ 1,608,994	\$ 10,317,658	\$ 560,972	\$ 4,468,778	\$ 194,900	\$ 96,774	\$ 57,655	\$ -	\$ (126,900)	\$ 17,178,831

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, 2010

	2010		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Landfill Fees	\$ 1,235,000	\$ 1,037,773	\$ (197,227)
User Fees	2,535,700	2,701,566	165,866
Disposal Tax	-	37,609	37,609
Miscellaneous Revenues	12,000	-	(12,000)
Total Revenues	<u>\$ 3,782,700</u>	<u>\$ 3,776,948</u>	<u>\$ (5,752)</u>
Expenditures			
Salaries & Employee Benefits	\$ 182,187	\$ 183,948	\$ (1,761)
Contracted Services	3,743,500	3,980,579	(237,079)
Other Operating Expenditures	83,200	67,495	15,705
Capital Outlay	287,000	272,179	14,821
Total Expenditures	<u>\$ 4,295,887</u>	<u>\$ 4,504,201</u>	<u>\$ (208,314)</u>
Revenues over (under) expenditures	<u>\$ (513,187)</u>	<u>\$ (727,253)</u>	<u>\$ (214,066)</u>
Other financing sources (uses):			
White Goods - DEHNR Grant	\$ 15,000	\$ 15,321	\$ 321
Scrap Tire - DEHNR Grant	-	22,430	22,430
Scrap Tire Fee/State	40,000	56,132	16,132
Reimbursement from Schools	168,187	165,843	(2,344)
Fund Balance Appropriated	290,000	-	(290,000)
Total other financing sources (uses)	<u>\$ 513,187</u>	<u>\$ 259,726</u>	<u>\$ (253,461)</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (467,527)</u>	<u>\$ (467,527)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (467,527)</u>	
Reconciling items:			
Capital Outlay Expenditures		\$ 268,002	
Capital Contributions		-	
OPEB Expense		(9,533)	
Depreciation Expense		(28,030)	
Total reconciling items		<u>\$ 230,439</u>	
Net income (loss)		<u>\$ (237,088)</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, 2010

	2010		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Del Lab Fees - Sewer	\$ -	\$ -	\$ -
School Fees - Sewer	26,000	25,387	(613)
Commercial Sewer Fees	105,400	110,840	5,440
Connections Fees - Sewer			-
Water Fees	2,043,625	2,108,197	64,572
Connections Fees - Water	61,000	44,507	(16,493)
Other Fees	29,500	24,959	(4,541)
Total Revenues	<u>\$ 2,265,525</u>	<u>\$ 2,313,890</u>	<u>\$ 48,365</u>
Expenditures			
Sewer Operations			
Salaries & Benefits	\$ 30,535	\$ 26,233	\$ 4,302
Contracted Services	77,000	60,708	16,292
Other Operating Expenditures	23,865	10,316	13,549
Capital Outlay			-
	<u>\$ 131,400</u>	<u>\$ 97,257</u>	<u>\$ 34,143</u>
Water Operations			
Salaries & Benefits	\$ 423,939	\$ 441,593	\$ (17,654)
Contracted Services	255,000	226,275	28,725
Water Purchases	375,000	390,138	(15,138)
Other Operating Expenditures	299,184	237,820	61,364
Capital Outlay	58,000	47,056	10,944
Debt Service Payments:			-
Principal	263,500	263,500	-
Interest	952,972	951,638	1,334
Total Expenditures	<u>\$ 2,627,595</u>	<u>\$ 2,558,020</u>	<u>\$ 69,575</u>
Revenues over (under) expenditures	<u>\$ (493,470)</u>	<u>\$ (341,387)</u>	<u>\$ 152,083</u>
Other financing sources (uses):			
Transfer from general fund	\$ -	\$ -	\$ -
Transfer from sewer fund	492,860	492,860	-
Fund Balance Appropriated	610	-	(610)
Total Other Financing Sources	<u>\$ 493,470</u>	<u>\$ 492,860</u>	<u>\$ (610)</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 151,473</u>	<u>\$ 151,473</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		\$ 151,473	
Reconciling items:			
Depreciation		(242,661)	
Long Term Debt Repayments		263,500	
Capital Outlay		47,056	
OPEB Expense		(20,759)	
USDA Rural Development Grant (Exhibit E-4a, E-4b)		-	
Investment Income (Exhibit E-4a, E-4b, E-4c)		3,588	
Sales Tax Refund (Exhibit E-4a)		-	
Net income		<u>\$ 202,197</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, 2010

	Project Authorization	Prior Years	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	-	46,534	117	46,651
Premium on Debt Issued	-	57,876	-	57,876
Sales Tax Refund	-	168,212	-	168,212
Total Revenues	<u>\$ 9,403,500</u>	<u>\$ 9,676,122</u>	<u>\$ 117</u>	<u>\$ 9,676,239</u>
Expenditures				
Contracted Services	\$ 845,107	\$ 421,175		\$ 421,175
Construction	8,123,949	5,464,244		5,464,244
Interest During Construction	527,702	842,694		842,694
Contingency	33,492	350		350
Other	12,750	1,004		1,004
Total Expenditures	<u>\$ 9,543,000</u>	<u>\$ 6,729,467</u>	<u>\$ -</u>	<u>\$ 6,729,467</u>
Revenues over (under) expenditures	<u>\$ (139,500)</u>	<u>\$ 2,946,655</u>	<u>\$ 117</u>	<u>\$ 2,946,772</u>
Other financing sources (uses):				
Donations	\$ 53,000	\$ 53,000	\$ -	53,000
Transfer from (to):				
Rocky Point Water & Sewer	86,500	86,500	-	86,500
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 3,086,155</u>	<u>\$ 117</u>	<u>\$ 3,086,272</u>

Pender County, North Carolina
Rocky Point Water Fund - Phase IV - Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2010

	Project Authorization	Prior Years	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	-	78,263	437	78,700
Total Revenues	<u>\$ 2,653,000</u>	<u>\$ 1,784,313</u>	<u>\$ 437</u>	<u>\$ 1,784,750</u>
Expenditures				
Postage	\$ 4,000	\$ 1,168	\$ -	\$ 1,168
Supplies and Materials	1,650	1,309	-	1,309
Contracted Services	371,296	225,851	-	225,851
Capital Outlay	2,162,000	1,889,267	-	1,889,267
Bond Interest	-	3,936	-	3,936
Interest During Construction	140,000	90,076	-	90,076
Contingency	92,804	2,550	-	2,550
Total Expenditures	<u>\$ 2,771,750</u>	<u>\$ 2,214,157</u>	<u>\$ -</u>	<u>\$ 2,214,157</u>
Revenues over (under) expenditures	<u>\$ (118,750)</u>	<u>\$ (429,844)</u>	<u>\$ 437</u>	<u>\$ (429,407)</u>
Other financing sources (uses):				
Transfer from (to):				
Rocky Point Water & Sewer	<u>\$ 118,750</u>	<u>\$ 90,850</u>	<u>\$ -</u>	<u>\$ 90,850</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (338,994)</u>	<u>\$ 437</u>	<u>\$ (338,557)</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, 2010

	Project Authorization	Prior Years	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	-	543,859	3,034	546,893
Total Revenues	<u>\$ 10,625,000</u>	<u>\$ 11,183,803</u>	<u>\$ 3,034</u>	<u>\$ 11,186,837</u>
Expenditures				
Capital Outlay	\$ 9,095,341	\$ 7,794,356	\$ 19,734	\$ 7,814,090
Contracted Services	602,561	568,617	19,266	587,883
Bond Interest	667,678	202,510	-	202,510
Interest During Constuction	252,870	718,039	-	718,039
Contingency	6,550	6,550	-	6,550
Total Expenditures	<u>\$ 10,625,000</u>	<u>\$ 9,290,072</u>	<u>\$ 39,000</u>	<u>\$ 9,329,072</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 1,893,731</u>	<u>\$ (35,966)</u>	<u>\$ 1,857,765</u>
Other financing sources (uses):				
Transfer from (to):				
Rocky Point Water & Sewer	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ 1,893,731</u></u>	<u><u>\$ (35,966)</u></u>	<u><u>\$ 1,857,765</u></u>

Pender County, North Carolina
Maple Hill Water Operating Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2010

	2010		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Water Fees	\$ 130,500	\$ 136,938	\$ 6,438
Connection Fees	-	3,510	3,510
Other Fees	2,947	3,215	268
Total Operating Revenues	<u>\$ 133,447</u>	<u>\$ 143,663</u>	<u>\$ 10,216</u>
Expenditures			
Salaries and Employee Benefits	\$ 46,817	\$ 44,543	\$ 2,274
Contract Services	15,395	14,199	1,196
Water Purchases	33,000	37,395	(4,395)
Other Operating Expenditures	16,400	20,547	(4,147)
Debt Service:			
Principal	7,000	7,000	-
Interest	14,835	14,801	34
Total Expenditures	<u>\$ 133,447</u>	<u>\$ 138,485</u>	<u>\$ (5,038)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 5,178</u>	<u>\$ 5,178</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>\$ 5,178</u>	<u>\$ 5,178</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ 5,178</u>	
Reconciling items:			
Long Term Debt Repayments		\$ 7,000	
OPEB Expense		(2,761)	
Depreciation Expense		(29,609)	
Total reconciling items		<u>\$ (25,370)</u>	
Net income (loss)		<u>\$ (20,192)</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, 2010

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Connection Fees	\$ 42,750	\$ -	\$ -	\$ -
Cape Fear RC&D Match	2,000	-	-	-
NC DOJ Env Enhancement	-	-	-	-
NC Rural Center Grant	2,774,614	-	-	-
Clean Water Trust Fund	1,463,000	-	-	-
Total revenues	<u>\$ 4,282,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
Supplies / Sampling	\$ 203,500	\$ 3,919	\$ -	\$ 3,919
Contracted Services	318,864	139,249	101,440	240,689
Capital Outlay	3,565,000	175,627	59,374	235,001
Contingency	195,000	-	36,572	36,572
Total Expenditures	<u>\$ 4,282,364</u>	<u>\$ 318,795</u>	<u>\$ 197,386</u>	<u>\$ 516,181</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ (318,795)</u>	<u>\$ (197,386)</u>	<u>\$ (516,181)</u>
Other financing sources:				
Transfer - General Fund	-	-	-	-
HWY 210 Sewer Project	-	-	-	-
Fund Balance Appropriated	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (318,795)</u>	<u>\$ (197,386)</u>	<u>\$ (516,181)</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, 2010

	2010		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Del Lab Fees	\$ -	\$ -	\$ -
Other	-	-	-
Total Operating Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Sewer Operations	\$ -	\$ -	\$ -
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ -</u>	
Reconciling items:			
Depreciation Expense		\$ (6,282)	
Transfer to Rocky Point/Topsail W&S from Wallace WWTP Capacity (Ex E-6a)		(492,860)	
Water and Wastewater Capacity Fees (Ex E-6c)		166,197	
Total reconciling items		<u>\$ (332,945)</u>	
Net income (loss)		<u><u>\$ (332,945)</u></u>	

Wallace WWTP Capacity

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2010

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Other Taxes	\$ -	\$ -	\$ -	\$ -
Sales Tax Refund	-	-	-	-
Interest Income	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
Contracted Services - Engineers	\$ 25,000	\$ 24,206	\$ -	\$ 24,206
Treatment Capacity Acquisition	3,617,140	-	3,000,000	3,000,000
Total Expenditures	<u>\$ 3,642,140</u>	<u>\$ 24,206</u>	<u>3,000,000</u>	<u>\$ 3,024,206</u>
Revenues under expenditures	<u>\$ (3,642,140)</u>	<u>\$ (24,206)</u>	<u>(3,000,000)</u>	<u>\$ (3,024,206)</u>
Other financing sources:				
Transfer from (to):				
General Fund	\$ 4,860,000	\$ 4,860,000	\$ -	\$ 4,860,000
Rocky Point/Topsail W&S	(1,242,860)	(750,000)	(492,860)	(1,242,860)
HWY 210 Sewer Project	25,000	25,000	-	25,000
Fund Balance Appropriated	-	-	-	-
	<u>\$ 3,642,140</u>	<u>\$ 4,135,000</u>	<u>\$ (492,860)</u>	<u>\$ 3,642,140</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 4,110,794</u>	<u>\$ (3,492,860)</u>	<u>\$ 617,934</u>

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, 2010

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Connection Fees	\$ 193,000	\$ -	\$ -	\$ -
USDA RD Loan Loan	432,386	-	-	-
NC Rural Center Grant	2,774,614	-	-	-
Total revenues	<u>\$ 3,400,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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>
Fund balances:				
Beginning of year, July 1			-	
End of year, June 30			<u>\$ -</u>	

**Pender County, North Carolina
Water / Wastewater Capacity Fees**

Exhibit E-6c

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2010**

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Water Capacity Fees	\$ 57,600	\$ 192,352	\$ 166,197	\$ 358,549
Wastewater Capacity Fees	100,000	152,862	-	152,862
Interest	-	-	-	-
Total revenues	<u>\$ 157,600</u>	<u>\$ 345,214</u>	<u>\$ 166,197</u>	<u>\$ 511,411</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>\$ 345,214</u>	<u>\$ 166,197</u>	<u>\$ 511,411</u>
Other financing sources:				
Fund Balance Appropriated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 345,214</u>	<u>\$ 166,197</u>	<u>\$ 511,411</u>
Fund balances:				
Beginning of year, July 1			<u>345,214</u>	
End of year, June 30			<u>\$ 511,411</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, 2010

	2010		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Nonoperating revenues			
Investment earnings	\$ -	\$ 3	\$ 3
Other Revenue	-	5,754	5,754
Fraud recovery	500	3,181	2,681
Total Revenues	<u>\$ 500</u>	<u>\$ 8,938</u>	<u>\$ 8,438</u>
Expenditures			
Salaries and Benefits	\$ 111,039	\$ 98,818	\$ 12,221
Housing Assistance Payments	851,628	1,027,203	(175,575)
Other Operating Expenditures	26,504	22,791	3,713
Total Expenditures	<u>\$ 989,171</u>	<u>\$ 1,148,812</u>	<u>\$ (159,641)</u>
Revenues over (under) expenditures	<u>\$ (988,671)</u>	<u>\$ (1,139,874)</u>	<u>\$ (151,203)</u>
Other financing sources (uses):			
Operating Subsidy - HUD	\$ 957,258	\$ 1,091,324	\$ 134,066
Developer's Fee - Seven Oaks	-	-	-
Transfer from General Fund	-	-	-
Fund Balance Appropriated	31,413	-	(31,413)
	<u>\$ 988,671</u>	<u>\$ 1,091,324</u>	<u>\$ 102,653</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (48,550)</u>	<u>\$ (48,550)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (48,550)</u>	
Reconciling items:			
OPEB Expense		(6,598)	
Depreciation Expense		<u>(938)</u>	
Net income (loss)		<u>\$ (56,086)</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, 2010

	2010		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Operating Revenues:			
Dwelling Rental	\$ 45,000	\$ 37,731	\$ (7,269)
Miscellaneous	100	40	(60)
Total Operating Revenues	<u>\$ 45,100</u>	<u>\$ 37,771</u>	<u>\$ (7,329)</u>
Nonoperating Revenues:			
Interest Income	\$ 100	\$ 61	\$ (39)
Total Nonoperating Revenues	<u>\$ 100</u>	<u>\$ 61</u>	<u>\$ (39)</u>
Expenditures			
Administration and Tenant Services	\$ 18,064	\$ 13,860	\$ 4,204
Contracted Services	16,300	15,472	828
FMHA Debt Service Payments	7,836	7,836	-
Total Expenditures	<u>\$ 42,200</u>	<u>\$ 37,168</u>	<u>\$ 5,032</u>
Revenues over (under) expenditures	<u>\$ 3,000</u>	<u>\$ 664</u>	<u>\$ (2,336)</u>
Other financing sources (uses):			
Transfers from (to):			
Country Court	\$ -	\$ 3,000	\$ 3,000
Country Court Reserve	(3,000)	(3,000)	-
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>\$ (3,000)</u>	<u>\$ -</u>	<u>\$ 3,000</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 664</u>	<u>\$ 664</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ 664</u>	
Reconciling items:			
Mortgage Principal Payment		\$ 6,322	
Depreciation Expense		(7,849)	
Total reconciling items		<u>\$ (1,527)</u>	
Net income (loss)		<u>\$ (863)</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, 2010

	Project Authorization	Prior Years	Current Year	Total to date
Revenues				
Connection Fees	\$ 84,000	\$ 52,205	\$ 5,450	\$ 57,655
Investment Income	-	-	-	-
Total Revenues	<u>\$ 84,000</u>	<u>\$ 52,205</u>	<u>\$ 5,450</u>	<u>\$ 57,655</u>
Expenditures				
Capital Outlay	\$ 2,370,000	\$ 4,641	\$ -	\$ 4,641
Contracted Services	272,000	119,512	629	120,141
Interest During Constuction	131,000	-	-	-
Contingency	227,000	-	-	-
Total Expenditures	<u>\$ 3,000,000</u>	<u>\$ 124,153</u>	<u>\$ 629</u>	<u>\$ 124,782</u>
Revenues over (under) expenditures	<u>\$ (2,916,000)</u>	<u>\$ (71,948)</u>	<u>\$ 4,821</u>	<u>\$ (67,127)</u>
Other financing sources (uses):				
USDA Rd Loan	<u>\$ 2,916,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ (71,948)</u></u>	<u><u>\$ 4,821</u></u>	<u><u>\$ (67,127)</u></u>

Pender County, North Carolina
Water Treatment Plant Capital Project - Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2010

	Project Authorization	Prior Years	Current Year	Total to date
Revenues				
Investment Income	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
Contracted Services	\$ 1,333,784	\$ 61,865	\$ 850,295	\$ 912,160
Capital Outlay	1,671,207	484,041	180,978	665,019
Total Expenditures	<u>\$ 3,004,991</u>	<u>\$ 545,906</u>	<u>\$ 1,031,273</u>	<u>\$ 1,577,179</u>
Revenues over (under) expenditures	<u>\$ (3,004,991)</u>	<u>\$ (545,906)</u>	<u>\$ (1,031,273)</u>	<u>\$ (1,577,179)</u>
Other financing sources (uses):				
Loan from General Fund	<u>\$ 3,004,991</u>	<u>\$ 545,906</u>	<u>\$ 1,031,273</u>	<u>\$ 1,577,179</u>
Revenues Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Pender County, North Carolina
Waste Water Treatment Plant Capital Project - Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2010

	Project Authorization	Prior Years	Current Year	Total to date
Revenues				
Investment Income	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
Contracted Services	\$ 192,510	\$ 49,000	\$ -	\$ 49,000
Burgaw Sewer Project	2,005,440	-	572,983	572,983
Wastewater Treatment Plant	1,906,513	-	219,845	219,845
Capital Outlay	-	331,587	-	331,587
Total Expenditures	<u>\$ 4,104,463</u>	<u>\$ 380,587</u>	<u>\$ 792,828</u>	<u>\$ 1,173,415</u>
Revenues over (under) expenditures	<u>\$ (4,104,463)</u>	<u>\$ (380,587)</u>	<u>\$ (792,828)</u>	<u>\$ (1,173,415)</u>
Other financing sources (uses):				
Transfer to St Helena Wastewater Project	\$ -	\$ (126,900)	\$ -	\$ (126,900)
Loan from General Fund	4,104,463	507,487	792,828	1,300,315
	<u>\$ 4,104,463</u>	<u>\$ 380,587</u>	<u>\$ 792,828</u>	<u>\$ 1,173,415</u>
Revenues Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Pender County, North Carolina
Self Insured Internal Service Fund
Schedule of Revenues and Expenditures
Financial Plan and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2010

	2010		Variance Favorable (Unfavorable)
	Financial Plan	Actual	
Revenues			
Operating Revenues			
Premiums Received	\$ 2,586,810	\$ 2,573,807	\$ (13,003)
Total Operating Revenues	<u>2,586,810</u>	<u>2,573,807</u>	<u>(13,003)</u>
Nonoperating Revenues			
Interest on Investments	-	-	-
Total Nonoperating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 2,586,810</u>	<u>\$ 2,573,807</u>	<u>\$ (13,003)</u>
Expenditures			
Claims	\$ 3,154,365	\$ 2,638,213	\$ 516,152
Total Expenditures	<u>\$ 3,154,365</u>	<u>\$ 2,638,213</u>	<u>\$ 516,152</u>
Revenues over (under) expenditures	<u>\$ (567,555)</u>	<u>\$ (64,406)</u>	<u>\$ 503,149</u>
Other financing sources (uses):			
Fund Balance Appropriated	\$ 142,188	\$ -	\$ (142,188)
Transfer from General Fund	425,367	425,367	-
Total Other Financing Sources	<u>\$ 567,555</u>	<u>\$ 425,367</u>	<u>\$ (142,188)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 360,961</u>	<u>\$ 360,961</u>
Reconciliation from Financial Plan basis (modified accrual) to full accrual:			
Revenues and Other Sources Over (Under) Expenditures and Other Uses		\$ 360,961	
Reconciling items:			
Capital Outlay		-	
Total Reconciling Items		<u>-</u>	
Net income		<u>\$ 360,961</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, 2010

	Agency							Totals
	Tax Clearing Fund	Four H Fund	Extension Education	Sea Oats Travel	Pesticide Recycling Grant	Tourism Development Authority	DMV 3% Collections	June 30, 2010
Assets								
Cash and cash equivalents	\$ -	\$ 1,354	\$ 10,143	\$ 313	\$ 1,558	\$ 104,963	\$ 4,883	\$ 123,214
Liabilities and Fund Balances								
Liabilities:								
Miscellaneous liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental payable	-	1,354	10,143	313	1,558	104,963	4,883	123,214
Total liabilities	\$ -	\$ 1,354	\$ 10,143	\$ 313	\$ 1,558	\$ 104,963	\$ 4,883	\$ 123,214

Pender County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Tax Clearing Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Liabilities:				
Intergovernmental payable	\$ -	\$ -	\$ -	\$ -
Four H Fund:				
Assets:				
Cash and cash equivalents	\$ 1,279	\$ 75	\$ -	\$ 1,354
Liabilities:				
Intergovernmental payable	\$ 1,279	\$ -	\$ 75	\$ 1,354
Extension Education:				
Assets:				
Cash and cash equivalents	\$ 9,150	\$ 4,938	\$ 3,945	\$ 10,143
Liabilities:				
Intergovernmental payable	\$ 9,150	\$ 3,945	\$ 4,938	\$ 10,143
Sea Oats Travel:				
Assets:				
Cash and cash equivalents	\$ 349	\$ -	\$ 36	\$ 313
Liabilities:				
Intergovernmental payable	\$ 349	\$ 36	\$ -	\$ 313
Pesticide Recycling Grant:				
Assets:				
Cash and cash equivalents	\$ 1,612	\$ -	\$ 54	\$ 1,558
Liabilities:				
Intergovernmental payable	\$ 1,612	\$ 54	\$ -	\$ 1,558
Tourism Development Authority:				
Assets:				
Cash and cash equivalents	\$ 120,537	\$ 16,442	\$ 32,016	\$ 104,963
Liabilities:				
Intergovernmental payable	\$ 120,537	\$ 32,016	\$ 16,442	\$ 104,963
DMV 3% Collections:				
Assets:				
Cash and cash equivalents	\$ 4,345	\$ 26,965	\$ 26,427	\$ 4,883
Liabilities:				
Intergovernmental payable	\$ 4,345	\$ 26,427	\$ 26,965	\$ 4,883
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 137,272	\$ 48,420	\$ 62,478	\$ 123,214
Liabilities:				
Intergovernmental payable	\$ 137,272	\$ 62,478	\$ 48,420	\$ 123,214

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, 2010

Exhibit G-1

Year	Uncollected Balance June 30, 2009	Additions	Collections And Credits	Uncollected Balance June 30, 2010
2009-10	\$ -	\$ 30,729,299	\$ 29,464,103	\$ 1,265,196
2008-09	1,264,123	491	819,613	445,001
2007-08	288,354	191	100,837	187,708
2006-07	237,382	93	39,847	197,628
2005-06	106,972	94	18,973	88,093
2004-05	95,716	141	5,880	89,977
2003-04	73,936	-	3,477	70,459
2002-03	88,593	-	2,239	86,354
2001-02	68,474	-	2,343	66,131
2000-01	89,519	-	2,339	87,180
1999-00	51,175	-	51,175	-
Totals	\$ 2,364,244	\$ 30,730,309	\$ 30,510,826	\$ 2,583,727
Less: allowance for uncollectible accounts:				
General Fund				775,310
Ad valorem taxes receivable - net:				
General Fund				\$ 1,808,417
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 30,802,420
Reconciling items:				
Penalties and Interest				(305,415)
Discounts, Releases, Refunds				13,821
Total Collections and Credits				\$ 30,510,826

Pender County, North Carolina
Analysis of Current Tax Levy
County - Wide Levy
For the Fiscal Year Ended June 30, 2010

Exhibit G-2

	County - wide		Total Levy		
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 4,711,531,693	0.65	\$ 30,624,956	\$ 28,084,641	\$ 2,540,315
Penalties	-		17,704	17,704	-
Total	<u>\$ 4,711,531,693</u>		<u>\$ 30,642,660</u>	<u>\$ 28,102,345</u>	<u>\$ 2,540,315</u>
Discoveries:					
Current year taxes	\$ 29,252,770	0.65	\$ 190,143	\$ 173,578	\$ 16,565
Penalties	-		28,322	28,322	-
Total	<u>\$ 29,252,770</u>		<u>\$ 218,465</u>	<u>\$ 201,900</u>	<u>\$ 16,565</u>
Abatements					
Current year taxes	\$ (20,280,923)		\$ (131,826)	\$ (93,889)	\$ (37,937)
Penalties	-		-	-	-
Total	<u>\$ (20,280,923)</u>		<u>\$ (131,826)</u>	<u>\$ (93,889)</u>	<u>\$ (37,937)</u>
Total For Year	<u>\$ 4,720,503,540</u>		<u>\$ 30,729,299</u>	<u>\$ 28,210,356</u>	<u>\$ 2,518,943</u>
Net levy			30,729,299	28,210,356	2,518,943
Less Uncollected taxes at June 30, 2010			<u>1,265,196</u>	<u>785,266</u>	<u>479,930</u>
Current year's taxes collected			<u>\$ 29,464,103</u>	<u>\$ 27,425,090</u>	<u>\$ 2,039,013</u>
Current levy collection percentage			<u>95.88%</u>	<u>97.22%</u>	<u>80.95%</u>

**Pender County, North Carolina
 Analysis of Current Tax Levy
 County - wide Levy
 For the Fiscal Year Ended June 30, 2010**

Secondary Market Disclosures:

Assessed Valuation		
Assessment Ratio		100 %
Real Property	\$	4,029,964,642
Personal Property		202,168,181
Public Service Companies		61,165,520
Total Assessed Valuation	\$	<u>4,293,298,343</u>
Tax Rate per \$100		0.65
Levy (includes discoveries, releases and abatements)	\$	<u><u>27,831,299</u></u>

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

Fire and Rescue Districts	\$	<u>5,751,741</u>
Total	\$	<u><u>5,751,741</u></u>

**Pender County, North Carolina
Ten Largest Taxpayers
June 30, 2010**

<u>Taxpayers</u>	<u>Type of Business</u>	<u>2009 Assessed Valuation</u>	<u>% of Total Valuation</u>
Del Laboratories Inc	Manufacturing	\$ 24,631,920	0.57%
Four County EMC	Utilites	19,311,532	0.45%
Red Mountain Timber Co I, LLC	Timber Production	18,942,574	0.44%
Progress Energy Carolinas	Utilites	16,972,543	0.40%
LL Building Products	Manufacturing	16,891,229	0.39%
Grandview LLC	Land Development	14,447,135	0.34%
Bellsouth Telephone	Utilites	10,205,255	0.24%
TP Inc A North Carolina Corp	Real Estate Holdings	8,116,412	0.19%
Lowe's Home Center	Retail	7,496,572	0.17%
Jones Onslow EMC	Utilities	6,067,837	0.14%
Totals		\$ <u>143,083,009</u>	<u>3.33%</u>

COMPLIANCE SECTION



CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2010, which collectively comprises Pender County's basic financial statements, and have issued our report thereon dated November 10, 2010. 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 a likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.ed in accordance with *Government Auditing Standards*.

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 teh schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

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

A control deficiency exists when designed 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 significant deficiency is a control deficiency, or combinations of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting [10-01]. A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider [10-01] is a material weakness.

Compliance and Other Matters

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

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.
November 10, 2010



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, 2010. 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, 2010.

Internal Control Over Compliance

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

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

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

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

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

Thompson, Price, Scott, Adams & Co. P.A.
November 10, 2010



CERTIFIED PUBLIC ACCOUNTANTS

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

Offices:
Whiteville, NC
Elizabethtown, NC
Wilmington, NC

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

To the Board of County Commissioners
Pender County, North Carolina

Compliance

We have audited 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, 2010. 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, 2010.

Internal Control Over Compliance

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

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

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

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

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

Thompson Price, Scott, Adams & Co. P.A.
November 10, 2010

PENDER COUNTY, NORTH CAROLINA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2010

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)
93.713	ARRA - Child Care and Development Block Grant (CCDBG)
93.767	Children's Health Insurance Program
10.551, 10.561	Food Stamp Cluster
14.871	Section 8 - Housing Choice Vouchers

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

\$ 1,414,308

Auditee qualified as low-risk auditee?

yes no

PENDER COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

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
Public School Building Capital Fund

PENDER COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Section II. Financial Statement Findings

Finding 10-01

MATERIAL WEAKNESS

Criteria: SAS 112 (superseded by SAS 115), effective for years ended after December 2006, requires communication of certain matters related to internal control over financial reporting.

Condition: The County recorded prior period adjustments adjusting Construction in Process for an Enterprise Fund and reclassifying nondeductible expenses in a special revenue fund.

Effect: This is an indicator of a control deficiency that is regarded as a significant deficiency.

Cause: Amounts were expensed that either should have been capitalized or paid out of another fund.

Recommendation: The Board should implement internal control procedures that will monitor account balances.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Responsible officials will review the financial statements and the notes for accuracy before finalizing the report.

Section III. Federal Award Findings and Questioned Costs

None Reported.

Section IV. State Award Findings and Questioned Costs

None Reported.

PENDER COUNTY, NORTH CAROLINA
Corrective Action Plan
For the Year Ended June 30, 2010

Section II - Financial Statement Findings

Finding 10-01

Name of contact person: David McCole, Finance Officer

Corrective Action: The finance officer will make valid efforts to review and make sure that the financial statements are correct prior to issuance of the reports.

Proposed Completion Date: Immediately.

Section III - Federal Award Findings and Question Costs

None Reported.

Section IV - State Award Findings and Question Costs

None Reported

PENDER COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2010

Finding:	09-1
Status	Corrected
Finding:	09-2
Status	Corrected
Finding:	09-3
Status	Corrected
Finding:	09-4
Status	Corrected
Finding:	08-1
Status	Similar error found this year. See finding 09-01
Finding:	08-2
Status	Similar error found this year. See finding 09-02

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2010

<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:					
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		\$ 305,395	\$ -	\$ 305,395
Fraud	10.561		806		806
ARRA State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		64,353	-	-
Supplemental Nutrition Assist Program Cluster			<u>\$ 370,554</u>	<u>\$ -</u>	<u>\$ 306,201</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		\$ 204,470	\$ -	\$ -
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557		721,562	-	-
Rural Utilities Service					
Water and Waste Disposal Systems for Rural Communities	10.760		\$ 39,000	\$ -	\$ -
Total			<u>\$ 39,000</u>	<u>\$ -</u>	<u>\$ -</u>
Total U.S. Dept. of Agriculture			<u>\$ 1,335,586</u>	<u>\$ -</u>	<u>\$ 306,201</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	\$ -	\$ -
Maternal and Child Health Services Block Grant	93.994		134,897	-	-
Immunization	93.268		16,128	-	-
Prevention Investigations and Tech Asst	93.283		101,303	-	-
Family Planning Services	93.218		42,625	-	-
Statewide Health Health Promotion Program	93.991		33,666	-	-
ARRA - Immunizations	93.712		10,334	-	-
CDC - Tuberculosis	93.116		32,202	-	-
Passed-through N.C. Dept of Health and Human Services:					

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2010

<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>
Administration on Aging:					
Passed-through Cape Fear Council of Governments					
Special Programs for the Aging Title IIIB					
Grants for Supportive Services and Senior Ctr.	93.044		\$ 273,501	\$ 16,102	\$ -
Title IIIB DSS	93.044		10,244	1,808	-
Title IIIC Nutrition	93.045		136,937	8,062	-
Special Program for the Aging Title IIID	93.043		3,221	170	-
ARRA NISP Congregate USDA	93.053		2,103	-	-
NISP Congregate USDA	93.053		8,212	-	-
ARRA Congregate Meals	93.707		15,196	895	-
NISP Home Delivered USDA	93.053		8,280	-	-
ARRA NISP Home Delivered USDA	93.053		694	-	-
ARRA Home Delivered Meals	93.705		7,482	441	-
Family Caregiver Services	93.052		28,594	1,906	-
Total Aging Cluster			\$ 494,464	\$ 29,384	\$ -
Division of Social Services:					
Administration:					
Adult Care Home Case Management	93.778		\$ 38,946	\$ 24,855	\$ 14,091
TANF Domestic Violence	93.558		9,944	-	-
Family Preservation	93.556		2,316	-	-
Low Income Energy Asst.	93.568		35,095	-	-
Social Services Block Grant	93.667		110,754	7,829	39,527
Adoption/Foster Care	N/A		87,573	26,025	23,255
Work First Administration	93.558		45,119	-	63,872
Work First Service	93.558		404,259	-	502,927
AFDC Payment & Penalties	93.560		(169)	(46)	(46)
Special Children Adoption	93.558		30,000	-	-
Direct Benefit Payments					
Temporary Assistance Needy Families	93.558		353,711	-	-
Refugee Assistance Payment	93.566		362	-	-
Low Income Energy Assistance	93.568		259,531	-	-
Crisis Intervention					
Low Income Energy Assistance	93.568		102,931	-	-
Foster Care					
Foster Care - Title IV-E	93.658		32,744	-	29,923
Foster Care - IV-E CPS	93.658		83,646	18,533	65,113
Foster Care - In Excess	93.658		19,010	3,859	3,859
Foster Care - IV-E	93.658		72,693	13,758	15,675
Foster Care Title IV E - Optimal	93.659		785	-	785

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2010

<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>
Child Welfare Services					
Adoption Subsidy - Direct Benefit Payments	93.659		282,239	66,959	66,921
Permanency Planning	93.645		15,525	4,106	1,303
Independent Living Initiative	93.674		18,252	3,195	-
Total Division of Social Services			\$ 2,005,266	\$ 169,073	\$ 827,205
Subsidized Child Care					
Child Care Development Fund Cluster					
Division of Social Services					
Child Care Development Fund - Administration	93.596		\$ 85,184	\$ -	\$ -
Division of Child Development					
Child Care and Development Fund - Discretionary	93.575		660,978	-	-
Child Care and Development Fund - Mandatory	93.596		245,297	-	-
Child Care and Development Fund - Match	93.596		206,056	110,771	-
ARRA Child Care and Development Block Grant	93.713		144,293	-	-
Total Child Care Fund Cluster			1,341,808	110,771	-
Social Services Block Grant	93.667		11,059	-	-
Temporary Assistance for Needy Families	93.558		231,760	-	-
Smart Start			-	14,079	-
State Appropriations			-	99,407	-
TANF - MOE			-	274,907	-
Total Subsidized Child Care Cluster			\$ 1,584,627	\$ 499,164	\$ -
Division of Medical Assistance					
Administration					
Medical Assistance Program	93.778		\$ 602,079	\$ -	\$ 602,079
NC Health Choice	93.767		39,925	2,705	10,258
Direct Benefit Payments					
Title XIX - Medicaid	93.778		39,164,480	13,596,644	40,921
Transportation Services					
Medical Assistance Program	93.778		72,507	14,596	31,158
Division of Medical Assistance					
In-Home Services	93.667		15,228	-	2,176
Adult Day Care	93.667		2,990	3,386	911
Total U.S. Dept. of Health and Human Services			\$ 44,357,215	\$ 14,314,952	\$ 1,514,708
U.S. Dept. of Housing and Urban Development					
Direct Program					
Lower Income Housing Assistance Program - Section 8 Housing Voucher Program	14.871		\$ 1,023,767	\$ -	\$ -

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2010

<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>
Passed-through N.C. Dept. of Economic and Community Development:					
Community Development Block Grant -					
Community Development - Concentrated Needs	14.228	04-C-1255	\$ 2,303	\$ -	\$ -
Scattered Sites CDBG	14.228	08-C-1833	358,278	-	-
Total U.S. Dept. of Housing and Urban Development			\$ 1,384,348	\$ -	\$ -
U.S. Dept. of Justice					
Domestic Violence Grant	16.589		\$ 66,446	\$ -	\$ -
Total U.S. Dept. of Justice			\$ 66,446	\$ -	\$ -
Total Federal Programs			\$ 47,143,595	\$ 14,314,952	\$ 1,820,909
State Awards:					
N.C. Dept. of Health and Human Services					
General Health			\$ -	\$ 185,968	\$ -
LHD Smokefree Law			-	984	-
TB Medical Services			-	1,034	-
Preparedness and Response			-	36,808	-
Aids - State			-	500	-
Communicable Diseases			-	9,999	-
Risk Reduction/Health Promotion			-	423	-
Women's Preventive Health			-	9,476	-
Tuberculosis			-	5,459	-
Breast and Cervical Cancer Control			-	6,375	-
Division of Child Development					
Non-Allocating County Cost			-	-	258,306
State County Special Assistance			-	-	7,309
DCD Smart Start			-	46,393	-
Division of Social Services:					
CP&L Energy Assistance			-	3,187	-
SC/SA Domiciliary Care			-	297,667	297,667
F/C At Risk Maximization			-	13,288	7,157
County Fund Programs			-	-	992,280
CWS - Adoption			-	113,238	4,208
AFDC Incentive Program Integrity			-	143	-
Work First Non Reimbursable			-	-	195,306
Foster Care Special Provisions			-	9,143	-
Adult Protective Services			-	24,329	-
Foster Home			-	86,922	86,922
SFHF Maximization			-	59,830	59,830
Cape Fear Council of Governments					
Division of Aging					

**Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2010**

<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>
Senior Center General Purpose			-	25,304	-
90% Medication Management			-	2,105	-
Fans			-	1,645	-
Total N.C. Dept. of Health and Human Services			\$ -	\$ 940,220	\$ 1,908,985
N.C. Dept. of Transportation					
Elderly and Handicapped Transportation Assistance		36228.22.2.1	\$ -	\$ 89,493	\$ -
Roap EDTAP		36220.10.2.1	-	81,686	-
Work First Transportation Non-Recipient		36236.10.1.1	-	14,950	-
Total of N.C. Dept. of Transportation			\$ -	\$ 186,129	\$ -
N.C. Dept. of Environment and Natural Resources					
Division of Waste Management					
White Goods Management Program			\$ -	\$ 15,321	\$ -
Scrap Tire Program			-	56,132	-
Scrap Tire Grant			-	22,430	-
Total of N.C. Dept. of Environment and Natural Resources			\$ -	\$ 93,883	\$ -
N.C. Dept. of Cultural Resources					
State Aid to Libraries			\$ -	\$ 111,851	\$ -
LSTA Grant			-	2,600	-
Total of N.C. Dept. of Cultural Resources			\$ -	\$ 114,451	\$ -
N.C. Dept. of Emergency Management					
Emergency Management Grant			\$ -	\$ 27,950	\$ -
Total of N.C. Dept. of Emergency Management			\$ -	\$ 27,950	\$ -
Office of the Governor					
Teen Court			\$ -	\$ 16,133	\$ 1,951
CIS After School			-	16,164	3,443
Gang Assessment			-	15,320	1,461
Counseling Service			-	45,031	23,673
Project Toward No Drugs			-	9,132	-
Restitution			-	27,795	2,060
Task Force			-	16,481	-
Total of Office of the Governor			\$ -	\$ 146,056	\$ 32,588
N.C. Dept. of Corrections					
Office of Juvenile Justice					
Criminal Justice Partnership Grant		71-0705-I-A	\$ -	\$ 62,439	\$ 8,860
Total of N.C. Dept. of Corrections			\$ -	\$ 62,439	\$ 8,860
N.C. Department of Crime Control & Public Safety					
CHAF		071-0-04	\$ -	\$ 550	\$ -

**Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2010**

<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. Department of Public Instruction Public School Building Capital Fund			\$ -	\$ 1,628,527	\$ -
Total State Awards			\$ -	\$ 3,200,205	\$ 1,950,433
Total Federal and State Awards			<u>\$ 47,143,595</u>	<u>\$ 17,515,157</u>	<u>\$ 3,771,342</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, 2010. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Loan Balance \$	21,238,500
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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